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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. PEASE).

REVISED NOTICE—NOVEMBER 17, 1999

If the 106th Congress, 1st Session, adjourns sine die on or before November 18, 1999, a final issue of the Congressional Record for the 106th Congress, 1st Session, will be published on December 3, 1999, in order to permit Members to revise and extend their remarks.

All material for insertion must be signed by the Member and delivered to the respective offices of the Official Reporters of Debates (Room HT–60 or S–123 of the Capitol), Monday through Friday, between the hours of 10:00 a.m. and 3:00 p.m. through December 1. The final issue will be dated December 3, 1999, and will be delivered on Friday, December 4, 1999.

If the 106th Congress does not adjourn until a later date in 1999, the final issue will be printed at a date to be announced.

None of the material printed in the final issue of the Congressional Record may contain subject matter, or relate to any event that occurred after the sine die date.

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WILLIAM M. THOMAS, *Chairman.*

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MICHAEL F. DiMARIO, *Public Printer.*

This symbol represents the time of day during the House proceedings, e.g., 1407 is 2:07 p.m.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

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DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

U.S. HOUSE OF REPRESENTATIVES,
WASHINGTON, DC,
November 17, 1999.

I hereby appoint the Honorable EDWARD A. PEASE to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

PRAYER

The Reverend Duane Carlson, Pastor Emeritus, St. Mark's Lutheran Church, Springfield, Virginia, offered the following prayer:

O God, we are bold to ask that You deliver us.

Deliver us from failure of moral fiber in our citizenship, from the counting of things material above virtues spiritual; deliver us from vulgarity of life, loss of social conscience and collapse of character.

Deliver us by the deep faiths on which the foundations of our land were laid and the sacrifices of the countless who have gone before us; by the memories of leaders of this Nation whose wisdom saved us, whose devotion chastens us, whose character inspires us.

Keep us from pride of mind and boasting, but deliver us by our devotion to You and the principles You have revealed for our edification and the strength of our society. Deliver us by our insistent prayer for a world of peace and prosperity for all people. Lord God, hear our prayer and mercifully bless not only us who have been chosen to guide, but bless all our people by Your grace and power. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Florida (Mr. WELDON) come forward and lead the House in the Pledge of Allegiance.

Mr. WELDON of Florida led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain 15 1-minute requests on each side.

MORE TIME THAN MONEY

(Mr. WELDON of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELDON of Florida. Mr. Speaker, a few months ago we made a commitment to the American people to lock away every penny of the Social Security surplus so that Washington big-spenders could not keep raiding the funds to spend on government programs. Now, we have the opportunity to meet this commitment if only President Clinton will stop playing partisan games with the retirement dollars of hard-working Americans.

When the President says, we cannot trim waste 1 percent from the massive Federal budget in order to protect Social Security, I cannot help but question his priorities. Paying for more wasteful spending of taxpayer dollars, or protecting Social Security. The choice is simple.

As we close in on a final budget, let us be very clear on one thing: we will not go home until every penny of the Social Security Trust Fund is protected and we are not going to raise taxes on working Americans, and we are going to keep the budget balanced.

We have more time than money, and we will use whatever time is necessary to get the job done.

EXPEDITED RESCISSION LEGISLATION

(Mr. STENHOLM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, we have heard a lot of rhetoric, but no legislation from the other side of the aisle about protecting the Social Security surplus and eliminating wasteful spending, even though the appropriation bills passed by the majority would have spent $17 billion of the Social Security Trust Fund before the final budget negotiations even began.

I am introducing legislation today that will give the President the ability to help the majority put some reality behind their rhetoric. This legislation known as ''modified line-item veto,'' or expedited rescission, would strengthen the ability of Presidents to identify and eliminate low priority spending with the support of the majority in Congress.

Under this bill, the President would be able to single out individual items in tax or spending legislation and send a rescission package to Congress which would then be required to vote up or down on the package.

Senator JOHN MCCAIN and others have identified $13 billion of low-priority or special-interest spending. Instead of subjecting these spending items to scrutiny, the majority has proposed an across-the-board cut that treats good programs the same as low priority and wasteful spending.

I urge my colleagues to join me by cosponsoring this legislation.

BUILDING UPON OUR SUCCESSES

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, after the rhetoric of the last speaker, let us come back to reality for just a moment. This Congress has succeeded in passing many pieces of meaningful legislation this session.

We have passed bills which have granted more local control over our education and funding decisions and we have sent that control and those decisions to our States and local school districts. We passed legislation which provided a much-needed pay raise for our military personnel, and we funded the replacement of old equipment, strengthening our armed forces. We made it a national policy to fund and deploy a national missile defense system.

This Congress has succeeded in addressing these and other important issues to strengthen our country, including saving Social Security. Now, Mr. Speaker, we are faced with one final task, legislative task, that is, eliminating wasteful government spending.

Let us build upon our success and pass bills which fund the necessary programs, but do not waste the hard-earned tax dollars of Americans.

Mr. Speaker, this Republican-led Congress has successfully passed important and responsible legislation, and we can do it again.

TAKE PORK OUT OF SPENDING BILL

(Mr. MINGE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINGE. Mr. Speaker, we have essentially a colloquy here this morning, and I would like to join with my colleague from Texas (Mr. STENHOLM) in pointing out the irony of what is happening.

We are dipping into the Social Security Trust Fund, according to the leadership's plan, by at least $17 billion. We are cutting across the board, or proposed to have cut, 1 percent. But at the same time, as Senator MCCAIN, a Republican, has pointed out, we have billions and billions earmarked for pork barrel projects.

As the cochair of the House bipartisan Pork Barrel Coalition, I am strongly opposed to this type of pork barrel spending, and I call on our leadership here in the House of Representatives and in the Senate to excise all of these earmarked projects from this massive bill that is to be presented to us this week. If we would take that one simple step, we would be able to avoid going into the Social Security Trust Fund.

We owe it to our Nation's seniors, and we owe it to the next generation to take this modest step.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded that they are to refrain from urging action by the other body.

PARENTS AND TEACHERS, NOT WASHINGTON BUREAUCRATS, KNOW WHAT IS BEST FOR OUR CHILDREN

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, in 1992, then Governor Bill Clinton, in his campaign treatise, putting people first, said that we need to, and I quote, ''grant expanded decision-making powers at the school level, empowering principals, teachers and parents with increased flexibility in educating our children.'' That was back in 1992.

In 1999, President Clinton has drastically changed his tune. When asked just last week about State governors wanting more freedom from Washington education bureaucrats, he expressed irritation. I will again quote: ''because it is not their money,'' he said. If they don't want the money, they don't have to take it.

With that response, President Clinton summed up the utter arrogance of Washington's liberal elite who really do believe that big government knows what is best for the hard-working Americans who earn those tax dollars.

Mr. Speaker, it is their money. Let us send it back to those who earned it and know best how to spend it.

WASTING AMERICA'S TAX DOLLARS IN RUSSIA

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, since 1992, Uncle Sam has given Russia billions of dollars to dismantle their weapons of mass destruction. Now, who is kidding whom? Instead of dismantling, reports say Russia has built missiles, submarines, and more nuclear warheads. If that is not enough to gargle with vodka, the report said that Russia just bought 11 strategic bombers and 500 additional cruise missiles. To boot, they say what they did not spend, those Communist stole and pocketed for themselves.

Unbelievable. Whatever happened to President Reagan's policy: Trust, but verify. It has turned into turn the other cheeks.

Beam me up, Mr. Speaker. Boris might have fallen, but he keeps getting up with our cash.

I yield back the nuclear waste of our tax dollars spent in Russia.

STOP BALANCING THE BUDGET ON THE BACKS OF OUR SENIOR CITIZENS

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, although the Democrats claim they are the stand-alone founders and saviors of Social Security and Medicare, their actions of late have proven just the opposite.

Our Vice President, Mr. GORE, and the gentleman from Missouri (Mr. GEPHARDT), our minority leader, have both claimed that no Republicans voted for the establishment of Social Security. False.

Here are the facts. When the House passed the 1935 Social Security Act on April 19, 1935, 79 percent of the 97 Republicans voted for it: ''Aye.'' When the Senate acted on June 19, 1935, 75 percent of the 20 Republicans voted ''aye.''

Now, claims like those we are hearing suggesting that Democrats have created everything from Social Security to the Internet are quite amusing. Yet, the debate over the future of our most important social program is no laughing matter. Today's debate should really be about whether or not we are now keeping the Social Security Trust Fund safe from a Democratic raid to pay for new programs, something they have done for over 30 years.

We must stop balancing the budgets on the back of our senior citizens.

DO-LITTLE CONGRESS

(Mr. STUPAK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUPAK. Mr. Speaker, here we are in mid-November and quite frankly, the Republican-led Congress has done very little. The appropriation bills languish and the needs of the American people are not being met. Now we seem to be arguing over four-tenths of 1 percent of a cut.

Instead, the American people asked for things that cost very little and would improve their lives, like a Patients' Bill of Rights so patients and doctors can make their medical decisions; like an increase in minimum wage so everyone can enjoy the strong economy; like 100,000 more teachers so that we can have smaller classes. And, Mr. Speaker, why can we not provide prescription drug coverage for all of our seniors.

Mr. Speaker, let us work for the American people. Unfortunately, under the Republican-led Congress, it is always the same old song. Tax breaks for the rich and a tax on government.

America wants a Congress that works for them like Democrats are fighting for, for 100,000 teachers, 50,000 new police officers, a real Patients' Bill of Rights, protecting our environment and providing prescription drug coverage for all seniors, all paid for, all paid for without busting the budget or raiding Social Security.

RHETORIC AND WASTE IN WASHINGTON

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. President, come home and solve this final budget problem that we have here. We may again have an across-the-board reduction in spending to finally find the offsets to cover the additional spending the President wants to put forth. We need him to return from all of these foreign affairs trips he is taking.

It is too bad I only have 1 minute here, because I could go on for hours about the waste, fraud, and abuse in the Federal Government. He claims we cannot reduce by one penny out of $1 waste, fraud and abuse.

Here is an example. Mr. Speaker, $14.2 billion that was for low-income tenants for privately owned apartments at the Department of Housing and Urban Development was kept in check and used in other Federal programs. In fact, $11 billion was used for additional spending in other programs that we did not even know where it went. This kind of management is simply outrageous.

Mr. President, we need you to come home. We can find one penny's worth much waste fraud and abuse in every dollar we spend around here in Washington.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded that they are to address their remarks to the Chair.

WALKING PAST THE GRAVEYARD OF GOOD LEGISLATION

(Mr. WYNN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYNN. Mr. Speaker, today the Republicans and the Republican leadership are moving toward the last days of the session. They are on their way out of town. Unfortunately, on their way out of town they are going to have to walk past the graveyard of good legislation. Therein lies prescription drug coverage for seniors, much-needed, much-worked on, but killed by the Republicans. In the graveyard of good legislation also lies HMO reform. Our desire on the Democratic side to pass a real Patients' Bill of Rights which would give citizens the right to sue, killed by the Republicans.

They have to walk past the graveyard that contains common sense gun legislation which they failed to pass so

that we could control the gun show loophole and bring sanity to the mass hysteria that is going on in terms of gun violence. Finally, they have to walk past the graveyard of good legislation wherein lies the minimum wage bill.

Mr. Speaker, we simply wanted to give working Americans another dollar in earnings over 2 years, a dollar over 2 years, killed by the Republicans.

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So on their way out of town as they walk past the graveyard, they might remember that the ghosts may rise up to haunt them.

REPUBLICANS STAY ON THE JOB, WHILE DEMOCRATS RAISE FUNDS

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, let me yield the floor to the gentleman from Maryland (Mr. Wynn) who spoke before me and ask if he can tell me where his Majority Leader was yesterday when we were trying to save Social Security and put local flexibility in education and try to pass a pay raise for our soldiers.

Mr. WYNN. Mr. Speaker, will the gentleman yield?

Mr. KINGSTON. I yield to the gentleman from Maryland.

Mr. WYNN. Mr. Speaker, I am sure he was hard at work, our leader.

Mr. KINGSTON. Mr. Speaker, reclaiming my time, the gentleman's leader was actually fund raising. He was not on the floor of the House. His leader was fund raising. There we have it.

Mr. Speaker, we have got a situation where the Democrats are claiming we are doing nothing, but their leader was fund raising yesterday while we were trying to save Social Security, while we were trying to put educational flexibility in, while we were trying to raise the pay raise for our soldiers, and while we were trying to find one small, actually now it is a half-cent in the dollar to cut the bureaucracy to preserve and protect Social Security. The Democrat leader was home fund raising.

Well, I hope he made a lot of money, and I hope it was successful. But the Republicans were here. We showed up for work. We are paid $134,000 a year. We should be here working. We should not be out fund raising on taxpayers' time and money. Come help and protect Social Security.

HURRICANE LENNY

(Mrs. CHRISTENSEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, as we meet this morning, my district, the U.S. Virgin Islands, is awaiting a direct hit in the unexpected and unpredictable Hurricane Lenny, now a category 4 storm with 135 mile per hour winds.

The major storm winds will first hit St. Croix at around 12 p.m. Atlantic Standard Time, and is expected to have a direct impact on the Hess Oil refinery, the largest in this hemisphere which is based on St. Croix. It has closed and is taking the necessary precautions to prevent major damages, as is the nearby alumina plant.

While the Virgin Islands has been declared one of the most prepared districts under FEMA's project Impact preparedness program, we are still asking for our colleagues' prayers at this time, especially the neighborhood surrounding these two plants.

Mr. Speaker, too often, the fate of the U.S. Virgin Islands are overshadowed during hurricane coverage, but we have been affected to some measure by most major storms in recent years. We ask everyone to keep us in their thoughts and prayers during this time, and we ask in advance for support for our recovery and for our ongoing efforts to address the ongoing financial crisis which makes this hurricane an even more serious threat to us.

THE KIND OF RELIEF AMERICA NEEDS

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, call me a skinflint, but I think a million dollars is a little too much to spend on building an outhouse. But, apparently, the National Park Service disagrees, because that is just how much it spent to build an outhouse at Glacier National Park in Montana.

That is $1 million of the taxpayers' hard-earned dollars.

To get to this outhouse, should one need such relief, one need only hike 6½ miles from the nearest road and climb 7,000 feet. It took more than 800 helicopter drops and hundreds of horse trips to get the construction materials to the site. That is a lot of hassle; but, hey, it does have a complete septic system.

Mr. Speaker, this is exactly the kind of waste that needs to be trimmed out of the Federal budget and is an example of how easy it will be for agencies to cut a penny from every dollar. That is all it will take to stop the 30-year raid on Social Security.

Mr. Speaker, now that is the kind of relief America needs.

CONGRESS STILL HAS UNADDRESSED ISSUES TO CONFRONT

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, the Republican leadership is packing its bags. It is heading for the exits without addressing the most critical needs of American families. This summer, they tried to spend a historic surplus on an irresponsible tax plan that would have benefited only the wealthy. Now they are planning to leave town without taking meaningful steps to make our communities safer and our families stronger.

The list of items killed by the Republican leadership is long. The Patients' Bill of Rights, campaign finance reform, and Medicare prescription drug benefits, extending the life of Medicare and Social Security, sensible gun safety, minimum wage.

Time and again, the Republican leadership has joined with special interests to bury important legislation that, in fact, would have improved the lot of American families. One of the most critical items to fall by the wayside has been sensible gun safety legislation. Common sense should be applied when it comes to the safety of our schools, our neighborhoods, office buildings, and places of worship.

Mr. Speaker, this Congress should not adjourn without closing the loopholes that lets guns fall into the wrong hands. It is time for responsible action.

ACROSS-THE-BOARD CUT IS A REASONABLE APPROACH TO FEDERAL BUDGET

(Mr. SMITH of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include therein extraneous material.)

Mr. SMITH of Michigan. Mr. Speaker, just as a follow-up to the previous speaker, I wish everybody, Mr. Speaker, could read the editorial in the Wall Street Journal today. It conveyed the message that part of the reason this economy is doing so well is Congress is staying out of its way. And yet some people say, let us pass more legislation. Let us do more things, increase taxes, make it tougher for business to succeed and end up increasing the tax revenues that come to this government.

We have been working at this budget for the last 9 months. Now we are saying after all of the gives and takes, the compromising here is our best effort level of spending prorated among different programs. Now we have calculated that in order to save the Social Security surplus, we need to cut about 1 cent out of every dollar that is now proposed to be spent across the board for discretionary programs. Not leaving it up to the President to cut Republican programs, not leaving it up to the Republicans to cut Democrat programs.

Mr. Speaker, an across-the-board cut is reasonable. Let us do it and get on with this budget and let us have a new beginning to save Social Security.

CONGRESS' UNFINISHED BUSINESS SHOULD BE ATTENDED TO

(Mr. TIERNEY asked and was given permission to address the House for 1 minute.)

Mr. TIERNEY. Mr. Speaker, it is interesting to hear our colleagues on the other side of the aisle tell us that they want to keep government quiet and not do any business. One Member, in fact, was quoted as saying that this last session was a ''legislative respite.''

In fact, there is unfinished business; and the American people do want Congress to attend to that business, not the least of which would be prescription drug relief. Anybody that goes back to their district and talks to anyone, particularly seniors, understands that this Congress has been derelict in its duty to not address the high cost and lack of accessibility and affordability for prescription drugs, particularly to seniors.

Mr. Speaker, we have the Prescription Drug Fairness for Seniors Act that has not seen any action by this House, which some estimate would save 40 percent on the cost of prescription drugs. We have a health care delivery system that is in need of attention. The American people would be the first to step forward and say this is a role for government to come in and provide some focus and some attention and some direction. HMOs are in trouble. Hospitals are having difficulty making ends meet. They are closing down, leaving some patients in the position of having to drive miles and miles just to get emergency care and other relief.

We have the Patients' Bill of Rights that passed this House and now is languishing somewhere in the netherland.

Mr. Speaker, we need some unfinished business to be attended to.

OMNIBUS APPROPRIATION BILL MAY CONTAIN TAX RELIEF FOR ONE ALREADY WEALTHY MAN

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, every time we have one of these year-end omnibus appropriations bills, it always becomes sweetheart deal time.

The Washington Times reports on its front page today that the White House and some Members of Congress are attempting to give a $238 million tax break to just one man, Abe Pollin, owner of the Washington Wizards basketball team.

Mr. Speaker, this tax break would help defray costs Mr. Pollin incurred in building the MCI Center, which he owns and from which he will make millions.

The Times story says, ''The House and Senate are considering whether to include in an omnibus spending bill a retroactive, 5-year tax credit so narrowly tailored that it would benefit only Mr. Pollin . . . .''

The Times quotes one Senate tax aide as saying, ''My jaw dropped. It's so bad, it's not even funny. This is just gross.''

Mr. Speaker, if Mr. Pollin pulls off this sweetheart $238 million tax break, he is more of a wizard than his players. Mr. Speaker, no one should vote for a bill that contains an insider multimillion dollar tax break like this that benefits just one already very rich man.

DEMOCRATS CREATED SOCIAL SECURITY

(Mr. CROWLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CROWLEY. Mr. Speaker, I was listening very closely to the comments of my colleagues on the other side of the aisle this morning. I felt compelled to come down here again to once again, unfortunately, to those who watch C–SPAN on a regular basis, to give another history quiz, another history lesson.

Mr. Speaker, who was it back in 1935 that created Social Security? The answer is a Democratic President and a Democratic Congress. Only one Republican stood up and voted with the majority at that time to not recommit Social Security. A motion that would have destroyed and killed Social Security as we know it today. A gentleman by the name of Frank Crowther from my home State of New York stood up against the tide of his own party and said, ''No, I will not destroy Social Security.''

Mr. Speaker, Social Security was created because over 40 percent of the population at that time in our country were dying in poverty. They had nowhere else to go. They were dying in poverty.

Social Security has enabled young families to save, send their kids to school, to college. It has meant the wealth to this country, and now we expect the Republican side of the aisle to save it? Give me a break.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded that their remarks are to be addressed to the Chair, and not to the viewing audience.

FAT SHOULD BE CUT FROM THE BLOATED WASHINGTON BUREAUCRACY

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, I want to take a minute to set the record straight. While the Democrat leadership was out of town yesterday raising money, we were fighting for American families by strengthening education, our defense system, and protecting Social Security surplus.

We have heard a lot of wild accusations being thrown around, and I guess the liberals think that if they throw enough mud, maybe some of it will stick. But we are protecting the Social Security surplus, and we voted to ensure that by taking a 1 percent across-the-board savings.

Now, the liberals claim that our effort to trim waste and fraud and abuse in the Washington bureaucracy, and not threaten important programs, will somehow be overwhelming. But this plan will protect Social Security and restore fiscal responsibility in Washington. This is just a common-sense proposal that gives the Department and agency heads leeway to trim the waste, fraud, and abuse they find in their budgets. We are not mandating specific cuts, so if important programs get slashed and the administration suggests that it is the right thing to do, then because they have decided to do it, let it be.

Mr. Speaker, we all know that fat should be cut from the bloated Washington bureaucracy, and we can protect Social Security and Medicare by making sure the savings do happen.

DEPARTMENT OF EDUCATION CANNOT COUNT

(Mr. SCHAFFER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHAFFER. Mr. Speaker, tomorrow the Department of Education will make an announcement that should concern every one of us. The Department will announce that since 1998, its books are unauditable.

This is an agency that receives an annual appropriation of $35 billion and manages another $85 billion in a loan portfolio. A $120 billion agency that cannot account for its spending.

Now, I suggest that the President, when he comes back, he is in Turkey this week, and the minority leader when he comes back from the West Coast from his fund-raising expedition, when these folks come back to work, that they join the Republicans here to correct the mismanagement of the Department of Education. Because, Mr. Speaker, the children of America do count. Unfortunately, the Department of Education cannot count.

MINORITY LEADER SHOULD COME HOME AND JOIN THE FIGHT TO SAVE SOCIAL SECURITY

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I am so sorry the gentleman from New York left the Chamber, because I would be happy to offer a current events quiz. Here is the question: Where was the

gentleman from Missouri (Mr. GEPHARDT), minority leader of the United States House, yesterday?

Answer: Raising campaign funds on the West Coast.

But I thought he wanted to reform campaigns. Oh, but not necessarily so. And besides, we all know, Mr. Speaker, that for that crowd to talk about campaign finance reform is a bit akin to having Bonnie and Clyde come out for tougher penalties against bank robbery.

But at any rate, the gentleman from Missouri (Mr. GEPHARDT) was away.

How can we get our work done? He should have a seat at the table, and he should join with us to save one penny on the dollar for every dollar of discretionary spending, so that the government can live within its means and quit the raid and continue to cease the raid on the Social Security Trust Fund.

Mr. Speaker, I would invite the minority leader to come back to town and go to work and join with us and realize that a penny saved is retirement security.

PARTIES TO THE BUDGET NEGOTIATIONS ARE AWOL

(Mr. PETERSON of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PETERSON of Pennsylvania. Mr. Speaker, I find it disappointing. As we try to bring this budget to conclusion, as we try to finalize the negotiations, we have major people that are a part of this process that are AWOL. They are absent.

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How does the Speaker of the House who has to negotiate with the President stay up late at night every night so he can call the President in Turkey? Is that the way to negotiate?

In Pennsylvania where I come from, if the governor or if his cabinet left town during those final negotiations, the press would have been all over them. Why is it possible for the President, the minority leader, who was away yesterday who is the one who is opposing any kind of trimming of waste or fraud, he is the one who is holding out, but he is not available to negotiate yesterday? That is why this process has run on. The President is just finishing his second trip abroad since October 1, and this is when we have been trying to finalize the budget.

I believe, Mr. Speaker, it is important for those who are a part of this negotiating process to stay in town, get the work of the American people done, so we can pass the budget that does not rob Social Security.

CONGRESS HAS MORE TIME THAN TAXPAYERS HAVE MONEY

(Mr. THUNE asked and was given permission to address the House for 1 minute.)

Mr. THUNE. Mr. Speaker, it is November 17, and we are still here for one reason, and that is that we have got more time than the American taxpayers have money.

This Congress has passed all 13 appropriation bills. The President has chosen to veto 5 of those bills. Why did he veto them? Because they did not spend enough money. So we are still here negotiating with all the President's men since he is traveling abroad.

The minority leader is traveling in California raising campaign cash. We are still here until the President agrees with us on a budget that does not raid Social Security, does not raise taxes, and rids the budget of waste, fraud, and abuse.

We will stay here as long as it takes until the President gets back and the gentleman from Missouri (Mr. GEPHARDT) gets back from his California dreaming.

FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 381, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 381

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the joint resolution (H.J. Res. 80) making further continuing appropriations for the fiscal year 2000, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

The SPEAKER pro tempore (Mr. PEASE). The gentleman from Florida (Mr. GOSS) is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MOAKLEY), my friend, the distinguished ranking member; pending which I yield myself such time as I may consume. During consideration for this resolution, all time yielded is for the purpose of debate on this subject only.

Mr. Speaker, H.Res. 381 is a closed rule waiving all points of order against consideration of H.J.Res. 80, the continuing resolution that we have before us later today. The rule provides for 1 hour of debate, equally divided between the chairman and ranking member of the Committee on Appropriations. Finally, the rule provides for one motion to recommit.

Mr. Speaker, Members will know that this is an appropriate and traditional rule for a consideration of a clean continuing resolution. Members who have any kind of memory at all will remember that we have done these kinds of things recently in the past.

Given the complex negotiations that have been under way about the budget, and they have, indeed, been complicated by the fact that some of the principals are out of town for whatever reason, it is regrettable that, at a time that we are struggling so hard, that the President finds it necessary to be out of the country, and the minority leader finds it necessary to be out of the capital.

But, nevertheless, Americans come to understand that continuing resolutions, which keep the government functioning at last year's levels, are a necessary tool to facilitate bringing closure to the budget debate which we normally have this time of year.

In order to avoid a partial government shutdown, which we certainly want to do, we have proposed another straightforward extension in the deadline, and that is until tomorrow. We have made significant progress toward final agreement, but we must be certain that we do the right thing, not simply the most expedient to get out of town because the folks would like to go home.

In this case, the right thing is very clearly to provide for important government programs without touching the reserves in the Social Security Trust Fund, not one dime. That has been the goal of our majority from the outset of this year's budget process; and while it has taken some time to convince some of our friends on the other side of the aisle and downtown that this fiscal discipline is, indeed, necessary, we now have everyone working from the same set of guidelines. We just have to keep reminding them of the guidelines.

It has also taken some time to convince the White House that increasing taxes and using part of the surplus, as has been suggested by the White House, are not acceptable approaches to the majority on the Hill.

I am hopeful that this brief extension will provide both ends of Pennsylvania with the requisite time to hammer out our final spending bills in a responsible way. In fact, I understand that the bills individually, the five that have been vetoed by the President, are virtually resolved.

It is a no-nonsense CR that we are proposing here. I think it should be unanimously adopted. I am certainly urging a yes vote on the rule. I am not sure why we are having a rule instead of a unanimous consent; but for whatever reason, we are having a rule vote. I can think of no reason to vote against it. I urge a yes vote.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume, and I thank the slender gentleman from Florida (Mr. GOSS), my good friend, for yielding me the customary half hour.

Mr. Speaker, the end is finally in sight. Forty-eight hours after the start of the fiscal year, it looks as if the appropriation process is just about over.

This continuing resolution will extend our Federal funding until tomorrow, which should be all the time that we need.

My Republican colleagues sent President Clinton eight appropriation bills that he signed into law. The other five bills have been rolled into one omnibus bill, which should be finished sometime today. Once that bill is signed, Mr. Speaker, we no longer have to worry about the possibility of the Federal Government closing down, and Congress can get started on the next appropriation cycle.

Mr. Speaker, the appropriators and the administrators have been working very hard to resolve a lot of outstanding issues, and I wish them well in their final negotiations. I urge my colleagues to support this continuing resolution.

Mr. Speaker, I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we on the Committee on Rules are on virtually perpetual standby these days, and I would like to point out that there is a little confusion among Members this morning about whether it is a 1-day CR or a 2-day CR. Apparently there were some documents put out through the various organizations on either side that indicated that one of the options was a 2-day CR. This is not that CR. This is a 1-day CR. I want Members to be aware of that.

Of course Members of the Committee on Rules, as I say, are definitely aware of it and prepared for yet another evening of comrade fellowship and good times in the Committee on Rules, doing valuable things, waiting for some inspiration to come forward to us.

There is very definitely some feeling about trying to wrap this up, but I want to assure Members that the Committee on Rules is working toward that end. We well recognize the longer we stay here, the more opportunity there is for new initiatives to come forward at the last minute and divert us from our main task, which is to resolve the budget crunch.

We are also aware that the longer we are here, the more good ideas people have for spending money at a time when we have already reached agreement on what those levels should be.

So it is our very firm hope that this 24-hour CR will be enough. But if not, I think I am authorized to say by the gentleman from California (Mr. DREIER), chairman of the Committee on Rules, that the Committee on Rules will be prepared to meet, if necessary, again.

Mr. Speaker, I yield back the balance of our time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. YOUNG of Florida. Mr. Speaker, pursuant to House Resolution 381, I call up the joint resolution (H.J. Res. 80) making further continuing appropriations for the fiscal year 2000, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The text of House Joint Resolution 80 is as follows:

H.J. RES. 80

Resolved by the Senate and House Representatives of the United States of America in Congress assembled, That Public Law 106–62 is further amended by striking ''November 17, 1999'' in section 106(c) and inserting in lieu thereof ''November 18, 1999''. Public Law 106–46 is amended by striking ''November 17, 1999'' and inserting in lieu thereof ''November 18, 1999''.

The SPEAKER pro tempore. Pursuant to House Resolution 381, the gentleman from Florida (Mr. YOUNG) and the gentleman from Pennsylvania (Mr. MURTHA) each will control 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. YOUNG).

GENERAL LEAVE

Mr. YOUNG of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.J. Res. 80, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, this a 1-day continuing resolution, which I do not think is going to be adequate because the negotiations on wrapping up our appropriations work are still somewhat delayed, although the Speaker of the House and the President did speak with each other late last night, and we are hopeful that we can come to a conclusion.

The appropriations part of this negotiation has been completed for some time. The offsets, the pay-fors, are what are holding up the negotiations. We expect to have that completed today. We expect to file the bill in the House today, and we expect to consider the bill in the House today; and, hopefully, the other body will be able to expedite it as well.

So maybe the 1-day extension may be enough, but probably not. But nevertheless, this is what we have before us today.

Mr. Speaker, I reserve the balance of my time.

Mr. MURTHA. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I notice we have flights going overseas all the time, and I know this will have to be flown to the President. I cannot imagine, from what the gentleman said, and what I have heard, that this negotiation is going to finish today.

It is hard to argue with a 1-day extension. We have had a couple other extensions. But I keep worrying that, as we mislead Members to think we are going to be finished, why we just would not pass a little longer CR. We complain about people not being around, and we seem to be able to get along without them, whoever it is that is not available to us. Of course, I know the gentleman from Florida (Mr. YOUNG) does not do that. I know that he understands how the system works and as I do, too.

As a matter of fact, they suggested to me that we should ask for a vote. I am not sure I even know the procedure of how to ask for a vote because it has been so long since I have asked for a vote.

But having said that, I know that we have to get our business done. I am hopeful negotiations will end today. I am not as optimistic as the chairman is. But I know that sometime this week or next week or Thanksgiving or Christmas time we will be done.

As past history shows, sometimes we have delicate negotiations. I hope it is not an across-the-board cut. I worry so much. Because even the four-tenths of 1 percent cut would mean we would cut $500 million out of O&M. With the two units that are C4, I realize there is not a big threat out there to the Army right now, but it worries me that we are doing this kind of work when, as the chairman suggested in the first place, if we had passed an adequate budget resolution, we would have been all through with this thing early in the year. We would not have had to resort to the kind of gimmicks that have been so distasteful to those of us on the Committee on Appropriations.

Mr. Speaker, I yield back the balance of my time.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, I want to say to the gentleman from Pennsylvania (Mr. MURTHA) that, if he and I had been able to resolve this issue as we have been able to deal with the defense issues for many years, we would have concluded our business a long time ago.

I would like to say this, that the Committee on Appropriations in the House has done a good job. We basically completed our part of the business in July. Then we had the negotiations with our counterparts in the Senate. I would like to compliment our counterparts in the Senate. Senator STEVENS is a dynamic leader, a tough negotiator, and very knowledgeable. He does a really good job. And of course his partner there, Senator BYRD, is also very determined in what it is that he seeks to do.

But the gentleman from Pennsylvania (Mr. MURTHA) and I have always been able to get things resolved early on. We have not been able to do that on the wrap up appropriations work. But we are close to that conclusion now. I will say again the appropriators have done a good job. The appropriations part of this package is complete. The agreement will have some extraneous

material, some riders, and the offsets that are holding us up. But, we do plan to file that bill today.

I thank the gentleman from Pennsylvania (Mr. MURTHA) for his comments.

Mr. Speaker, I yield back the balance of my time.

1045

The SPEAKER pro tempore (Mr. PEASE). All time for debate has expired.

The joint resolution is considered as having been read for amendment.

Pursuant to House Resolution 381, the previous question is ordered.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MURTHA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 403, nays 8, not voting 23, as follows:

[Roll No. 596]

YEAS—403

Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Dickey
Dicks
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Edwards
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson, E. B.
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lantos
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McNulty
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (FL)

NAYS—8

Chenoweth-Hage
Deal
Forbes
Paul
Salmon
Shadegg
Shaw
Watkins

NOT VOTING—23

Abercrombie
Ackerman
Clay
Conyers
Diaz-Balart
Dixon
Dunn
Engel
Jefferson
Johnson, Sam
Lampson
Largent
McKinney
Meehan
Norwood
Pickett
Rothman
Scarborough
Spence
Towns
Waxman
Wise
Young (AK)

1108

Mr. LUTHER changed his voted from ''nay'' to ''yea.''

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. SHAW. Mr. Speaker, on rollcall vote number 596, that was the temporary continuing resolution, my vote was recorded incorrectly. I was present on the floor and I did vote ''yes,'' and as a matter of fact I checked the board to double-check to see that I was recorded and saw the green light next to my name. It has been brought to my attention that my vote was incorrectly recorded as voting ''no.''

Mr. ABERCROMBIE. Mr. Speaker, earlier today when the House voted on House Joint Resolution 80, to extend the continuing resolution for 24 hours, I was unavoidably detained. Had I been present, I would have voted ''yes''.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PEASE). Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Any record votes on postponed questions will be taken later today.

HOLDING COURT IN NATCHEZ, MISSISSIPPI

Mr. HYDE. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1418) to provide for the holding of court at Natchez, Mississippi, in the same manner as court is held at Vicksburg, Mississippi, and for other purposes, as amended.

The Clerk read as follows:

S. 1418

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

SECTION 1. HOLDING OF COURT AT NATCHEZ, MISSISSIPPI.

Section 104(b)(3) of title 28, United States Code, is amended in the second sentence by striking all beginning with the colon through ''United States''.

SEC. 2. HOLDING OF COURT AT WHEATON, ILLINOIS.

Section 93(a)(1) of title 28, United States Code, is amended by adding after Chicago ''and Wheaton''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. HYDE) and the gentleman from New York (Mr. WEINER) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. HYDE).

GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may

have 5 legislative days within which to revise and extend their remarks and to include extraneous material on S. 1418.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HYDE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 1418, as amended. It contains two small but important provisions that will improve the efficiency of the administration of justice in our Federal court system.

Section 1 was approved in the House by unanimous consent. This section proposes to allow for the holding of court in Natchez, Mississippi, in the same manner as court is held in Vicksburg. It would eliminate a provision in current law that limits the authority of the Federal courts to lease space in order to convene proceedings in Natchez, Mississippi.

While only a small number of Federal court cases are now tried at Natchez County Court facilities, it is important that the Federal Government be able to continue using the facility.

I have a manager's amendment that adds Section 2 to the bill. Section 2 designates Wheaton, Illinois, as a place of holding court for the Eastern Division of the Northern District of Illinois.

Wheaton is the seat of DuPage County, Illinois. Because of the large population growth in DuPage County and the area surrounding Chicago, it would be beneficial to designate Wheaton as an additional place of holding court.

Mr. Speaker, these are simple yet significant improvements to the Federal judicial system. I urge my colleagues to support S. 1418.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. Without objection, the gentleman from Mississippi (Mr. SHOWS) will claim the time of the gentleman from New York (Mr. WEINER).

There was no objection.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today I urge the House to pass S. 1418, which would provide for the holding of Federal court in the City of Natchez, Mississippi.

1115

Federal judges need the flexibility to hold court in different places within their judicial districts. However, the hands of Federal judges in the southern district of Mississippi are tied because of arcane language in Federal law. Language was written into law sometime ago that said the court could meet in Natchez "provided, that court shall be held at Natchez if suitable quarters and accommodations are furnished at no cost to the United States." To my knowledge no other city presents this kind of obstacle to the Federal courts. S. 1418 strikes this unfair and restrictive language and gives the court flexibility to meet in Natchez. And who would not want to meet in Natchez, a beautiful city in Mississippi? I appreciate the efforts of Senator THAD COCHRAN and the gentleman from Illinois (Mr. HYDE) to expedite the passage of this important legislation. I urge my colleagues to pass this fair and noncontroversial bill.

Mr. Speaker, I yield back the balance of my time.

Mr. HYDE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEASE). The question is on the motion offered by the gentleman from Illinois (Mr. HYDE) that the House suspend the rules and pass the Senate bill, S. 1418, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

RAILROAD POLICE TRAINING AT FBI NATIONAL ACADEMY

Mr. HUTCHINSON. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1235) to amend part G of title I of the Omnibus Crime Control and Safe Streets Act of 1968 to allow railroad police officers to attend the Federal Bureau of Investigation National Academy for law enforcement training.

The Clerk read as follows:

S. 1235

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

SECTION 1. INCLUSION OF RAILROAD POLICE OFFICERS IN FBI LAW ENFORCEMENT TRAINING.

(a) IN GENERAL.—Section 701(a) of part G of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3771(a)) is amended—

(1) in paragraph (1)—

(A) by striking "State or unit of local government" and inserting "State, unit of local government, or rail carrier"; and

(B) by inserting ", including railroad police officers" before the semicolon; and

(2) in paragraph (3)—

(A) by striking "State or unit of local government" and inserting "State, unit of local government, or rail carrier";

(B) by inserting "railroad police officer," after "deputies,";

(C) by striking "State or such unit" and inserting "State, unit of local government, or rail carrier"; and

(D) by striking "State or unit." and inserting "State, unit of local government, or rail carrier.".

(b) RAIL CARRIER COSTS.—Section 701 of part G of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3771) is amended by adding at the end the following:

"(d) RAIL CARRIER COSTS.—No Federal funds may be used for any travel, transportation, or subsistence expenses incurred in connection with the participation of a railroad police officer in a training program conducted under subsection (a).".

(c) DEFINITIONS.—Section 701 of part G of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3771) is amended by adding at the end the following:

"(e) DEFINITIONS.—In this section—

"(1) the terms 'rail carrier' and 'railroad' have the meanings given such terms in section 20102 of title 49, United States Code; and

"(2) the term 'railroad police officer' means a peace officer who is commissioned in his or her State of legal residence or State of primary employment and employed by a rail carrier to enforce State laws for the protection of railroad property, personnel, passengers, or cargo.".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Arkansas (Mr. HUTCHINSON) and the gentleman from New York (Mr. WEINER) each will control 20 minutes.

The Chair recognizes the gentleman from Arkansas (Mr. HUTCHINSON).

GENERAL LEAVE

Mr. HUTCHINSON. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous material on the Senate bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HUTCHINSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to rise in support of this important legislation which was unanimously approved by the other body last week. The bill amends 42 USC 3771(a) to authorize railroad police to attend the FBI's training academy in Quantico, Virginia. Current law permits State and local law enforcement agents to take advantage of the unique and high quality training available at the FBI academy, and this legislation merely adds railroad police officers to the list of approved personnel. Why do we need this?

Railroad police increasingly are being called upon to assist Federal, State and local law enforcement agencies. Investigation and interdiction of illegal drugs crossing the southwest border by rail car, apprehension of illegal aliens using the railways to gain entry into the United States and investigating alleged acts of railroad sabotage are just some of the law enforcement functions being performed by the railroad police.

As just an aside, Mr. Speaker, I would like to note that according to recent congressional testimony, in 1998 alone, over 33,000 illegal aliens were found hiding on board Union Pacific railroad cars. As sworn officers charged with enforcing State and local laws in any jurisdiction in which the rail carrier owns property, railroad police officers are actively involved in numerous investigations and cases with the FBI and other law enforcement agencies.

For example, Amtrak has a police officer assigned to the FBI's New York City Joint Task Force on Terrorism and another assigned to the D.C./Baltimore High Intensity Drug Trafficking Area to investigate illegal drug and weapons trafficking. Union Pacific railroad police receive 4,000 trespassing

calls a month, arrest almost 3,000 undocumented aliens per month and arrest an average of 773 people a month for burglaries, thefts, drug charges, and vandalism.

This past summer, the FBI, local police and railroad police launched a 6-week manhunt in and around the Nation's rail system to apprehend a suspected serial killer. The suspect, a rail-riding drifter, has been linked to nine slayings and is responsible for spreading terror from Texas to Illinois. The railroad police were asked to play an important role in this search and would have been much more prepared to face the situation had they received equivalent training.

Improving the law enforcement skills of railroad police will improve this interagency cooperation, ultimately making the rail system safer for America's travelers. Some Members have asked about the cost of this. I want to assure this body that all costs associated with the training of railroad police, their travel, tuition, and room and board will be covered by their employer. The rail lines acknowledge this responsibility and are committed to financing the costs of the training. This bipartisan legislation introduced by Senators LEAHY and HATCH is supported by the FBI, the International Association of Chiefs of Police, and the Association of American Railroads, a trade association which represents North America's major freight railroads, including Union Pacific, Norfolk Southern, Kansas City Southern, Illinois Central, CSX, Conrail, and Amtrak. Mr. Speaker, I am unaware of any opposition to this legislation and urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. WEINER. Mr. Speaker, I yield myself such time as I may consume. The FBI is currently authorized to offer the superior training available at the FBI's National Academy only to law enforcement personnel employed by State or local units of government. However, police officers employed by railroads are not allowed to attend this Academy despite the fact that they work closely in numerous cases with Federal law enforcement agencies as well as State and local law enforcement.

A recent example of this cooperative effort is the Texas railway killer case. Providing railroad police with the opportunity to obtain the training offered at Quantico would improve interagency cooperation and prepare them to deal with the ever-increasing sophistication of criminals who conduct their illegal acts either using the railroad or directed at the railroad or its passengers.

Railroad police officers, unlike any other private police department, are commissioned under State law to enforce the laws of that State and any other State in which the railroad owns property. As a result of this broad law enforcement authority, railroad police officers are actively involved in numerous investigations and cases with the FBI and other law enforcement agencies.

For example, Amtrak has a police officer assigned to the New York Joint Task Force on Terrorism which is made up of 140 members from such disparate agencies as the FBI, the U.S. Marshals Service, the U.S. Secret Service and the ATF. This task force investigates domestic and foreign terrorist groups in response to actual terrorist incidents in my home area, Metropolitan New York.

With thousands of passengers traveling on our railways each year, making sure that railroad police officers have available to them the highest level of training is in the national interest. The officers that protect railroad passengers deserve the same opportunity to receive training at Quantico that their counterparts employed by State and local governments enjoy. Railroad police officers who attend the FBI National Academy in Quantico for training would be required to pay their own room, board, and transportation. This legislation, as my colleague pointed out, is supported by the FBI, the International Association of Chiefs of Police, the Union Pacific Company, and the National Railroad Passenger Corporation. I thank Senator LEAHY for his work on this issue. I urge its passage.

Mr. Speaker, I yield back the balance of my time.

Mr. HUTCHINSON. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arkansas (Mr. HUTCHINSON) that the House suspend the rules and pass the Senate bill, S. 1235.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

PROVIDING SUPPORT FOR CERTAIN INSTITUTES AND SCHOOLS

Mr. HILLEARY. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 440) to provide support for certain institutes and schools.

The Clerk read as follows:

S. 440

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

TITLE I—HOWARD BAKER SCHOOL OF GOVERNMENT

SEC. 101. DEFINITIONS.

In this title:

(1) BOARD.—The term ''Board'' means the Board of Advisors established under section 104.

(2) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the University of Tennessee in Knoxville, Tennessee, for the purpose of generating income for the support of the School.

(3) SCHOOL.—The term ''School'' means the Howard Baker School of Government established under this title.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(5) UNIVERSITY.—The term ''University'' means the University of Tennessee in Knoxville, Tennessee.

SEC. 102. HOWARD BAKER SCHOOL OF GOVERNMENT.

From the funds authorized to be appropriated under section 106, the Secretary is authorized to award a grant to the University for the establishment of an endowment fund to support the Howard Baker School of Government at the University of Tennessee in Knoxville, Tennessee.

SEC. 103. DUTIES.

In order to receive a grant under this title, the University shall establish the School. The School shall have the following duties:

(1) To establish a professorship to improve teaching and research related to, enhance the curriculum of, and further the knowledge and understanding of, the study of democratic institutions, including aspects of regional planning, public administration, and public policy.

(2) To establish a lecture series to increase the knowledge and awareness of the major public issues of the day in order to enhance informed citizen participation in public affairs.

(3) To establish a fellowship program for students of government, planning, public administration, or public policy who have demonstrated a commitment and an interest in pursuing a career in public affairs.

(4) To provide appropriate library materials and appropriate research and instructional equipment for use in carrying out academic and public service programs, and to enhance the existing United States Presidential and public official manuscript collections.

(5) To support the professional development of elected officials at all levels of government.

SEC. 104. ADMINISTRATION.

(a) BOARD OF ADVISORS.—

(1) IN GENERAL.—The School shall operate with the advice and guidance of a Board of Advisors consisting of 13 individuals appointed by the Vice Chancellor for Academic Affairs of the University.

(2) APPOINTMENTS.—Of the individuals appointed under paragraph (1)—

(A) 5 shall represent the University;

(B) 2 shall represent Howard Baker, his family, or a designee thereof;

(C) 5 shall be representative of business or government; and

(D) 1 shall be the Governor of Tennessee, or the Governor's designee.

(3) EX OFFICIO MEMBERS.—The Vice Chancellor for Academic Affairs and the Dean of the College of Arts and Sciences at the University shall serve as an ex officio member of the Board.

(b) CHAIRPERSON.—

(1) IN GENERAL.—The Chancellor, with the concurrence of the Vice Chancellor for Academic Affairs, of the University shall designate 1 of the individuals first appointed to the Board under subsection (a) as the Chairperson of the Board. The individual so designated shall serve as Chairperson for 1 year.

(2) REQUIREMENTS.—Upon the expiration of the term of the Chairperson of the individual designated as Chairperson under paragraph (1) or the term of the Chairperson elected under this paragraph, the members of the Board shall elect a Chairperson of the Board from among the members of the Board.

SEC. 105. ENDOWMENT FUND.

(a) MANAGEMENT.—The endowment fund shall be managed in accordance with the standard endowment policies established by the University of Tennessee System.

(b) USE OF INTEREST AND INVESTMENT INCOME.—Interest and other investment income earned (on or after the date of enactment of this subsection) from the endowment fund may be used to carry out the duties of the School under section 103.

(c) DISTRIBUTION OF INTEREST AND INVESTMENT INCOME.—Funds realized from interest and other investment income earned (on or after the date of enactment of this subsection) shall be available for expenditure by the University for purposes consistent with section 103, as recommended by the Board. The Board shall encourage programs to establish partnerships, to leverage private funds, and to match expenditures from the endowment fund.

SEC. 106. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $10,000,000. Funds appropriated under this section shall remain available until expended.

TITLE II—JOHN GLENN INSTITUTE FOR PUBLIC SERVICE AND PUBLIC POLICY

SEC. 201. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the University for the purpose of generating income for the support of the Institute.

(2) ENDOWMENT FUND CORPUS.—The term ''endowment fund corpus'' means an amount equal to the grant or grants awarded under this title plus an amount equal to the matching funds required under section 202(d).

(3) ENDOWMENT FUND INCOME.—The term ''endowment fund income'' means an amount equal to the total value of the endowment fund minus the endowment fund corpus.

(4) INSTITUTE.—The term ''Institute'' means the John Glenn Institute for Public Service and Public Policy described in section 202.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(6) UNIVERSITY.—The term ''University'' means the Ohio State University at Columbus, Ohio.

SEC. 202. PROGRAM AUTHORIZED.

(a) GRANTS.—From the funds appropriated under section 206, the Secretary is authorized to award a grant to the Ohio State University for the establishment of an endowment fund to support the John Glenn Institute for Public Service and Public Policy. The Secretary may enter into agreements with the University and include in any agreement made pursuant to this title such provisions as are determined necessary by the Secretary to carry out this title.

(b) PURPOSES.—The Institute shall have the following purposes:

(1) To sponsor classes, internships, community service activities, and research projects to stimulate student participation in public service, in order to foster America's next generation of leaders.

(2) To conduct scholarly research in conjunction with public officials on significant issues facing society and to share the results of such research with decisionmakers and legislators as the decisionmakers and legislators address such issues.

(3) To offer opportunities to attend seminars on such topics as budgeting and finance, ethics, personnel management, policy evaluations, and regulatory issues that are designed to assist public officials in learning more about the political process and to expand the organizational skills and policymaking abilities of such officials.

(4) To educate the general public by sponsoring national conferences, seminars, publications, and forums on important public issues.

(5) To provide access to Senator John Glenn's extensive collection of papers, policy decisions, and memorabilia, enabling scholars at all levels to study the Senator's work.

(c) DEPOSIT INTO ENDOWMENT FUND.—The University shall deposit the proceeds of any grant received under this section into the endowment fund.

(d) MATCHING FUNDS REQUIREMENT.—The University may receive a grant under this section only if the University has deposited in the endowment fund established under this title an amount equal to one-third of such grant and has provided adequate assurances to the Secretary that the University will administer the endowment fund in accordance with the requirements of this title. The source of the funds for the University match shall be derived from State, private foundation, corporate, or individual gifts or bequests, but may not include Federal funds or funds derived from any other federally supported fund.

(e) DURATION; CORPUS RULE.—The period of any grant awarded under this section shall not exceed 20 years, and during such period the University shall not withdraw or expend any of the endowment fund corpus. Upon expiration of the grant period, the University may use the endowment fund corpus, plus any endowment fund income for any educational purpose of the University.

SEC. 203. INVESTMENTS.

(a) IN GENERAL.—The University shall invest the endowment fund corpus and endowment fund income in accordance with the University's investment policy approved by the Ohio State University Board of Trustees.

(b) JUDGMENT AND CARE.—The University, in investing the endowment fund corpus and endowment fund income, shall exercise the judgment and care, under circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of the person's own business affairs.

SEC. 204. WITHDRAWALS AND EXPENDITURES.

(a) IN GENERAL.—The University may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of the Institute, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, technical assistance, and research. No endowment fund income or endowment fund corpus may be used for any type of support of the executive officers of the University or for any commercial enterprise or endeavor. Except as provided in subsection (b), the University shall not, in the aggregate, withdraw or expend more than 50 percent of the total aggregate endowment fund income earned prior to the time of withdrawal or expenditure.

(b) SPECIAL RULE.—The Secretary is authorized to permit the University to withdraw or expend more than 50 percent of the total aggregate endowment fund income whenever the University demonstrates such withdrawal or expenditure is necessary because of—

(1) a financial emergency, such as a pending insolvency or temporary liquidity problem;

(2) a life-threatening situation occasioned by a natural disaster or arson; or

(3) another unusual occurrence or exigent circumstance.

(c) REPAYMENT.—

(1) INCOME.—If the University withdraws or expends more than the endowment fund income authorized by this section, the University shall repay the Secretary an amount equal to one-third of the amount improperly expended (representing the Federal share thereof).

(2) CORPUS.—Except as provided in section 202(e)—

(A) the University shall not withdraw or expend any endowment fund corpus; and

(B) if the University withdraws or expends any endowment fund corpus, the University shall repay the Secretary an amount equal to one-third of the amount withdrawn or expended (representing the Federal share thereof) plus any endowment fund income earned thereon.

SEC. 205. ENFORCEMENT.

(a) IN GENERAL.—After notice and an opportunity for a hearing, the Secretary is authorized to terminate a grant and recover any grant funds awarded under this section if the University—

(1) withdraws or expends any endowment fund corpus, or any endowment fund income in excess of the amount authorized by section 204, except as provided in section 202(e);

(2) fails to invest the endowment fund corpus or endowment fund income in accordance with the investment requirements described in section 203; or

(3) fails to account properly to the Secretary, or the General Accounting Office if properly designated by the Secretary to conduct an audit of funds made available under this title, pursuant to such rules and regulations as may be prescribed by the Comptroller General of the United States, concerning investments and expenditures of the endowment fund corpus or endowment fund income.

(b) TERMINATION.—If the Secretary terminates a grant under subsection (a), the University shall return to the Treasury of the United States an amount equal to the sum of the original grant or grants under this title, plus any endowment fund income earned thereon. The Secretary may direct the University to take such other appropriate measures to remedy any violation of this title and to protect the financial interest of the United States.

SEC. 206. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $10,000,000. Funds appropriated under this section shall remain available until expended.

TITLE III—OREGON INSTITUTE OF PUBLIC SERVICE AND CONSTITUTIONAL STUDIES

SEC. 301. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by Portland State University for the purpose of generating income for the support of the Institute.

(2) INSTITUTE.—The term ''Institute'' means the Oregon Institute of Public Service and Constitutional Studies established under this title.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

SEC. 302. OREGON INSTITUTE OF PUBLIC SERVICE AND CONSTITUTIONAL STUDIES.

From the funds appropriated under section 306, the Secretary is authorized to award a grant to Portland State University at Portland, Oregon, for the establishment of an endowment fund to support the Oregon Institute of Public Service and Constitutional Studies at the Mark O. Hatfield School of Government at Portland State University.

SEC. 303. DUTIES.

In order to receive a grant under this title the Portland State University shall establish the Institute. The Institute shall have the following duties:

(1) To generate resources, improve teaching, enhance curriculum development, and further the knowledge and understanding of students of all ages about public service, the United States Government, and the Constitution of the United States of America.

(2) To increase the awareness of the importance of public service, to foster among the

youth of the United States greater recognition of the role of public service in the development of the United States, and to promote public service as a career choice.

(3) To establish a Mark O. Hatfield Fellows program for students of government, public policy, public health, education, or law who have demonstrated a commitment to public service through volunteer activities, research projects, or employment.

(4) To create library and research facilities for the collection and compilation of research materials for use in carrying out programs of the Institute.

(5) To support the professional development of elected officials at all levels of government.

SEC. 304. ADMINISTRATION.

(a) LEADERSHIP COUNCIL.—

(1) IN GENERAL.—In order to receive a grant under this title Portland State University shall ensure that the Institute operates under the direction of a Leadership Council (in this title referred to as the ''Leadership Council'') that—

''(A) consists of 15 individuals appointed by the President of Portland State University; and

''(B) is established in accordance with this section.

(2) APPOINTMENTS.—Of the individuals appointed under paragraph (1)(A)—

(A) Portland State University, Willamette University, the Constitution Project, George Fox University, Warner Pacific University, and Oregon Health Sciences University shall each have a representative;

(B) at least 1 shall represent Mark O. Hatfield, his family, or a designee thereof;

(C) at least 1 shall have expertise in elementary and secondary school social sciences or governmental studies;

(D) at least 2 shall be representative of business or government and reside outside of Oregon;

(E) at least 1 shall be an elected official; and

(F) at least 3 shall be leaders in the private sector.

(3) EX-OFFICIO MEMBER.—The Director of the Mark O. Hatfield School of Government at Portland State University shall serve as an ex-officio member of the Leadership Council.

(b) CHAIRPERSON.—

(1) IN GENERAL.—The President of Portland State University shall designate 1 of the individuals first appointed to the Leadership Council under subsection (a) as the Chairperson of the Leadership Council. The individual so designated shall serve as Chairperson for 1 year.

(2) REQUIREMENT.—Upon the expiration of the term of the Chairperson of the individual designated as Chairperson under paragraph (1), or the term of the Chairperson elected under this paragraph, the members of the Leadership Council shall elect a Chairperson of the Leadership Council from among the members of the Leadership Council.

SEC. 305. ENDOWMENT FUND.

(a) MANAGEMENT.—The endowment fund shall be managed in accordance with the standard endowment policies established by the Oregon University System.

(b) USE OF INTEREST AND INVESTMENT INCOME.—Interest and other investment income earned (on or after the date of enactment of this subsection) from the endowment fund may be used to carry out the duties of the Institute under section 303.

(c) DISTRIBUTION OF INTEREST AND INVESTMENT INCOME.—Funds realized from interest and other investment income earned (on or after the date of enactment of this subsection) shall be spent by Portland State University in collaboration with Willamette University, George Fox University, the Constitution Project, Warner Pacific University, Oregon Health Sciences University, and other appropriate educational institutions or community-based organizations. In expending such funds, the Leadership Council shall encourage programs to establish partnerships, to leverage private funds, and to match expenditures from the endowment fund.

SEC. 306. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $3,000,000.

TITLE IV—PAUL SIMON PUBLIC POLICY INSTITUTE

SEC. 401. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the University for the purpose of generating income for the support of the Institute.

(2) ENDOWMENT FUND CORPUS.—The term ''endowment fund corpus'' means an amount equal to the grant or grants awarded under this title plus an amount equal to the matching funds required under section 402(d).

(3) ENDOWMENT FUND INCOME.—The term ''endowment fund income'' means an amount equal to the total value of the endowment fund minus the endowment fund corpus.

(4) INSTITUTE.—The term ''Institute'' means the Paul Simon Public Policy Institute described in section 402.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(6) UNIVERSITY.—The term ''University'' means Southern Illinois University at Carbondale, Illinois.

SEC. 402. PROGRAM AUTHORIZED.

(a) GRANTS.—From the funds appropriated under section 406, the Secretary is authorized to award a grant to Southern Illinois University for the establishment of an endowment fund to support the Paul Simon Public Policy Institute. The Secretary may enter into agreements with the University and include in any agreement made pursuant to this title such provisions as are determined necessary by the Secretary to carry out this title.

(b) DUTIES.—In order to receive a grant under this title, the University shall establish the Institute. The Institute, in addition to recognizing more than 40 years of public service to Illinois, to the Nation, and to the world, shall engage in research, analysis, debate, and policy recommendations affecting world hunger, mass media, foreign policy, education, and employment.

(c) DEPOSIT INTO ENDOWMENT FUND.—The University shall deposit the proceeds of any grant received under this section into the endowment fund.

(d) MATCHING FUNDS REQUIREMENT.—The University may receive a grant under this section only if the University has deposited in the endowment fund established under this title an amount equal to one-third of such grant and has provided adequate assurances to the Secretary that the University will administer the endowment fund in accordance with the requirements of this title. The source of the funds for the University match shall be derived from State, private foundation, corporate, or individual gifts or bequests, but may not include Federal funds or funds derived from any other federally supported fund.

(e) DURATION; CORPUS RULE.—The period of any grant awarded under this section shall not exceed 20 years, and during such period the University shall not withdraw or expend any of the endowment fund corpus. Upon expiration of the grant period, the University may use the endowment fund corpus, plus any endowment fund income for any educational purpose of the University.

SEC. 403. INVESTMENTS.

(a) IN GENERAL.—The University shall invest the endowment fund corpus and endowment fund income in those low-risk instruments and securities in which a regulated insurance company may invest under the laws of the State of Illinois, such as federally insured bank savings accounts or comparable interest bearing accounts, certificates of deposit, money market funds, or obligations of the United States.

(b) JUDGMENT AND CARE.—The University, in investing the endowment fund corpus and endowment fund income, shall exercise the judgment and care, under circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of the person's own business affairs.

SEC. 404. WITHDRAWALS AND EXPENDITURES.

(a) IN GENERAL.—The University may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of the Institute, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, technical assistance, and research. No endowment fund income or endowment fund corpus may be used for any type of support of the executive officers of the University or for any commercial enterprise or endeavor. Except as provided in subsection (b), the University shall not, in the aggregate, withdraw or expend more than 50 percent of the total aggregate endowment fund income earned prior to the time of withdrawal or expenditure.

(b) SPECIAL RULE.—The Secretary is authorized to permit the University to withdraw or expend more than 50 percent of the total aggregate endowment fund income whenever the University demonstrates such withdrawal or expenditure is necessary because of—

(1) a financial emergency, such as a pending insolvency or temporary liquidity problem;

(2) a life-threatening situation occasioned by a natural disaster or arson; or

(3) another unusual occurrence or exigent circumstance.

(c) REPAYMENT.—

(1) INCOME.—If the University withdraws or expends more than the endowment fund income authorized by this section, the University shall repay the Secretary an amount equal to one-third of the amount improperly expended (representing the Federal share thereof).

(2) CORPUS.—Except as provided in section 402(e)—

(A) the University shall not withdraw or expend any endowment fund corpus; and

(B) if the University withdraws or expends any endowment fund corpus, the University shall repay the Secretary an amount equal to one-third of the amount withdrawn or expended (representing the Federal share thereof) plus any endowment fund income earned thereon.

SEC. 405. ENFORCEMENT.

(a) IN GENERAL.—After notice and an opportunity for a hearing, the Secretary is authorized to terminate a grant and recover any grant funds awarded under this section if the University—

(1) withdraws or expends any endowment fund corpus, or any endowment fund income in excess of the amount authorized by section 404, except as provided in section 402(e);

(2) fails to invest the endowment fund corpus or endowment fund income in accordance with the investment requirements described in section 403; or

(3) fails to account properly to the Secretary, or the General Accounting Office if

properly designated by the Secretary to conduct an audit of funds made available under this title, pursuant to such rules and regulations as may be proscribed by the Comptroller General of the United States, concerning investments and expenditures of the endowment fund corpus or endowment fund income.

(b) TERMINATION.—If the Secretary terminates a grant under subsection (a), the University shall return to the Treasury of the United States an amount equal to the sum of the original grant or grants under this title, plus any endowment fund income earned thereon. The Secretary may direct the University to take such other appropriate measures to remedy any violation of this title and to protect the financial interest of the United States.

SEC. 406. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $3,000,000. Funds appropriated under this section shall remain available until expended.

TITLE V—ROBERT T. STAFFORD PUBLIC POLICY INSTITUTE

SEC. 501. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the Robert T. Stafford Public Policy Institute for the purpose of generating income for the support of authorized activities.

(2) ENDOWMENT FUND CORPUS.—The term ''endowment fund corpus'' means an amount equal to the grant or grants awarded under this title.

(3) ENDOWMENT FUND INCOME.—The term ''endowment fund income'' means an amount equal to the total value of the endowment fund minus the endowment fund corpus.

(4) INSTITUTE.—The term ''institute'' means the Robert T. Stafford Public Policy Institute.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

SEC. 502. PROGRAM AUTHORIZED.

(a) GRANTS.—From the funds appropriated under section 505, the Secretary is authorized to award a grant in an amount of $5,000,000 to the Robert T. Stafford Public Policy Institute.

(b) APPLICATION.—No grant payment may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

SEC. 503. AUTHORIZED ACTIVITIES.

Funds appropriated under this title may be used—

(1) to further the knowledge and understanding of students of all ages about education, the environment, and public service;

(2) to increase the awareness of the importance of public service, to foster among the youth of the United States greater recognition of the role of public service in the development of the United States, and to promote public service as a career choice;

(3) to provide or support scholarships;

(4) to conduct educational, archival, or preservation activities;

(5) to construct or renovate library and research facilities for the collection and compilation of research materials for use in carrying out programs of the Institute;

(6) to establish or increase an endowment fund for use in carrying out the programs of the Institute.

SEC. 504. ENDOWMENT FUND.

(a) MANAGEMENT.—An endowment fund created with funds authorized under this title shall be managed in accordance with the standard endowment policies established by the Institute.

(b) USE OF ENDOWMENT FUND INCOME.—Endowment fund income earned (on or after the date of enactment of this title) may be used to support the activities authorized under section 503.

SEC. 505. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title $5,000,000. Funds appropriated under this section shall remain available until expended.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Tennessee (Mr. HILLEARY) and the gentleman from California (Mr. MARTINEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Tennessee (Mr. HILLEARY).

Mr. HILLEARY. Mr. Speaker, I yield myself such time as I may consume.

(Mr. HILLEARY asked and was given permission to revise and extend his remarks.)

Mr. HILLEARY. Mr. Speaker, recently the Senate passed S. 440 which authorizes funding for the building of several schools of government at higher education institutions around the country. The schools of government include the Howard Baker School of Government at the University of Tennessee in Knoxville, the John Glenn Institute for Public Service at Ohio State University, the Mark Hatfield School of Government at Portland State University, the Paul Simon Public Policy Institute at Southern Illinois University, and the Robert T. Stafford Institute in Vermont. These schools of government would comprise the existing political science research programs at these universities. In each institution, the goal would be to improve the teaching, research and understanding of democratic institutions.

Not solely a Federal project, additional funds will be provided for these institutions by State and private sources to supplement the Federal contribution. In addition, this legislation gives us a great opportunity to praise the work of former Senator Howard Baker from Tennessee. Senator Baker was the first Republican popularly elected to the United States Senate in Tennessee's history. He served in the Senate from 1967 to 1985. In addition, he served as the minority leader from 1977 to 1981 and majority leader from 1981 until his retirement.

He then later served as President Reagan's chief of staff. Senator Baker still is quite active as a valued adviser and government expert. The creation of the Howard Baker School of Government would be a fitting tribute to his stellar career in public service. I urge the House to pass this legislation to establish these valuable schools of government and in doing so honor Senator Baker and his colleagues for their service to our country.

Finally I would like to thank the gentleman from Tennessee (Mr. DUNCAN). I am an original cosponsor of his bill, H.R. 788, which is almost identical to this legislation and at present has 23 cosponsors. Without his leadership on this issue, we would not even have this legislation before us today. I thank the gentleman from Tennessee (Mr. DUNCAN) for his hard work on this issue.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of S. 440, a bill that authorizes financial assistance to a number of public policy institutes for the purpose of enhancing teaching and research in government and public service. The academic institutions included in the bill are named, and have been named by the gentleman from Tennessee, after a group of distinguished colleagues including the Howard Baker School of Government which is in the gentleman's district, the John Glenn Institute for Public Service and Public Policy, the oregon institute of public service and Constitutional Studies at the Mark O. Hatfield School of Government, the Paul Simon Public Policy Institute, and the Robert T. Stafford Public Policy Institute. I think the most valuable contribution of these institutions is their mission to sponsor classes, research, and internships in community service activities that stimulate student participation in public service which is crucial to fostering America's next generation of leaders. I urge support for the bill.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HILLEARY. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, I thank the gentleman from Tennessee for yielding me this time and thank him in his work in support of this legislation. I rise in strong support of this very modest, bipartisan legislation.

I am pleased to be the original sponsor of the House companion to this Senate bill. The other body passed this legislation by unanimous consent last week. Both the House and Senate bills have a number of cosponsors from both sides of the aisle. I want to thank the gentleman from Pennsylvania (Mr. GOODLING) for allowing this bill to be brought to the floor today.

S. 440 would establish five new schools of government across the country. These schools would be dedicated to the study of public policy and government. Each of these schools would be named after great Americans, Members from both sides of the aisle, who have served the public in the United States Senate.

While I admire and respect all of these men, I would like to primarily speak about one of them, Senator Howard Baker. I understand that we may have other Members who will want to discuss the others honored by this legislation. Specifically, this bill would create the Howard Baker School of Government at the University of Tennessee in Knoxville. I believe this legislation is a fitting tribute to Senator Baker's extraordinary career and exemplary public service which continues to this day. Senator Baker was a member of the United States Senate for 18 years, where he served as minority

leader as well as majority leader. He also served as President Reagan's chief of staff. I have said before, Mr. Speaker, that the White House chief of staff is the person who has to say no for the President. As a result, some people have left this job with very unpopular reputations. However, Senator Baker left this job as chief of staff more popular than when he began.

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I believe this is a real testament to the type of person he is. In fact, I have said before that I believe Senator Baker is the greatest living Tennessean. He is, without question, one of the greatest statesmen in the history of the State of Tennessee.

In addition, he has been recognized in a very special way here in Washington. The rooms of the Senate majority leader in the U.S. Capitol building are named the Howard H. Baker, Jr., rooms. These are the rooms of the former Library of Congress. This is a very fitting tribute to one of our Nation's greatest public servants.

Mr. Speaker, I am honored to have earlier introduced legislation, which passed, to name a Federal courthouse in Knoxville, Tennessee after Senator Baker. This courthouse serves as a reminder to Tennesseans of the great work done for them by Senator Baker.

Senator Baker has a wonderful supportive wife, former Senator Nancy Kassebaum. I think they make a great team, and they both continue to work to ensure that this country is a better place in which to live.

In spite of all of the success Senator Baker achieved in the White House, the Senate and now his private law practice, he has not lost his humility or forgotten where he came from. He now lives in Tennessee where he can be close to the people he represented so well for so many years. He continues to work to help others. Despite his national recognition, he speaks even at very small events and helps many community organizations.

As I stated earlier, I have great admiration for all of the gentlemen honored in this bill. However, I think this is an especially fitting tribute to the greatest living Tennessean, Senator Howard H. Baker.

I urge my colleagues to support this legislation which will honor four great Americans and at the same time provide additional learning opportunities for our young people. Again, I would like to thank the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Tennessee (Mr. HILLEARY), Congressman Hilleary, for their work on this legislation and bringing it to the floor for consideration.

Mr. HILLEARY. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. WAMP).

(Mr. WAMP asked and was given permission to revise and extend his remarks.)

Mr. WAMP. Mr. Speaker, it is absolutely a thrill for me to be here as a Member of the House to recognize one of these great Americans. I think it is entirely appropriate for our country to name these schools of government after great American leaders in government.

One of these, clearly, is Howard H. Baker. He was a great United States Senator, White House chief of staff. Few people have done more for the University of Tennessee over the course of its history than Senator Baker. In fact, few people have done more for the United States of America in this century than Senator Howard Baker.

Mr. Speaker, when I think of Senator Baker, the first word that comes to mind is civility, and the second word is trust. Members of the United States Senate from both parties truly respected and trusted Howard Baker. He had a reputation and continues to have a reputation that few people in the history of the United States Congress enjoyed.

I think of justice under the law. Even to this very day, the rooms that the Senate majority leader resides in on the Senate side, the offices are named the Howard H. Baker, Jr., rooms in recognition of his reputation. I think of intellect and hard work and the combination of the two. I think of knowledge of the law. Frankly, from the Watergate hearings to the years of Senate majority leader and White House chief of staff, I think of good old, down-home southern charm, laced with humor and respect for others and a reputation that few have ever had.

This is a proper tribute. The University of Tennessee will be better off. Students will learn from that school of government, and the name on that school of government, Howard H. Baker, will actually represent dignity, grace and justice, all three of which his life represents.

The SPEAKER pro tempore (Mr. PEASE). Does the gentleman from California (Mr. MARTINEZ) wish to reclaim his time?

Mr. MARTINEZ. Mr. Speaker, I ask unanimous consent to reclaim the time.

The SPEAKER pro tempore. Without objection, the gentleman from California (Mr. MARTINEZ) is recognized.

Mr. MARTINEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from South Carolina (Mr. SANFORD).

Mr. SANFORD. Mr. Speaker, I thank the gentleman for yielding me this time.

I have many peers in this case saying a lot of great things about a lot of great men, and I agree with all that they have said. Howard Baker was indeed a great man, John Glenn is a great man, Paul Simon is a great man. But I struggle with this particular bill for a couple of simple reasons, but one primary one.

That is, as Republicans, what we have talked about is Washington not knowing best, and yet at the core of what this does, which is basically a sole-source grant that points to a couple of different institutions across this country and says, they are the most able beneficiaries of government largesse, and that we ought to send the money to them as opposed to a lot of other universities or colleges across this country. I struggle with that theme as a Republican because what we have talked about is the issue of Federalism, the issue of Washington not knowing best, and local communities knowing what makes sense in their neighborhood. That is why we have tried the idea of block grants, and this gets away from the idea of block grants.

So I would first of all agree with what they have been saying about any of these gentlemen, because they are indeed great gentlemen; but do we want to in fact point to sole-source grants as a way of recognizing them.

Two, we do not have a problem in this country with secondary education. We have a problem with grade school and with high school, but on any international standard, we are doing quite well on the issue of secondary education. So this points money to colleges and universities as opposed to high schools where I think our core problem is.

Three, is public policy the best place to spend this money? In other words, these are institutes of public policy, of government. Is that where the highest and best use of educational dollars can go these days, as opposed to the basics of reading and writing and arithmetic wherein we have sustained deficiencies in high schools and grade schools across this country.

Lastly, I would say, look at the different ways that we might spend this money. This money, if we are talking about $31 million here, $31 million could go based on the average teacher salaries, go to pay for 777 teachers across this country. It could go to pay for about 4,000 kids attending a year of college next year, or for that matter, it could go to my favorite subject, which is back to the debt, to pay down this debt that we have stacked up.

So I agree with what these gentlemen from Tennessee and other places have said about a lot of great men that have served in this institution, but I question whether or not this is the way to recognize their talents.

Mr. HILLEARY. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon (Mr. WALDEN).

(Mr. WALDEN of Oregon asked and was given permission to revise and extend his remarks.)

Mr. WALDEN of Oregon. Mr. Speaker, I thank the gentleman for the opportunity to speak to Senate bill 440. In particular I would like to rise in support of title 3 of the act which authorizes the Oregon Institute of Public Service and Constitutional Studies in the Mark O. Hatfield School of Government at PSU.

Under this legislation, the institute will be required to further the knowledge and understanding of students

about public service, the U.S. Government, and the Constitution, and increase the awareness among youth of the importance of public service. I think these are laudable goals and important teachings that are so underrepresented right now in our country. Learning about public service, understanding the Constitution. These are at the heart of our democracy and why this legislation is important.

This legislation also establishes the Mark O. Hatfield Fellows Program at PSU. This course of study and the fellowship in the name of Senator Hatfield is very appropriate, for the Senator has truly defined public service in my great State of Oregon.

We still have a lot to learn from Senator Hatfield. The authorization of the Institute for Public Service and Constitutional Studies and the Mark O. Hatfield Fellowship Program will ensure that future generations of Oregonians will continue the spirit of public service that Senator Hatfield has taught us.

Mr. Speaker, I urge passage of Senate bill 440.

Thank you, Mr. Speaker, for the opportunity to speak today on S. 440. In particular I would like to rise in support of Title 3 of the act which authorizes the Oregon Institute of Public Service and Constitutional Studies in the Mark O. Hatfield School of Government at Portland State University.

Under this legislation, the Institute will be required to further the knowledge and understanding of students about public service, the U.S. Government, and the Constitution, and increase the awareness among youth of the importance of public service. This legislation also establishes the Mark O. Hatfield Fellow's program at Portland State University. This course of study, and the fellowship in the name of Senator Hatfield, is very appropriate for the Senator has truly defined public service in the state of Oregon.

Senator Hatfield began his political career in the Oregon Legislature in 1950 and moved on to become the youngest Secretary of State in Oregon history at the age of 34. Elected Governor of Oregon in 1958, Senator Hatfield became the state's first two-term governor in the 20th Century when he was re-elected in 1962. The Senator's federal career began in 1966 when he was elected to the U.S. Senate. He served as Chairman of the Senate Appropriations Committee and was a member of the Energy and Natural Resources Committee, the Rules Committee, the Joint Committee on the Library, and the Joint Committee on Printing.

Senator Hatfield is now a member of the faculty at the Hatfield School of Government at Portland State University and George Fox University where he is continuing to lead the next generation of Oregonians. This legislation recognizes Senator Hatfield's legacy by supporting public service through the Hatfield School of Government. The Institute for Public Service and Constitutional Studies will provide support to partnerships that promote public service through teaching, research, and student support.

I think Senator Hatfield summed up his theory on public service best when he spoke at the dedication of the Hatfield School of Government in 1997. He said, "Throughout my career in public service I have stressed the importance of education and my deep personal respect for the teaching profession. I believe that some of my most important life's work has been my time in the classrooms, helping others learn about the great issues and the history of this country. The Hatfield School of Government brings both streams of my career—public service and education—together in a legacy that I hope will inspire many future generations, whose responsibility it will be to continue this great country's advancement into the next century and beyond."

We still have a lot to learn from Senator Hatfield. The authorization of the Institute for Public Service and Constitutional Studies and the Mark O. Hatfield fellowship program will ensure that the future generations of Oregonians will continue the spirit of public service that Senator Hatfield has taught us.

Mr. Speaker, I urge passage of S. 440.

Mr. HILLEARY. Mr. Speaker, I yield 3 minutes to the gentlewoman from Ohio (Ms. PRYCE).

Ms. PRYCE of Ohio. Mr. Speaker, I thank the gentleman from Tennessee for yielding me this time.

Mr. Speaker, I rise today to express my support for Senate bill 440, a bill honoring many great Americans, two of my favorite American Senators, Howard Baker, a Republican, and our own Ohio Senator, John Glenn, a Democrat.

The bill would also create, among other things, a new academic program at the Ohio State University and authorize appropriations to establish the John Glenn Institute for Public Service and Public Policy and its endowment fund to provide long-term funding for personnel and operations.

Located at the Ohio State University, the John Glenn Institute will collaborate with the university's extensive public service and public policy resources to sponsor classes, facilitate research on issues facing this country, provide internships for students, and encourage community service activities.

In addition, the institute will sponsor forums to improve public awareness and foster discussion and debate on critical issues of national and international significance.

The institute also will offer training seminars to elected and appointed public officials to enhance their governing skills. Lastly, the institute will become the rightful, permanent, and proud home to Senator Glenn's papers, speeches, and historic memorabilia.

As one of our Nation's largest public institutions, Ohio State University has a long and proud tradition of providing the highest quality education to students from all over Ohio and around the world. I believe that this legislation will enable Ohio State to integrate public service into their curriculum, thus formulating creative educational initiatives that will combine hands-on experience with research and teaching activities. This experience will prepare our Nation's future leaders for service in government and other public affairs organizations that will ultimately lead to thoughtful solutions to important public policy problems facing our society in the 21st century.

The Ohio State University is committed to enhancing public service and public policy at all levels of government. I hope my colleagues will join me in honoring this great American by supporting this legislation.

Mr. HILLEARY. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. BRYANT).

Mr. BRYANT. Mr. Speaker, I thank my friend for yielding me this time.

Mr. Speaker, I rise today in support of this legislation which would authorize the Secretary of Education to award a grant to the University of Tennessee in Knoxville to establish the Howard Baker School of Government and its endowment fund.

Mr. Speaker, this is an important piece of legislation because it honors a man who has dedicated his life to public service while providing a forum to help advance the principles of democratic citizenship, civic duty and public responsibility, which he embodies.

After serving in the United States Senate from 1967 until 1985 and as President Reagan's chief of staff from February 1987 until July of 1988, Howard Baker returned to his private life and the practice of law in Huntsville, Tennessee. Following undergraduate studies at the University of the South and at Tulane University, Senator Baker received his law degree from the University of Tennessee. He served 3 years in the United States Navy during World War II.

Senator Baker first won national recognition in 1973 as the vice chairman of the Senate Watergate Committee. He was a keynote speaker at the Republican National Convention in 1976 and was a candidate for the Republican Presidential nomination in 1980. He concluded his Senate career by serving two terms as minority leader and two terms as majority leader. Senator Baker has received many awards, including the presidential medal of freedom, our Nation's highest civilian award and the Jefferson Award for the greatest public service performed by an elected or appointed official.

I am proud to be a cosponsor of this bill, and I urge its adoption by this body.

Mr. MARTINEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma (Mr. COBURN).

(Mr. COBURN asked and was given permission to revise and extend his remarks.)

Mr. COBURN. Mr. Speaker, I was not going to speak on this bill, but after hearing what I have heard and thinking about $31 million to honor politicians that were intimately involved in giving us a $6 trillion debt, there is something not quite right with that as I sit and think about it. There is no question that these were great public servants, but the fact is that on their watch, our children's future was mortgaged, and not mortgaged just to a small extent, to a very great extent.

We talk about this being an authorization bill. Well, why is it an authorization bill with the very anticipation that the next appropriations cycle, the money is going to be spent. So we are going to take $31 million of the taxpayers' money and create new university setting programs in honor of these five former Senators. We are fighting with the President right now, and we are playing all sorts of games with the budget so we will not touch Social Security, and we are here adding $31 million back.

This may be a very worthwhile project, but the timing on it stinks. This is not the time to do this; this is not the year to do this. When we truly are in a surplus, and that means no Social Security money spent, no Federal employees' money spent, no inland waterway trust fund spent, no highway transportation money spent out of the trust fund, no airway trust fund money spent, that is the time for us to do this.

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The American taxpayers today pay a higher percentage of their income in taxes than they have ever paid in their lives, with the exception of World War II.

Why is it that we cannot pass a tax cut, but we can spend $31 million to build new glory centers for former Senators of the United States Senate? I object, not on the grounds for me personally, but I object for my grandchildren and the children that are going to follow them, and every grandchild in this country, that we should not be spending and authorizing $31 million to be spent for any purpose that is other than absolutely necessary at this time.

Mr. HILLEARY. Mr. Speaker, I yield 3 minutes to the gentleman from Rogersville, Tennessee (Mr. JENKINS).

Mr. JENKINS. Mr. Speaker, I thank the gentleman from Tennessee for yielding time to me.

Mr. Speaker, in the closing hours of this session, which is, like all sessions, somewhat hectic, it is a pleasure to have an opportunity to ask my colleagues to vote for Senate Bill 440.

In part, it has been pointed out, it establishes the Howard H. Baker School of Government at the University of Tennessee. Unlike the last speaker who spoke on this subject, I think nothing could be more fitting and nothing could be more appropriate. Those of us who have served the State of Tennessee and who have served our Nation as Tennesseans have long sought Senator Howard Baker's counsel. That advice that we sought has always been forthcoming, it has always been wholesome, and it has always been filled with wisdom.

The gentleman from Tennessee (Mr. BRYANT) pointed out the capacities in which Senator Baker has served. I would point out that he has brought great credit to the State of Tennessee and to this entire Nation in every capacity in which he has served.

Mr. Speaker, I would urge every Member to vote for Senate 440.

Mr. HILLEARY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to finish up by, one, thanking the gentleman from Pennsylvania (Chairman GOODLING) for allowing us to actually bring this bill to the floor today. If he had not waived jurisdiction on the committee, we would have not gotten it in this session of Congress, so I appreciate his support for these schools of government.

Finally, I would like to just talk a moment about Senator Baker. Senator Baker is without question my most famous constituent. He is, as has been said earlier, and I would agree with this, that he is the most famous living Tennessean in the country that we have, and his contribution to this country, we could spend hours talking about that.

My personal relationship with him is what I would like to close with. He has been my mentor from the get-go, when I first decided to run for public office. I made the trip up to Huntsville, Tennessee, to his law office, and just discussed what I thought about what my issues were, what my beliefs were. He said, son, I think you ought to run for public office. I think you have what it takes.

I will never forget that conversation, here a great man like Howard Baker having this one-on-one conversation with little VAN HILLEARY from Spring City, Tennessee. I cannot think of a more fitting tribute to this man, who graduated from the University of Tennessee the same year my father did.

I am a graduate of the University of Tennessee. I actually took many classes in the Department of Political Science there. I just cannot think of a more fitting tribute to the University or to the Senator than to have this school of government named after him.

Mr. Speaker, I would urge all my colleagues to vote for this bill, not only to honor Senator Baker, but the other Senators involved in the bill.

Mr. MARTINEZ. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HILLEARY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEASE). The question is on the motion offered by the gentleman from Tennessee (Mr. HILLEARY) that the House suspend the rules and pass the Senate bill, S. 440.

The question was taken.

Mr. SANFORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

DIRECTING THE SECRETARY OF THE INTERIOR TO CONVEY CERTAIN LANDS TO THE COUNTY OF RIO ARRIBA, NEW MEXICO

Mr. HANSEN. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 278) to direct the Secretary of the Interior to convey certain lands to the county of Rio Arriba, New Mexico.

The Clerk read as follows:

S. 278

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

SECTION 1. OLD COYOTE ADMINISTRATIVE SITE.

(a) CONVEYANCE OF PROPERTY.—Not later than one year after the date of enactment of this Act, the Secretary of the Interior (herein ''the Secretary'') shall convey to the County of Rio Arriba, New Mexico (herein ''the County''), subject to the terms and conditions stated in subsection (b), all right, title, and interest of the United States in and to the land (including all improvements on the land) known as the ''Old Coyote Administrative Site'' located approximately ½ mile east of the Village of Coyote, New Mexico, on State Road 96, comprising one tract of 130.27 acres (as described in Public Land Order 3730), and one tract of 276.76 acres (as described in Executive Order 4599).

(b) TERMS AND CONDITIONS.—

(1) Consideration for the conveyance described in subsection (a) shall be—

(A) an amount that is consistent with the special pricing program for Governmental entities under the Recreation and Public Purposes Act; and

(B) an agreement between the Secretary and the County indemnifying the Government of the United States from all liability of the Government that arises from the property.

(2) The lands conveyed by this Act shall be used for public purposes. If such lands cease to be used for public purposes, at the option of the United States, such lands will revert to the United States.

(c) LAND WITHDRAWALS.—Land withdrawals under Public Land Order 3730 and Executive Order 4599 as extended in the Federal Register on May 25, 1989 (54 F.R. 22629) shall be revoked simultaneous with the conveyance of the property under subsection (a).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Utah (Mr. HANSEN) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from Utah (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 278, introduced by Senator DOMENICI of New Mexico, directs the Secretary of the Interior and the Secretary of Agriculture to convey land known as the Old Coyote Administrative Site to the county of Rio Arriba, New Mexico.

This site includes a Forest Service tract of 130 acres and a BLM tract of 276 acres. The site was vacated by the Forest Service in 1993. This legislation is patterned after a similar transfer that the 103rd Congress directed the Secretary of Agriculture to complete in 1993 on the Old Taos Ranger District Station.

As with Taos Station, the Coyote Station will continue to be used for public purposes, including a community center and a fire substation. Some buildings will also be available for the county to use for storage of road maintenance equipment and other county vehicles.

The conveyance will be consistent with the Recreation and Public Purposes Act pricing program. The lands

must be used for public purposes, and revert back to the U.S. Government if not used for these purposes.

Mr. Speaker, this is a good bill, and I ask my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 278 is a companion measure to a bill introduced by my colleague on the Committee on Resources, the gentleman from New Mexico (Mr. UDALL). The bill directs the Secretary of the Interior to convey land known as the Old Coyote Administrative Site to the county of Rio Arriba in New Mexico.

The site, which is approximately 307 acres, was formerly used by the Forest Service, but was vacated in 1993 when the Forest Service moved to a new location. The legislation provides for the transfer of the property to the county at a reduced price. The land must be used for a public purpose, and will revert back to the Federal government if not used for these purposes.

It is our understanding the county will continue to use the site for public purposes, including a community center and a fire substation. Mr. Speaker, S. 278 is a noncontroversial item which I support. I want to congratulate my colleagues who have offered this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. HANSEN. Mr. Speaker, I am happy to yield such time as she may consume to the gentlewoman from New Mexico (Mrs. WILSON).

Mrs. WILSON. Mr. Speaker, I want to thank the chairman for yielding time to me, and thank the Committee on Resources, and particularly the chairman, for bringing this bill up. As we approach the end of this session of the Congress, there are a lot of things we are trying to wrap up. This is one that has been pending for some time.

This Rio Arriba legislation authorizes the transfer of a little more than 400 acres of Federal land in the Old Coyote Ranger District Station near Coyote, New Mexico, and it would give it to Rio Arriba County so they can have that land and those buildings for county purposes and public purposes. They are going to use those buildings for a community center, for a fire station, for their storage and road maintenance equipment, and I think it is a win-win situation.

The Federal government no longer wants to maintain those buildings and has moved to a new ranger station about 6 miles away, so this is a good land transfer bill. This bill passed the Senate in the last session of the Congress, did not pass the House in the waning days. When we finish this here today, it will go to the President for his signature. He has already indicated that he is supportive of this legislation.

This is often the case in the West, we need to do these little Federal land transfer bills because so much of the West is owned by the Federal government.

I thank the gentleman for his attention to this matter, and I commend particularly Senator DOMENICI for stewarding this through.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield such time as he may consume to the gentleman from New Mexico (Mr. UDALL).

Mr. UDALL of New Mexico. Mr. Speaker, this legislation provides for a transfer by the Secretary of the Interior of real property and improvements at an abandoned and surplus ranger station in the Carson National Forest to Rio Arriba County.

This site is known locally as the Old Coyote Administration Site, and it is located near the town of Coyote, New Mexico. This site will continue to be used for public purposes, and may be used as a community center, fire station, fire substation, storage facilities, or space to repair road maintenance equipment or other county vehicles.

Mr. Speaker, the Forest Service has moved its operations to a new facility and has determined that this site is of no further use. Furthermore, the Forest Service has notified the General Services Administration that improvements to the site are considered surplus and the sites are available for disposal.

In addition, the lands on which the facility is built is withdrawn public domain land, and falls under the jurisdiction of the Bureau of Land Management. Since neither the Bureau of Land Management nor the Forest Service has future plans to utilize this site, the transfer of the land and the facilities to Rio Arriba County would create a benefit to a community that would make productive use of it.

This county is one that has a heavy Federal land presence. This will enable them to utilize the land that they have not been able to have and be able to do some very productive things.

In summary, this legislation creates a situation in which the Federal government, the State of New Mexico, and the people of Rio Arriba County all benefit. I urge my colleagues to support this bill. It is a good bill. I also want to thank our senior Senator from New Mexico, Senator DOMENICI, for all his hard work on this bill over the years.

Mr. GEORGE MILLER of California. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HANSEN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Utah (Mr. HANSEN) that the House suspend the rules and pass the Senate bill, S. 278.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on S. 440 and S. 278.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

ANNOUNCEMENT OF MEASURES TO BE CONSIDERED UNDER SUSPENSION OF THE RULES

Mr. HANSEN. Mr. Speaker, pursuant to House resolution 374, I announce the following measures be taken up under suspension of the rules:

S. 1398, Regarding Coastal Barriers;

H.R. 3381, OPIC reauthorization;

H. Con. Res. 128, Treatment of Religious Minorities in Iran.

MINUTEMAN MISSILE NATIONAL HISTORIC SITE ESTABLISHMENT ACT OF 1999

Mr. HANSEN. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 382) to establish the Minuteman Missile National Historic Site in the State of South Dakota, and for other purposes.

The Clerk read as follows:

S. 382

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Minuteman Missile National Historic Site Establishment Act of 1999''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) the Minuteman II intercontinental ballistic missile (referred to in this Act as ''ICBM'') launch control facility and launch facility known as ''Delta 1'' and ''Delta 9'', respectively, have national significance as the best preserved examples of the operational character of American history during the Cold War;

(2) the facilities are symbolic of the dedication and preparedness exhibited by the missileers of the Air Force stationed throughout the upper Great Plains in remote and forbidding locations during the Cold War;

(3) the facilities provide a unique opportunity to illustrate the history and significance of the Cold War, the arms race, and ICBM development; and

(4) the National Park System does not contain a unit that specifically commemorates or interprets the Cold War.

(b) PURPOSES.—The purposes of this Act are—

(1) to preserve, protect, and interpret for the benefit and enjoyment of present and future generations the structures associated with the Minuteman II missile defense system;

(2) to interpret the historical role of the Minuteman II missile defense system—

(A) as a key component of America's strategic commitment to preserve world peace; and

(B) in the broader context of the Cold War; and

(3) to complement the interpretive programs relating to the Minuteman II missile defense system offered by the South Dakota Air and Space Museum at Ellsworth Air Force Base.

SEC. 3. MINUTEMAN MISSILE NATIONAL HISTORIC SITE.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Minuteman Missile National Historic Site in the State of South Dakota (referred to in this Act as the ''historic site'') is established as a unit of the National Park System.

(2) COMPONENTS OF SITE.—The historic site shall consist of the land and interests in land comprising the Minuteman II ICBM launch control facilities, as generally depicted on the map referred to as ''Minuteman Missile National Historic Site'', numbered 406/80,008 and dated September, 1998, including—

(A) the area surrounding the Minuteman II ICBM launch control facility depicted as ''Delta 1 Launch Control Facility''; and

(B) the area surrounding the Minuteman II ICBM launch control facility depicted as ''Delta 9 Launch Facility''.

(3) AVAILABILITY OF MAP.—The map described in paragraph (2) shall be on file and available for public inspection in the appropriate offices of the National Park Service.

(4) ADJUSTMENTS TO BOUNDARY.—The Secretary of the Interior (referred to in this Act as the ''Secretary'') is authorized to make minor adjustments to the boundary of the historic site.

(b) ADMINISTRATION OF HISTORIC SITE.—The Secretary shall administer the historic site in accordance with this Act and laws generally applicable to units of the National Park System, including—

(1) the Act entitled ''An Act to establish a National Park Service, and for other purposes'', approved August 25, 1916 (16 U.S.C. 1 et seq.); and

(2) the Act entitled ''An Act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes'', approved August 21, 1935 (16 U.S.C. 461 et seq.).

(c) COORDINATION WITH HEADS OF OTHER AGENCIES.—The Secretary shall consult with the Secretary of Defense and the Secretary of State, as appropriate, to ensure that the administration of the historic site is in compliance with applicable treaties.

(d) COOPERATIVE AGREEMENTS.—The Secretary may enter into cooperative agreements with appropriate public and private entities and individuals to carry out this Act.

(e) LAND ACQUISITION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may acquire land and interests in land within the boundaries of the historic site by—

(A) donation;

(B) purchase with donated or appropriated funds; or

(C) exchange or transfer from another Federal agency.

(2) PROHIBITED ACQUISITIONS.—

(A) CONTAMINATED LAND.—The Secretary shall not acquire any land under this Act if the Secretary determines that the land to be acquired, or any portion of the land, is contaminated with hazardous substances (as defined in section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601)), unless, with respect to the land, all remedial action necessary to protect human health and the environment has been taken under that Act.

(B) SOUTH DAKOTA LAND.—The Secretary may acquire land or an interest in land owned by the State of South Dakota only by donation or exchange.

(f) GENERAL MANAGEMENT PLAN.—

(1) IN GENERAL.—Not later than 3 years after the date funds are made available to carry out this Act, the Secretary shall prepare a general management plan for the historic site.

(2) CONTENTS OF PLAN.—

(A) NEW SITE LOCATION.—The plan shall include an evaluation of appropriate locations for a visitor facility and administrative site within the areas depicted on the map described in subsection (a)(2) as—

(i) ''Support Facility Study Area—Alternative A''; or

(ii) ''Support Facility Study Area—Alternative B''.

(B) NEW SITE BOUNDARY MODIFICATION.—On a determination by the Secretary of the appropriate location for a visitor facility and administrative site, the boundary of the historic site shall be modified to include the selected site.

(3) COORDINATION WITH BADLANDS NATIONAL PARK.—In developing the plan, the Secretary shall consider coordinating or consolidating appropriate administrative, management, and personnel functions of the historic site and the Badlands National Park.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this Act.

(b) AIR FORCE FUNDS.—

(1) TRANSFER.—The Secretary of the Air Force shall transfer to the Secretary any funds specifically appropriated to the Air Force in fiscal year 1999 for the maintenance, protection, or preservation of the land or interests in land described in section 3.

(2) USE OF AIR FORCE FUNDS.—Funds transferred under paragraph (1) shall be used by the Secretary for establishing, operating, and maintaining the historic site.

(c) LEGACY RESOURCE MANAGEMENT PROGRAM.—Nothing in this Act affects the use of any funds available for the Legacy Resource Management Program being carried out by the Air Force that, before the date of enactment of this Act, were directed to be used for resource preservation and treaty compliance.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Utah (Mr. HANSEN) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from Utah (Mr. HANSEN)

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 382, introduced by Senator TIM JOHNSON from South Dakota, authorizes the establishment of the Minuteman Missile National Historic Site in the State of South Dakota as a unit of the National Park System. Recognition should also go to the gentleman from South Dakota (Mr. THUNE), who has worked very hard to move this bill forward through the House.

Mr. Speaker, in 1961, at the height of the Cold War, the United States deployed the Minuteman Intercontinental Ballistic Missile. By 1963, Ellsworth Air Force Base in South Dakota had a large combat-ready missile wing with 165 sites. With the collapse of the Soviet Union, the Cold War effectively ended, and in 1991 the United States signed the Strategic Arms Reduction Treaty with the Soviet Union.

START I required that all Minuteman II missiles be deactivated, and in fact, the Delta Nine launch silo is the only IBM launch tube remaining. A special resource study which was completed in 1995 by the Departments of the Interior and Defense determined that establishing the Minuteman Missile National Historic Site was suitable and feasible.

This site will be comprised of separate and discrete areas consisting of the Delta One launch control facility, the Delta Nine launch facility, along with a proposed visitor center administrative facility. The Secretary of the Interior is also directed to prepare a management plan for the site, in coordination with the Badlands National Park.

This bill is supported by the administration and the minority, and I urge my colleagues to support S. 382.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 382, as just explained by the subcommittee chair, establishes the Minuteman National Historic Site in South Dakota to encompass both the Delta One and Delta Nine missile site at Ellsworth Air Force Base.

We have no problem with this legislation, and recommend its passage.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HANSEN. Mr. Speaker, I yield such time as he may consume to the gentleman from South Dakota (Mr. THUNE).

Mr. THUNE. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, first let me thank the distinguished gentleman from Utah (Mr. HANSEN), the chairman, for all his help in moving this legislation.

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The other body has passed Senate bill 382, the Minuteman Missile National Historic Site Establishment Act of 1999, by unanimous consent back on March 25, 1999, and I urge the House to pass the bill today.

I, like many other Americans, grew up during the Cold War when tensions between America and the Soviet Union were at their highest point. My memories of this time are vivid. I remember Vietnam, the renewed arms race, and the immense pride and patriotism that I felt when the Berlin Wall came down. During this period, 150 Minuteman II missiles remained on nuclear alert at Ellsworth Air Force Base.

In western South Dakota, the 44th Missile Wing blended with the scenery with the Black Hills as a backdrop. Spread out over 13,500 square miles, the soldiers grew to know the locals and the locals the soldiers. On the Fourth of July, 1994, when the wing was deactivated, something was missing on the high plains of western South Dakota. On occasion, I still meet soldiers who

manned the silo stationed at Ellsworth, and they tell me how wonderful the people of South Dakota are.

Mr. Speaker, I grew up in Murdo, South Dakota, just 60 miles east on Interstate 90 from the Delta-1 Command Center. Surrounding that center were 10 nuclear missiles. In South Dakota, an important reality of the Cold War existed. For current generations and generations to come, the creation of the Minuteman Missile National Historic Site would provide an opportunity to see what happened behind the scenes. We can learn more about the story of the lives of the officers and men who lived and worked in the missile silos and command centers.

Our opportunity to preserve this piece of history is limited because all Minuteman II silo launchers have been eliminated except for the site designated Delta-9. Delta-1 and Delta-9 provide a unique opportunity to preserve that history. Under an interagency agreement between the Air Force and the National Park Service, this site has been temporarily preserved. However, this agreement has expired, prompting the need for immediate legislative action.

Congressional action on Senate bill 382 also bears important national security implications. The Ballistic Missile Development Organization's National Missile Defense program uses the boosters from Minuteman missiles in testing. However, the Strategic Arms Reduction Treaty, or START, precludes the use of encryption technology during flight tests until all missiles of a type have been retired or turned into a museum. Preservation of this site would eliminate the security concern.

From a purely practical standpoint, the site is conveniently located along the major access highway to the Black Hills National Forest, Mount Rushmore National Monument and the Badlands National Park. The Minuteman Missile site would form a mutually beneficial relationship with the existing attractions.

Mr. Speaker, we now face a crucial point that demands action. In addition to the encryption issue, an important landmark would be lost forever should the site be destroyed. These sites serve as an important reminder of our Cold War strategy and should be preserved for today and future generations.

Mr. Speaker, there is a sign painted on the door leading into the Delta-1 control room. Below a pizza box someone wrote, and I quote, ''Worldwide delivery in 30 minutes or less, or your next one is free.'' Dark humor, I know, but it was a reality. Civilization as we all know it could have been destroyed in 30 minutes. The character and personalities of our soldiers who served a critical role in the defense of our Nation should be preserved.

Mr. Speaker, I therefore ask the House to join me in supporting this important legislation and to move closer to the establishment of what would prove to be an invaluable asset to this Nation.

Mr. Speaker, I thank the gentleman from Utah (Mr. HANSEN) for his work in helping us move this legislation forward.

First, let me thank Chairman YOUNG and Chairman HANSEN for all their help moving this legislation. The other body passed S. 382, the Minuteman Missile National Historic Site Establishment Act of 1999, by unanimous consent on March 25, 1999, and I urge the House to pass the bill today.

I, like many Americans, grew up during the Cold War when tensions between America and the Soviet Union were at their highest point. My memories of this time are vivid. I remember Vietnam, the renewed arms race, and the immense pride and patriotism I felt when the Berlin Wall came down. During this period, 150 Minuteman II missiles remained on nuclear alert at Ellsworth AFB.

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I grew up in Murdo, South Dakota, just 60 miles east on I–90 from the Delta One command center. Surrounding that center were 10 nuclear missiles. In South Dakota, an important reality of the Cold War existed. For current generations and generations to come, the creation of the Minuteman Missile National Historic Site would provide an opportunity to see what happened behind the scenes. We can learn more about the story of the lives of the officers who lived and worked in the missile silos and command centers.

Our opportunities to preserve this piece of history are limited because all Minuteman II silo launchers have been eliminated except for the site designated Delta-9. Delta-1 and Delta-9 would provide a unique opportunity to preserve that history. Under an interagency agreement between the Air Force and the National Park Service, this site has been temporarily preserved. However, this agreement has expired, prompting the need for immediate legislative action.

Congressional action on S. 382 also bears important national security implications. The Ballistic Missile Development Organization's National Missile Defense program uses the boosters from Minuteman Missiles in testing. However, the Strategic Arms Reduction Treaty (START) precludes the use of encryption technology during flight tests until all missiles of a type have been retired or turned into a museum. Preservation of this site would eliminate this security concern.

From a purely practical standpoint, the site is conveniently located along the major access highway to the Black Hills National Forest, Mount Rushmore National Monument, and the Badlands National Park. The Minuteman Missile site would form a mutually beneficial relationship with the existing attractions.

We now face a crucial point that demands action. In addition to the encryption issue, an important landmark would be lost forever should the site be destroyed. These sites serve as an important reminder of our Cold War strategy and should be preserved for today and future generations.

There is a sign painted on the door leading into the Delta One control room. Below a pizza box, someone wrote, ''World-wide delivery in 30 minutes or less or your next one is free.'' Dark humor, I know, but it was a reality. Civilization as we all know it could have been destroyed in 30 minutes. The character and personalities of our soldiers who served a critical role in the defense of our nation should be preserved.

I therefore, ask the House to join me in supporting this important legislation and move closer to the establishment of what would prove to be an invaluable asset to this nation.

Mr. HEFLEY. Mr. Speaker, I rise in support of S. 382 with one reservation. I do not oppose the establishment of the Minuteman Missile National Historic Site in the State of South Dakota. I do, however, have significant concerns with directing the Secretary of the Air Force to transfer funds to the Secretary of the Interior for the purpose of establishing, operating, and maintaining the site.

In my judgment, the financial responsibility for maintaining the National Park System does not rest with the Department of the Air Force. Section 4(b) of the bill provides for such a transfer of funds. However, I would note that the funds specified for transfer in section 4(b)(1) have expired. In the interest of facilitating the establishment of the Minuteman Missile National Historic Site, I saw no need, as a member of the Committee on Resources, to strike the moot provision concerning the transfer of funds and thereby send the bill back to the Senate at this late date in the session.

As a member of the Committee on Armed Services and Chairman of the Subcommittee on Military Installations and Facilities, I want to note further that an authorization to transfer such funds is properly within the jurisdiction of the Committee on Armed Services. I think it is fair to say that the Committee, and certainly this member, would oppose any effort to compel the Secretary of the Air Force to utilize military construction, operations and maintenance, or other funds authorized and appropriated for fiscal year 2000 to support the establishment, operations, and maintenance of this site.

Mr. HANSEN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from Utah (Mr. HANSEN) that the House suspend the rules and pass the Senate bill, S. 382.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and add extraneous material on S. 382, the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

PERSONAL EXPLANATION

Mr. HILL of Montana. Mr. Speaker, I was unavoidably detained on Tuesday, November 16, for personal medical leave. Should I have been present for rollcall votes 587 through 595, I would have voted the following way:

On rollcall vote 587, I would have voted yes; on rollcall vote 588, I would have voted yes; on rollcall vote 589, I would have voted yes; on rollcall vote 590, I would have voted yes; on rollcall vote 591, I would have voted yes; on rollcall vote 592, I would have voted yes; rollcall vote 593, I would have voted yes; on rollcall vote 594, I would have voted yes; on rollcall vote 595, I would have voted no.

CITY OF SISTERS, OREGON, LAND CONVEYANCE

Mrs. CHENOWETH-HAGE. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 416) to direct the Secretary of Agriculture to convey to the city of Sisters, Oregon, a certain parcel of land for use in connection with a sewage treatment facility, as amended.

The Clerk read as follows:

S. 416

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

SECTION 1. FINDINGS.

Congress finds that—

(1) the city of Sisters, Oregon, faces a public health threat from a major outbreak of infectious diseases due to the lack of a sewer system;

(2) the lack of a sewer system also threatens groundwater and surface water resources in the area;

(3) the city is surrounded by Forest Service land and has no reasonable access to non-Federal parcels of land large enough, and with the proper soil conditions, for the development of a sewage treatment facility;

(4) the Forest Service currently must operate, maintain, and replace 11 separate septic systems to serve existing Forest Service facilities in the city of Sisters; and

(5) the Forest Service currently administers 77 acres of land within the city limits that would increase in value as a result of construction of a sewer system.

SEC. 2. CONVEYANCE.

(a) IN GENERAL.—As soon as practicable and upon completion of any documents or analysis required by any environmental law, but not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall convey to the city of Sisters, Oregon, (hereinafter referred to as the ''city'') an amount of land that is not more than is reasonably necessary for a sewage treatment facility and for the disposal of treated effluent consistent with subsection (c).

(b) LAND DESCRIPTION.—The amount of land conveyed under subsection (a) shall be 160 acres or 240 acres from within—

(1) the SE quarter of section 09, township 15 south, range 10 west, W.M., Deschutes, Oregon, and the portion of the SW quarter of section 09, township 15 south, range 10 west, W.M., Deschutes, Oregon, that lies east of Three Creeks Lake Road, but not including the westernmost 500 feet of that portion; and

(2) the portion of the SW quarter of section 09, township 15 south, range 10 west, W.M., Deschutes County, Oregon, lying easterly of Three Creeks Lake Road.

(c) CONDITION.—

(1) IN GENERAL.—The conveyance under subsection (a) shall be made on the condition that the city—

(A) shall conduct a public process before the final determination is made regarding land use for the disposition of treated effluent,

(B) except as provided by paragraph (2), shall be responsible for system development charges, mainline construction costs, and equivalent dwelling unit monthly service fees as set forth in the agreement between the city and the Forest Service in the letter of understanding dated October 14, 1999; and

(C) shall pay the cost of preparation of any documents required by any environmental law in connection with the conveyance.

(2) ADJUSTMENT IN FEES.—

(A) VALUE HIGHER THAN ESTIMATED.—If the land to be conveyed pursuant to subsection (a) is appraised for a value that is 10 percent or more higher than the value estimated for such land in the agreement between the city and the Forest Service in the letter of understanding dated October 14, 1999, the city shall be responsible for additional charges, costs, fees, or other compensation so that the total amount of charges, costs, and fees for which the city is responsible under paragraph (1)(B) plus the value of the amount of charges, costs, fees, or other compensation due under this subparagraph is equal to such appraised value. The Secretary and the city shall agree upon the form of additional charges, costs, fees, or other compensation due under this subparagraph.

(B) VALUE LOWER THAN ESTIMATED.—If the land to be conveyed pursuant to subsection (a) is appraised for a value that is 10 percent or more lower than the value estimated for such land in the agreement between the city and the Forest Service in the letter of understanding dated October 14, 1999, the amount of equivalent dwelling unit monthly service fees for which the city shall be responsible under paragraph (1)(B) shall be reduced so that the total amount of charges, costs, and fees for which the city is responsible under that paragraph is equal to such appraised value.

(d) USE OF LAND.—

(1) IN GENERAL.—The land conveyed under subsection (a) shall be used by the city for a sewage treatment facility and for the disposal of treated effluent.

(2) OPTIONAL REVERTER.—If at any time the land conveyed under subsection (a) ceases to be used for a purpose described in paragraph (1), at the option of the United States, title to the land shall revert to the United States.

(e) AUTHORITY TO ACQUIRE LAND IN SUBSTITUTION.—Subject to the availability of appropriations, the Secretary shall acquire land within Oregon, and within or in the vicinity of the Deschutes National Forest, of an acreage equivalent to that of the land conveyed under subsection (a). Any lands acquired shall be added to and administered as part of the Deschutes National Forest.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Idaho (Mrs. CHENOWETH-HAGE) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentlewoman from Idaho (Mrs. CHENOWETH-HAGE).

GENERAL LEAVE

Mrs. CHENOWETH-HAGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on S. 416.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Idaho?

There was no objection.

Mrs. CHENOWETH-HAGE. Mr. Speaker, I yield myself such time as I may cosume.

Mr. Speaker, Senate bill 416 was introduced by Senator GORDON SMITH of Oregon. This legislation would direct the Secretary of Agriculture to convey to the City of Sisters, Oregon, a certain parcel of land for use in connection with a sewage treatment facility.

Now, the gentleman from Oregon (Mr. WALDEN), our colleague, should be commended for his dedication to this issue. He has worked tirelessly with the Forest Service and with the mayor of Sisters, Oregon, to shape Senate bill 416 so it could be passed today.

Senate 416 was favorably reported, as amended, from the full committee by voice vote on October 20, 1999.

Mr. Speaker, I urge my colleagues to support passage of Senate bill 416 under suspension of the rules.

Mr. Speaker, I yield such time as he may consume to the gentleman from Oregon (Mr. WALDEN) for further explanation of the bill.

Mr. WALDEN of Oregon. Mr. Speaker, I thank the gentlewoman from Idaho (Mrs. CHENOWETH-HAGE) for her work on this legislation, and I would like to thank the gentleman from California (Mr. MILLER) from the committee as well for his help in crafting the agreement that we approved.

Mr. Speaker, Senate bill 416 is of the utmost importance to the health and welfare of the constituents of my district. This legislation will convey a parcel of land for the use by the City of Sisters, Oregon, for the development of a sewage treatment facility. It has strong bipartisan support from its cosponsors, Senator WYDEN and Senator SMITH, and it passed unanimously in the other body.

The bill also has the support of the gentleman from Oregon (Mr. DEFAZIO), my fellow Oregonian across the aisle who serves on the Committee on Resources as well.

Mr. Speaker, Sisters, Oregon is a popular tourist town surrounded by the Deschutes National Forest. Unfortunately, it lacks a wastewater treatment facility to support its residents who must use septic systems. There is a critical need for a treatment facility due to the failure of many of the aging septic tanks in this community.

There is a current and immediate health threat from surfacing effluent, to put it delicately. During the summer months, in order to accommodate tourists who often visit the surrounding lands, the city must place approximately 60 portable toilets around the town.

Even though the city is economically distressed, it has put together a financing package of approximately $7 million for a wastewater treatment facility. Unfortunately, additional funds to acquire land for the treatment facility

and the disposition of treated wastewater are currently beyond the residents' ability to pay, which is why we are here today.

Mr. Speaker, this bill, as amended, represents a bipartisan agreement for exchange of land for the City of Sisters in exchange for a waiver of hook-up fees and future services between its surrounding neighbor, the U.S. Forest Service. This agreement will allow a much-needed wastewater treatment facility to be built for the benefit of the residents of Sisters, the Forest Service and its employees, and the visitors who stop by this busy wayside as they travel through Oregon and vacation in nearby Forest Service lands.

The Federal Government will save tens of thousands of dollars in hook-up fees and future treatment expenses. The residents of Sisters will get the land they need to construct a treatment facility that will eliminate the health hazards they face.

Mr. Speaker, I want to thank Mayor Steve Wilson of Sisters, the Deschutes Forest Supervisor Sally Collins, and the Subcommittee on Forests and Forest Health staff, and the minority staff as well, for all the hard work they put into this well-conceived legislation. I strongly support passage of Senate bill 416.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to commend the gentleman from Oregon (Mr. WALDEN) who just spoke in the well for all the work that he did on this legislation, along with the gentleman from Oregon (Mr. DEFAZIO). The gentleman has quite properly explained the impact of the legislation and we are in agreement with him and urge its passage.

Mr. Speaker, S. 416 directs the Secretary of Agriculture to convey, after a public process, either 160 or 240 acres to the City of Sisters, Oregon for use as a sewage treatment facility. The City of Sisters is surrounded by federal land and is in dire need of a wastewater treatment plant. While I recognize that this is a worthy cause, I do not support the practice of giving away federal land. Nor do I support legislating land conveyances that circumvent the administrative process and fair market value requirements.

Nevertheless, I no longer object to this bill because under my amendment which the Committee adopted, the Forest Service will be adequately compensated for the land it conveys to the city. The city has agreed to waive sewage treatment-related costs for the Forest Service in the facility's service area in an amount equal to the value of the federal land. The bill also provides that if the final federal appraisal deviates by ten percent or more from the city's preliminary appraisal, then the city and the Secretary would have to mutually agree on compensation to attain the higher appraised value. This provision ensures that the federal government gets a close approximation of fair market value for its land.

I commend Mr. Walden for his hard work on this bill and his willingness to work with me to address my concerns, as well as those of the Forest Service. I urge my colleagues to support S. 416, as amended.

Mr. Speaker, I yield back the balance of my time.

Mrs. CHENOWETH-HAGE. Mr. Speaker, I have no more requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Idaho (Mrs. CHENOWETH-HAGE) that the House suspend the rules and pass the Senate bill, S. 416, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

TORRES MARTINEZ DESERT CAHUILLA INDIANS AND GUIDIVILLE BAND OF POMO INDIANS OF GUIDIVILLE INDIAN RANCHERIA LAND LEASES

Mr. HANSEN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1953) to authorize leases for terms not to exceed 99 years on land held in trust for the Torres Martinez Desert Cahuilla Indians and the Guidiville Band of Pomo Indians of the Guidiville Indian Rancheria, as amended.

The Clerk read as follows:

H.R. 1953

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

SECTION 1. AUTHORIZATION OF 99-YEAR LEASES.

(a) IN GENERAL.—The first section of the Act entitled ''An Act to authorize the leasing of restricted Indian lands for public, religious, educational, residential, business, and other purposes requiring the grant of long-term leases'', approved August 9, 1955 (25 U.S.C. 415(a)), is amended by inserting ''lands held in trust for the Torres Martinez Desert Cahuilla Indians, lands held in trust for the Guidiville Band of Pomo Indians of the Guidiville Indian Rancheria, lands held in trust for the Confederated Tribes of the Umatilla Indian Reservation'' after ''Sparks Indian Colony,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any lease entered into or renewed after the date of the enactment of this Act.

SEC. 2. REVOCATION OF CHARTER OF INCORPORATION.

The request of the Stockbridge-Munsee Community of Wisconsin to surrender the charter of incorporation issued to the Community on May 21, 1938, pursuant to section 17 of the Act of June 18, 1934, (commonly known as the ''Indian Reorganization Act'') is hereby accepted and that charter of incorporation is hereby revoked.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Utah (Mr. HANSEN) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from Utah (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1953 is a technical amendments bill which will authorize leases for terms not to exceed 99 years on lands held in trust for the Torres Martinez Desert Cahuilla Indians, the Confederated Tribes of the Umatilla Indian Reservation, and the Guidiville Band of Pomo Indians of the Guidiville Indian Rancheria.

Mr. Speaker, this bill will also revoke a Federal corporate charter granted to the Stockbridge-Munsee Community Band of Mohican Indians in 1938. The band has asked us to revoke the charter because it is outdated, because it has never been used, and because it has been suspended by another charter. Only the Congress can revoke this charter.

Existing Federal law, which limits the leasing of land held in trust for Indian tribes to a period of not more than 25 years, has proven to be unrealistic in today's world of large investment requirements. Tribes need expanded leasing authority to increase on-reservation housing and to facilitate economic development.

Mr. Speaker, I support this technical amendment and urge my colleagues to pass same.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, I would say that the gentleman from Utah (Mr. HANSEN) has quite properly explained the legislation. The tribe has requested this matter, and it is similar to legislation that we have passed in previous years. I recommend that we support this legislation.

Mrs. BONO. Mr. Speaker, I rise in support of the motion to suspend the rules and pass H.R. 1953. This is legislation that I introduced earlier this term in an effort to assist two tribes and some of the finest people in my community. The ability for these sovereign governments to execute 99-year leases is critical for their self-sufficiency and the diversity necessary for further economic viability. In addition, I support the new provisions added via the manager's amendment and am pleased that all of these contained provisions have been approved by the proper representatives of both parties.

Briefly, I would like to explain to my colleagues what Congress is accomplishing with this bill. Currently, federal law limits these tribes to executing a 25-year lease that may be renewed once for a second 25-year term. The bill's stated worthy purposes for public, religious, educational, residential, and business development reflect the future goals of the tribes and require this federal action permitting these entities the ability to grant long-term leases of 99 years.

One key principle that must remain fixed within the foundation of federal Native American policy is preserving the sovereignty of Indian tribes. This stated policy is unfortunately

meaningless if Congress fails in its duty to exercise its legislative authority and empower tribes. Tribes must have the appropriate legal authority through the necessary tools for true self-sufficiency, governance, and development. They must be free to undertake the type of modern development that this bill contemplates. This is a fair and equitable result for the meaningful self-determination worthy of a sovereign nation and its people going into the 21st century.

In conclusion, I wish to express my sincere gratitude to the gentleman from Alaska (Chairman DON YOUNG), the gentleman from Utah (Mr. HANSEN), the distinguished ranking member (Mr. MILLER), the gentleman from California (Mr. THOMPSON), and the other Members who were instrumental in the passage of this overdue and worthwhile bill. In addition, I am grateful that my colleagues and I were able to secure its passage this year, because there is no need to delay the implementation of any bill designed with the sole focus of helping Native Americans and Indian tribes.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield back the balance of my time.

Mr. HANSEN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Utah (Mr. HANSEN) that the House suspend the rules and pass the bill, H.R. 1953, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

WATER FEASIBILITY STUDY ON JICARILLA APACHE RESERVATION IN NEW MEXICO

Mr. HANSEN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3051) to direct the Secretary of the Interior, the Bureau of Reclamation, to conduct a feasibility study on the Jicarilla Apache Reservation in the State of New Mexico, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3051

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

SECTION 1. FINDINGS.

Congress finds that—

(1) there are major deficiencies with regard to adequate and sufficient water supplies available to residents of the Jicarilla Apache Reservation in the State of New Mexico;

(2) the existing municipal water system that serves the Jicarilla Apache Reservation is under the ownership and control of the Bureau of Indian Affairs and is outdated, dilapidated, and cannot adequately and safely serve the existing and future growth needs of the Jicarilla Apache Tribe;

(3) the federally owned municipal water system on the Jicarilla Apache Reservation has been unable to meet the minimum Federal water requirements necessary for discharging wastewater into a public watercourse and has been operating without a Federal discharge permit;

(4) the federally owned municipal water system that serves the Jicarilla Apache Reservation has been cited by the United States Environmental Protection Agency for violations of Federal safe drinking water standards and poses a threat to public health and safety both on and off the Jicarilla Apache Reservation;

(5) the lack of reliable supplies of potable water impedes economic development and has detrimental effects on the quality of life and economic self-sufficiency of the Jicarilla Apache Tribe;

(6) due to the severe health threats and impediments to economic development, the Jicarilla Apache Tribe has authorized and expended $4,500,000 of tribal funds for the repair and replacement of the municipal water system on the Jicarilla Apache Reservation; and

(7) the United States has a trust responsibility to ensure that adequate and safe water supplies are available to meet the economic, environmental, water supply, and public health needs of the Jicarilla Apache Indian Reservation.

SEC. 2. AUTHORIZATION.

(a) AUTHORIZATION.—Pursuant to reclamation laws, the Secretary of the Interior, through the Bureau of Reclamation and in consultation and cooperation with the Jicarilla Apache Tribe, shall conduct a feasibility study to determine the most feasible method of developing a safe and adequate municipal, rural, and industrial water supply for the residents of the Jicarilla Apache Indian Reservation in the State of New Mexico.

(b) REPORT.—Not later than 1 year after funds are appropriated to carry out this Act, the Secretary of the Interior shall transmit to Congress a report containing the results of the feasibility study required by subsection (a).

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $200,000 to carry out this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Utah (Mr. HANSEN) and the gentleman from New Mexico (Mr. UDALL) each will control 20 minutes.

The Chair recognizes the gentleman from Utah (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the existing water system that is being used to meet the municipal water needs on the Jicarilla Apache Reservation in Northern New Mexico was built in the 1920s by the Bureau of Indian Affairs. The system was originally built solely for the use of the BIA, who continues to own the system. Over the years, the tribe has made random connections to the system. It has deteriorated and become overutilized. However, it is now regarded as the tribe's municipal water source, even though it does not adequately and safely serve the existing and future growth needs of the Jicarilla Apache Tribe.

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In addition, the BIA has been unable to meet the Federal Clean Water Act requirements necessary for discharging wastewater into a public watercourse and has been operating without a Federal discharge permit.

The Bureau of Indian Affairs has seen a growing number of requests to develop, operate, and maintain water systems on Indian reservations throughout the United States. Unfortunately, the BIA has chosen other priorities, with the result that many tribes' needs for safe drinking water have not been addressed. In the last several years, the Jicarilla tribe has spent more than $4.5 million of tribal funds for the repair and replacement of portions of the systems on the reservation.

The purpose of this legislation is to provide some funding to conduct a feasibility study which will evaluate what steps the BIA should take to rehabilitate the system. Since the BIA has failed to fund such an evaluation up to this point, the Bureau of Reclamation, through its Indian Affairs technical assistance office, is being asked to conduct this study.

Based on discussions with the various groups involved with the legislation, no more than $200,000 would need to be authorized to determine the most feasible method of developing a safe and adequate municipal, rural, and industrial water system for the reservation. The ultimate authorization and cost of construction will remain the responsibility of the BIA.

I urge passage of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. UDALL of New Mexico. Mr. Speaker, I yield myself such time as I may consume.

(Mr. UDALL of New Mexico asked and was given permission to revise and extend his remarks.)

Mr. UDALL of New Mexico. Mr. Speaker, this bill will authorize and direct the Bureau of Reclamation to conduct a feasibility study with regards to the rehabilitation of the municipal water system of the Jicarilla Apache Reservation, located in the State of New Mexico.

I am very pleased to be joined by several of my colleagues in sponsorship of this important bill. They include the gentleman from New Mexico (Mr. SKEEN) and the gentlewoman from New Mexico (Mrs. WILSON), as well as the gentleman from Alaska (Chairman YOUNG) and the gentleman from California (Mr. GEORGE MILLER), ranking member, the gentleman from Michigan (Mr. KILDEE), the gentleman from Arizona (Mr. HAYWORTH), the gentleman from Rhode Island (Mr. KENNEDY), and the gentleman from California (Mr. BECERRA).

Mr. Speaker, the Jicarilla Apache Reservation relies on one of the most unsafe municipal water systems in the country. While the system is a federally owned entity, the Environmental Protection Agency has, nevertheless, found the system to be in violation of the national safe drinking water standards for the last several years. Since 1995, the water system has continually failed to earn renewal of its National Pollutant Discharge Elimination permit.

The sewage lagoons of the Jicarilla water system are now operating well over 100 percent capacity, spilling wastewater into the nearby arroyo that feeds directly spoke the Navajo River.

Since this river serves as a primary source of groundwater for the region, the resulting pollution of the stream not only affects the reservation, but also travels downstream, creating public health hazards for families and communities both within and well beyond the reservation's borders.

Alarmingly, Jicarilla Apache youth are now experiencing higher than normal incidences of internal organ diseases affecting the liver, kidneys, and stomach, ailments suspected to be related to the contaminated water.

Because of the lack of sufficient water resources, the Jicarilla Tribe is not only facing considerable public health concerns, but it has also had to put a break on other important community improvement efforts, including the construction of much-needed housing and the replacement of deteriorating public schools.

For all of these reasons, the Tribal Council has been forced to declare a state of emergency for the reservation and has appropriated over $4.5 million of its own funds to begin the process of rehabilitating the water system.

Following a disastrous 6-day water outage last October, the Jicarilla investigated and discovered the full extent of the deplorable condition of the water system. Acting immediately to address the problem, the tribe promptly contacted the Bureau of Indian Affairs, the Indian Health Service, the Environmental Protection Agency, and other entities for help in relieving their situation. Yet, due to the budget constraints and other impediments, these agencies were unable to provide financial assistance or take any other substantial action to address the problem.

In particular, the Bureau of Indian Affairs, having found itself to be poorly suited for the operation and maintenance of a tribal water system, has discontinued its policy of operating its own tribal water systems in favor of transferring ownership directly to the tribes. Unfortunately, however, the dangerous condition of the Jicarilla water system precludes its transfer to the tribe until it has been rehabilitated.

Fortunately, the Bureau of Reclamation is appropriately suited to assist the Jicarilla Apache and the BIA in assessing the feasibility of the rehabilitation of the tribe's water system.

In consultation with the Jicarilla Apache Tribe, the Bureau of Reclamation has indicated both its willingness and ability to complete the feasibility study should it be authorized to do so as required by law.

Recognizing this as the most promising solution for addressing the serious water safety problems plaguing the Jicarilla, I and my fellow cosponsors introduced this bill to allow this important process to move forward. I hope the rest of our colleagues will join us in passing this bill to remedy this distressing situation.

Mr. GEORGE MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. UDALL of New Mexico. I yield to the gentleman from California.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman for yielding to me. I simply rise in support of the legislation that he and other Members of the delegation have supported and brought to the floor and commend them for their efforts on behalf of the Apache Reservation, due to the fact that the Environmental Protection Agency has found these very serious violations.

I think in fact that this legislation does do what is necessary, and that is, to redeem the trust responsibility of the Federal Government to ensure that this Federal water system supplies the tribe with water that is safe and adequate to meet the health, economic, and environmental needs of the Jicarilla Apaches. I want to thank the gentleman for bringing this matter to the floor and urge support of this legislation.

Mr. Speaker, H.R. 3051 directs the Secretary of Interior to conduct a feasibility study to determine the most feasible method of developing a safe and adequate municipal, rural, and industrial water supply for the residents of the Jicarilla Apache Reservation in New Mexico. The study is to be conducted by the Bureau of Reclamation and in consultation and cooperation with the tribe. Further, the bill provides a report be submitted to Congress 1 year after funds are appropriated to carry out the study and authorizes $200,000 to implement the provisions of the legislation.

The Jicarilla Apache Reservation was established in 1887 by executive order and is located at the foot of the San Juan Mountains in north-central New Mexico. The reservation consists of 742,315 acres and ranges in elevation from 6,500 to 9,000 feet.

The existing municipal water system was built by the Bureau of Indian Affairs (BIA) which continues to own the system. It is dilapidated and cannot safely and adequately address the current or future needs of the tribe. The system has been cited by the Environmental Protection Agency (EPA) for violations of Safe Drinking Water Act standards. It poses a severe health threat to the community and impedes economic development by the tribe. In addition, the system has been unable to meet the minimum Federal water requirements necessary for discharging wastewater into a public watercourse and has been operating without a Federal discharge permit.

Over the last several years the tribe has spent over $4.5 million in tribal funds for repair and replacement of portions of the system. This patchwork process will not address the overall problems with the system as it need to be overhauled or replaced. The Federal Government has a trust responsibility to ensure that the Federal water system it supplies to the tribe is safe and adequate to meet the health, economic and environmental needs of tribal members.

I want to commend our colleague, Mr. TOM UDALL from New Mexico, for his hard work in getting this bill before us today. It is an important first step toward ensuring future health and economic progress for the Jicarilla Apache Tribe. I urge my colleagues to support the bill.

Mr. UDALL of New Mexico. Mr. Speaker, I also, just to finally summarize here, want to thank very much the gentleman from Utah (Mr. HANSEN), chairman of the Subcommittee on National Parks and Public Lands, for his hard work on this and for his being able to address this very quickly.

Mr. Speaker, I yield back the balance of my time.

Mr. HANSEN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from Utah (Mr. HANSEN) that the House suspend the rules and pass the bill, H.R. 3051, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

TRIBAL SELF-GOVERNANCE AMENDMENTS OF 1999

Mr. HANSEN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1167) to amend the Indian Self-Determination and Education Assistance Act to provide for further self-governance by Indian tribes, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1167

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Tribal Self-Governance Amendments of 1999''.

SEC. 2. FINDINGS.

Congress finds that—

(1) the tribal right of self-government flows from the inherent sovereignty of Indian tribes and nations;

(2) the United States recognizes a special government-to-government relationship with Indian tribes, including the right of the Indian tribes to self-governance, as reflected in the Constitution, treaties, Federal statutes, and the course of dealings of the United States with Indian tribes;

(3) although progress has been made, the Federal bureaucracy, with its centralized rules and regulations, has eroded tribal self-governance and dominates tribal affairs;

(4) the Tribal Self-Governance Demonstration Project, established under title III of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450f note) was designed to improve and perpetuate the government-to-government relationship between Indian tribes and the United States and to strengthen tribal control over Federal funding and program management;

(5) although the Federal Government has made considerable strides in improving Indian health care, it has failed to fully meet its trust responsibilities and to satisfy its obligations to the Indian tribes under treaties and other laws; and

(6) Congress has reviewed the results of the Tribal Self-Governance Demonstration Project and finds that transferring full control and funding to tribal governments, upon tribal request, over decision making for Federal programs, services, functions, and activities (or portions thereof)—

(A) is an appropriate and effective means of implementing the Federal policy of government-to-government relations with Indian tribes; and

(B) strengthens the Federal policy of Indian self-determination.

SEC. 3. DECLARATION OF POLICY.

It is the policy of Congress to—

(1) permanently establish and implement tribal self-governance within the Department of Health and Human Services;

(2) call for full cooperation from the Department of Health and Human Services and its constituent agencies in the implementation of tribal self-governance—

(A) to enable the United States to maintain and improve its unique and continuing relationship with, and responsibility to, Indian tribes;

(B) to permit each Indian tribe to choose the extent of its participation in self-governance in accordance with the provisions of the Indian Self-Determination and Education Assistance Act relating to the provision of Federal services to Indian tribes;

(C) to ensure the continuation of the trust responsibility of the United States to Indian tribes and Indian individuals;

(D) to affirm and enable the United States to fulfill its obligations to the Indian tribes under treaties and other laws;

(E) to strengthen the government-to-government relationship between the United States and Indian tribes through direct and meaningful consultation with all tribes;

(F) to permit an orderly transition from Federal domination of programs and services to provide Indian tribes with meaningful authority, control, funding, and discretion to plan, conduct, redesign, and administer programs, services, functions, and activities (or portions thereof) that meet the needs of the individual tribal communities;

(G) to provide for a measurable parallel reduction in the Federal bureaucracy as programs, services, functions, and activities (or portions thereof) are assumed by Indian tribes;

(H) to encourage the Secretary to identify all programs, services, functions, and activities (or portions thereof) of the Department of Health and Human Services that may be managed by an Indian tribe under this Act and to assist Indian tribes in assuming responsibility for such programs, services, functions, and activities (or portions thereof); and

(I) to provide Indian tribes with the earliest opportunity to administer programs, services, functions, and activities (or portions thereof) from throughout the Department of Health and Human Services.

SEC. 4. TRIBAL SELF-GOVERNANCE.

The Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) is amended by adding at the end the following new titles:

"TITLE V—TRIBAL SELF-GOVERNANCE

"SEC. 501. ESTABLISHMENT.

''The Secretary of Health and Human Services shall establish and carry out a program within the Indian Health Service of the Department of Health and Human Services to be known as the 'Tribal Self-Governance Program' in accordance with this title.

"SEC. 502. DEFINITIONS.

''(a) IN GENERAL.—For purposes of this title—

''(1) the term 'construction project' means an organized noncontinuous undertaking to complete a specific set of predetermined objectives for the planning, environmental determination, design, construction, repair, improvement, or expansion of buildings or facilities, as described in a construction project agreement. The term 'construction project' does not mean construction program administration and activities described in paragraphs (1) through (3) of section 4(m), which may otherwise be included in a funding agreement under this title;

''(2) the term 'construction project agreement' means a negotiated agreement between the Secretary and an Indian tribe which at a minimum—

''(A) establishes project phase start and completion dates;

''(B) defines a specific scope of work and standards by which it will be accomplished;

''(C) identifies the responsibilities of the Indian tribe and the Secretary;

''(D) addresses environmental considerations;

''(E) identifies the owner and operations/maintenance entity of the proposed work;

''(F) provides a budget;

''(G) provides a payment process; and

''(H) establishes the duration of the agreement based on the time necessary to complete the specified scope of work, which may be 1 or more years;

''(3) the term 'inherent Federal functions' means those Federal functions which cannot legally be delegated to Indian tribes;

''(4) the term 'inter-tribal consortium' means a coalition of two or more separate Indian tribes that join together for the purpose of participating in self-governance, including, but not limited to, a tribal organization;

''(5) the term 'gross mismanagement' means a significant, clear, and convincing violation of compact, funding agreement, or regulatory, or statutory requirements applicable to Federal funds transferred to a tribe by a compact or funding agreement that results in a significant reduction of funds available for the programs, services, functions, or activities (or portions thereof) assumed by an Indian tribe;

''(6) the term 'tribal shares' means an Indian tribe's portion of all funds and resources that support secretarial programs, services, functions, and activities (or portions thereof) that are not required by the Secretary for performance of inherent Federal functions;

''(7) the term 'Secretary' means the Secretary of Health and Human Services; and

''(8) the term 'self-governance' means the program established pursuant to section 501.

''(b) INDIAN TRIBE.—Where an Indian tribe has authorized another Indian tribe, an inter-tribal consortium, or a tribal organization to plan for or carry out programs, services, functions, or activities (or portions thereof) on its behalf under this title, the authorized Indian tribe, inter-tribal consortium, or tribal organization shall have the rights and responsibilities of the authorizing Indian tribe (except as otherwise provided in the authorizing resolution or in this title). In such event, the term 'Indian tribe' as used in this title shall include such other authorized Indian tribe, inter-tribal consortium, or tribal organization.

"SEC. 503. SELECTION OF PARTICIPATING INDIAN TRIBES.

''(a) CONTINUING PARTICIPATION.—Each Indian tribe that is participating in the Tribal Self-Governance Demonstration Project under title III on the date of enactment of this title may elect to participate in self-governance under this title under existing authority as reflected in tribal resolutions.

''(b) ADDITIONAL PARTICIPANTS.—

''(1) In addition to those Indian tribes participating in self-governance under subsection (a), each year an additional 50 Indian tribes that meet the eligibility criteria specified in subsection (c) shall be entitled to participate in self-governance.

''(2)(A) An Indian tribe that has withdrawn from participation in an inter-tribal consortium or tribal organization, in whole or in part, shall be entitled to participate in self-governance provided the Indian tribe meets the eligibility criteria specified in subsection (c).

''(B) If an Indian tribe has withdrawn from participation in an inter-tribal consortium or tribal organization, it shall be entitled to its tribal share of funds supporting those programs, services, functions, and activities (or portions thereof) that it will be carrying out under its compact and funding agreement.

''(C) In no event shall the withdrawal of an Indian tribe from an inter-tribal consortium or tribal organization affect the eligibility of the inter-tribal consortium or tribal organization to participate in self-governance.

''(c) APPLICANT POOL.—The qualified applicant pool for self-governance shall consist of each Indian tribe that—

''(1) successfully completes the planning phase described in subsection (d);

''(2) has requested participation in self-governance by resolution or other official action by the governing body (or bodies) of the Indian tribe or tribes to be served; and

''(3) has demonstrated, for the previous 3 fiscal years, financial stability and financial management capability.

Evidence that during such years the Indian tribe had no uncorrected significant and material audit exceptions in the required annual audit of the Indian tribe's self-determination contracts or self-governance funding agreements shall be conclusive evidence of the required stability and capability for the purposes of this subsection.

''(d) PLANNING PHASE.—Each Indian tribe seeking participation in self-governance shall complete a planning phase. The planning phase shall be conducted to the satisfaction of the Indian tribe and shall include—

''(1) legal and budgetary research; and

''(2) internal tribal government planning and organizational preparation relating to the administration of health care programs.

''(e) GRANTS.—Subject to the availability of appropriations, any Indian tribe meeting the requirements of paragraphs (2) and (3) of subsection (c) shall be eligible for grants—

''(1) to plan for participation in self-governance; and

''(2) to negotiate the terms of participation by the Indian tribe or tribal organization in self-governance, as set forth in a compact and a funding agreement.

''(f) RECEIPT OF GRANT NOT REQUIRED.—Receipt of a grant under subsection (e) shall not be a requirement of participation in self-governance.

"SEC. 504. COMPACTS.

''(a) COMPACT REQUIRED.—The Secretary shall negotiate and enter into a written compact with each Indian tribe participating in self-governance in a manner consistent with the Federal Government's trust responsibility, treaty obligations, and the government-to-government relationship between Indian tribes and the United States.

''(b) CONTENTS.—Each compact required under subsection (a) shall set forth the general terms of the government-to-government relationship between the Indian tribe and the Secretary, including such terms as the parties intend shall control year after year. Such compacts may only be amended by mutual agreement of the parties.

''(c) EXISTING COMPACTS.—An Indian tribe participating in the Tribal Self-Governance Demonstration Project under title III on the date of enactment of this title shall have the option at any time thereafter to—

''(1) retain its Tribal Self-Governance Demonstration Project compact (in whole or in part) to the extent the provisions of such compact are not directly contrary to any express provision of this title, or

''(2) negotiate in lieu thereof (in whole or in part) a new compact in conformity with this title.

''(d) TERM AND EFFECTIVE DATE.—The effective date of a compact shall be the date of the approval and execution by the Indian tribe or another date agreed upon by the parties, and shall remain in effect for so long as permitted by Federal law or until terminated by mutual written agreement, retrocession, or reassumption.

"SEC. 505. FUNDING AGREEMENTS.

''(a) FUNDING AGREEMENT REQUIRED.—The Secretary shall negotiate and enter into a written funding agreement with each Indian tribe participating in self-governance in a manner consistent with the Federal Government's trust responsibility, treaty obligations, and the government-to-government relationship between Indian tribes and the United States.

''(b) CONTENTS.—Each funding agreement required under subsection (a) shall, as determined

by the Indian tribe, authorize the Indian tribe to plan, conduct, consolidate, administer, and receive full tribal share funding, including tribal shares of Indian Health Service competitive grants (excluding congressionally earmarked competitive grants), for all programs, services, functions, and activities (or portions thereof), that are carried out for the benefit of Indians because of their status as Indians without regard to the agency or office of the Indian Health Service within which the program, service, function, or activity (or portion thereof) is performed. Such programs, services, functions, or activities (or portions thereof) include all programs, services, functions, activities (or portions thereof) where Indian tribes or Indians are primary or significant beneficiaries, administered by the Department of Health and Human Services through the Indian Health Service and grants (which may be added to a funding agreement after award of such grants) and all local, field, service unit, area, regional, and central headquarters or national office functions administered under the authority of—

''(1) the Act of November 2, 1921 (25 U.S.C. 13);

''(2) the Act of April 16, 1934 (25 U.S.C. 452 et seq.);

''(3) the Act of August 5, 1954 (68 Stat. 674);

''(4) the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.);

''(5) the Indian Alcohol and Substance Abuse Prevention and Treatment Act of 1986 (25 U.S.C. 2401 et seq.);

''(6) any other Act of Congress authorizing agencies of the Department of Health and Human Services to administer, carry out, or provide financial assistance to such programs, functions, or activities (or portions thereof) described in this section; or

''(7) any other Act of Congress authorizing such programs, functions, or activities (or portions thereof) under which appropriations are made to agencies other than agencies within the Department of Health and Human services when the Secretary administers such programs, functions, or activities (or portions thereof).

''(c) INCLUSION IN COMPACT OR FUNDING AGREEMENT.—Indian tribes or Indians need not be identified in the authorizing statute for a program or element of a program to be eligible for inclusion in a compact or funding agreement under this title.

''(d) FUNDING AGREEMENT TERMS.—Each funding agreement shall set forth terms that generally identify the programs, services, functions, and activities (or portions thereof) to be performed or administered, the general budget category assigned, the funds to be provided, including those to be provided on a recurring basis, the time and method of transfer of the funds, the responsibilities of the Secretary, and any other provisions to which the Indian tribe and the Secretary agree.

''(e) SUBSEQUENT FUNDING AGREEMENTS.—Absent notification from an Indian tribe that is withdrawing or retroceding the operation of one or more programs, services, functions, or activities (or portions thereof) identified in a funding agreement, or unless otherwise agreed to by the parties, each funding agreement shall remain in full force and effect until a subsequent funding agreement is executed, and the terms of the subsequent funding agreement shall be retroactive to the end of the term of the preceding funding agreement.

''(f) EXISTING FUNDING AGREEMENTS.—Each Indian tribe participating in the Tribal Self-Governance Demonstration Project established under title III on the date of enactment of this title shall have the option at any time thereafter to—

''(1) retain its Tribal Self-Governance Demonstration Project funding agreement (in whole or in part) to the extent the provisions of such funding agreement are not directly contrary to any express provision of this title; or

''(2) adopt in lieu thereof (in whole or in part) a new funding agreement in conformity with this title.

''(g) STABLE BASE FUNDING.—At the option of an Indian tribe, a funding agreement may provide for a stable base budget specifying the recurring funds (including, for purposes of this provision, funds available under section 106(a) of the Act) to be transferred to such Indian tribe, for such period as may be specified in the funding agreement, subject to annual adjustment only to reflect changes in congressional appropriations by sub-sub activity excluding earmarks.

"SEC. 506. GENERAL PROVISIONS.

''(a) APPLICABILITY.—The provisions of this section shall apply to compacts and funding agreements negotiated under this title and an Indian tribe may, at its option, include provisions that reflect such requirements in a compact or funding agreement.

''(b) CONFLICTS OF INTEREST.—Indian tribes participating in self-governance under this title shall ensure that internal measures are in place to address conflicts of interest in the administration of self-governance programs, services, functions, or activities (or portions thereof).

''(c) AUDITS.—

''(1) SINGLE AGENCY AUDIT ACT.—The provisions of chapter 75 of title 31, United States Code, requiring a single agency audit report shall apply to funding agreements under this title.

''(2) COST PRINCIPLES.—An Indian tribe shall apply cost principles under the applicable Office of Management and Budget Circular, except as modified by section 106 or other provisions of law, or by any exemptions to applicable Office of Management and Budget Circulars subsequently granted by Office of Management and Budget. No other audit or accounting standards shall be required by the Secretary. Any claim by the Federal Government against the Indian tribe relating to funds received under a funding agreement based on any audit under this subsection shall be subject to the provisions of section 106(f).

''(d) RECORDS.—

''(1) IN GENERAL.—Unless an Indian tribe specifies otherwise in the compact or funding agreement, records of the Indian tribe shall not be considered Federal records for purposes of chapter 5 of title 5, United States Code.

''(2) RECORDKEEPING SYSTEM.—The Indian tribe shall maintain a recordkeeping system, and, after 30 days advance notice, provide the Secretary with reasonable access to such records to enable the Department of Health and Human Services to meet its minimum legal recordkeeping system requirements under sections 3101 through 3106 of title 44, United States Code.

''(e) REDESIGN AND CONSOLIDATION.—An Indian tribe may redesign or consolidate programs, services, functions, and activities (or portions thereof) included in a funding agreement under section 505 and reallocate or redirect funds for such programs, services, functions, and activities (or portions thereof) in any manner which the Indian tribe deems to be in the best interest of the health and welfare of the Indian community being served, only if the redesign or consolidation does not have the effect of denying eligibility for services to population groups otherwise eligible to be served under Federal law.

''(f) RETROCESSION.—An Indian tribe may retrocede, fully or partially, to the Secretary programs, services, functions, or activities (or portions thereof) included in the compact or funding agreement. Unless the Indian tribe rescinds the request for retrocession, such retrocession will become effective within the time frame specified by the parties in the compact or funding agreement. In the absence of such a specification, such retrocession shall become effective on—

''(1) the earlier of—

''(A) one year from the date of submission of such request; or

''(B) the date on which the funding agreement expires; or

''(2) such date as may be mutually agreed by the Secretary and the Indian tribe.

''(g) WITHDRAWAL.—

''(1) PROCESS.—An Indian tribe may fully or partially withdraw from a participating inter-tribal consortium or tribal organization its share of any program, function, service, or activity (or portions thereof) included in a compact or funding agreement. Such withdrawal shall become effective within the time frame specified in the resolution which authorizes transfer to the participating tribal organization or inter-tribal consortium. In the absence of a specific time frame set forth in the resolution, such withdrawal shall become effective on—

''(A) the earlier of—

''(i) one year from the date of submission of such request; or

''(ii) the date on which the funding agreement expires; or

''(B) such date as may be mutually agreed upon by the Secretary, the withdrawing Indian tribe, and the participating tribal organization or inter-tribal consortium that has signed the compact or funding agreement on behalf of the withdrawing Indian tribe, inter-tribal consortium, or tribal organization.

''(2) DISTRIBUTION OF FUNDS.—When an Indian tribe or tribal organization eligible to enter into a self-determination contract under title I or a compact or funding agreement under this title fully or partially withdraws from a participating inter-tribal consortium or tribal organization, the withdrawing Indian tribe or tribal organization shall be entitled to its tribal share of funds supporting those programs, services, functions, or activities (or portions thereof) which it will be carrying out under its own self-determination contract or compact and funding agreement (calculated on the same basis as the funds were initially allocated in the funding agreement of the inter-tribal consortium or tribal organization), and such funds shall be transferred from the funding agreement of the inter-tribal consortium or tribal organization, provided that the provisions of sections 102 and 105(i), as appropriate, shall apply to such withdrawing Indian tribe.

''(3) REGAINING MATURE CONTRACT STATUS.—If an Indian tribe elects to operate all or some programs, services, functions, or activities (or portions thereof) carried out under a compact or funding agreement under this title through a self-determination contract under title I, at the option of the Indian tribe, the resulting self-determination contract shall be a mature self-determination contract.

''(h) NONDUPLICATION.—For the period for which, and to the extent to which, funding is provided under this title or under the compact or funding agreement, the Indian tribe shall not be entitled to contract with the Secretary for such funds under section 102, except that such Indian tribe shall be eligible for new programs on the same basis as other Indian tribes.

"SEC. 507. PROVISIONS RELATING TO THE SECRETARY.

''(a) MANDATORY PROVISIONS.—

''(1) HEALTH STATUS REPORTS.—Compacts or funding agreements negotiated between the Secretary and an Indian tribe shall include a provision that requires the Indian tribe to report on health status and service delivery—

''(A) to the extent such data is not otherwise available to the Secretary and specific funds for this purpose are provided by the Secretary under the funding agreement; and

''(B) if such reporting shall impose minimal burdens on the participating Indian tribe and such requirements are promulgated under section 517.

''(2) REASSUMPTION—(A) Compacts and funding agreements negotiated between the Secretary and an Indian tribe shall include a provision authorizing the Secretary to reassume operation of a program, service, function, or activity (or portions thereof) and associated funding if there is a specific finding relative to that program,

service, function, or activity (or portion thereof) of—

''(i) imminent endangerment of the public health caused by an act or omission of the Indian tribe, and the imminent endangerment arises out of a failure to carry out the compact or funding agreement; or

''(ii) gross mismanagement with respect to funds transferred to a tribe by a compact or funding agreement, as determined by the Secretary in consultation with the Inspector General, as appropriate.

''(B) The Secretary shall not reassume operation of a program, service, function, or activity (or portions thereof) unless (i) the Secretary has first provided written notice and a hearing on the record to the Indian tribe; and (ii) the Indian tribe has not taken corrective action to remedy the imminent endangerment to public health or gross mismanagement.

''(C) Notwithstanding subparagraph (B), the Secretary may, upon written notification to the tribe, immediately reassume operation of a program, service, function, or activity (or portion thereof) and associated funding if (i) the Secretary makes a finding of imminent substantial and irreparable endangerment of the public health caused by an act or omission of the Indian tribe; and (ii) the endangerment arises out of a failure to carry out the compact or funding agreement. If the Secretary reassumes operation of a program, service, function, or activity (or portion thereof) under this subparagraph, the Secretary shall provide the tribe with a hearing on the record not later than 10 days after such reassumption.

''(D) In any hearing or appeal involving a decision to reassume operation of a program, service, function, or activity (or portion thereof), the Secretary shall have the burden of proof of demonstrating by clear and convincing evidence the validity of the grounds for the reassumption.

''(b) FINAL OFFER.—In the event the Secretary and a participating Indian tribe are unable to agree, in whole or in part, on the terms of a compact or funding agreement (including funding levels), the Indian tribe may submit a final offer to the Secretary. Not more than 45 days after such submission, or within a longer time agreed upon by the Indian tribe, the Secretary shall review and make a determination with respect to such offer. In the absence of a timely rejection of the offer, in whole or in part, made in compliance with subsection (c), the offer shall be deemed agreed to by the Secretary.

''(c) REJECTION OF FINAL OFFERS.—If the Secretary rejects an offer made under subsection (b) (or one or more provisions or funding levels in such offer), the Secretary shall provide—

''(1) a timely written notification to the Indian tribe that contains a specific finding that clearly demonstrates, or that is supported by a controlling legal authority, that—

''(A) the amount of funds proposed in the final offer exceeds the applicable funding level to which the Indian tribe is entitled under this title;

''(B) the program, function, service, or activity (or portion thereof) that is the subject of the final offer is an inherent Federal function that cannot legally be delegated to an Indian tribe;

''(C) the Indian tribe cannot carry out the program, function, service, or activity (or portion thereof) in a manner that would not result in significant danger or risk to the public health; or

''(D) the tribe is not eligible to participate in self-governance under section 503;

''(2) technical assistance to overcome the objections stated in the notification required by paragraph (1);

''(3) the Indian tribe with a hearing on the record with the right to engage in full discovery relevant to any issue raised in the matter and the opportunity for appeal on the objections raised, provided that the Indian tribe may, in lieu of filing such appeal, directly proceed to initiate an action in a Federal district court pursuant to section 110(a); and

''(4) the Indian tribe with the option of entering into the severable portions of a final proposed compact or funding agreement, or provision thereof, (including lesser funding amount, if any), that the Secretary did not reject, subject to any additional alterations necessary to conform the compact or funding agreement to the severed provisions. If an Indian tribe exercises the option specified herein, it shall retain the right to appeal the Secretary's rejection under this section, and paragraphs (1), (2), and (3) shall only apply to that portion of the proposed final compact, funding agreement or provision thereof that was rejected by the Secretary.

''(d) BURDEN OF PROOF.—With respect to any hearing or appeal or civil action conducted pursuant to this section, the Secretary shall have the burden of demonstrating by clear and convincing evidence the validity of the grounds for rejecting the offer (or a provision thereof) made under subsection (b).

''(e) GOOD FAITH.—In the negotiation of compacts and funding agreements the Secretary shall at all times negotiate in good faith to maximize implementation of the self-governance policy. The Secretary shall carry out this title in a manner that maximizes the policy of tribal self-governance, consistent with section 3.

''(f) SAVINGS.—To the extent that programs, functions, services, or activities (or portions thereof) carried out by Indian tribes under this title reduce the administrative or other responsibilities of the Secretary with respect to the operation of Indian programs and result in savings that have not otherwise been included in the amount of tribal shares and other funds determined under section 508(c), the Secretary shall make such savings available to the Indian tribes, inter-tribal consortia, or tribal organizations for the provision of additional services to program beneficiaries in a manner equitable to directly served, contracted, and compacted programs.

''(g) TRUST RESPONSIBILITY.—The Secretary is prohibited from waiving, modifying, or diminishing in any way the trust responsibility of the United States with respect to Indian tribes and individual Indians that exists under treaties, Executive orders, other laws, or court decisions.

''(h) DECISIONMAKER.—A decision that constitutes final agency action and relates to an appeal within the Department of Health and Human Services conducted under subsection (c) shall be made either—

''(1) by an official of the Department who holds a position at a higher organizational level within the Department than the level of the departmental agency in which the decision that is the subject of the appeal was made; or

''(2) by an administrative judge.

''SEC. 508. TRANSFER OF FUNDS.

''(a) IN GENERAL.—Pursuant to the terms of any compact or funding agreement entered into under this title, the Secretary shall transfer to the Indian tribe all funds provided for in the funding agreement, pursuant to subsection (c), and provide funding for periods covered by joint resolution adopted by Congress making continuing appropriations, to the extent permitted by such resolutions. In any instance where a funding agreement requires an annual transfer of funding to be made at the beginning of a fiscal year, or requires semiannual or other periodic transfers of funding to be made commencing at the beginning of a fiscal year, the first such transfer shall be made not later than 10 days after the apportionment of such funds by the Office of Management and Budget to the Department, unless the funding agreement provides otherwise.

''(b) MULTIYEAR FUNDING.—The Secretary is hereby authorized to employ, upon tribal request, multiyear funding agreements, and references in this title to funding agreements shall include such multiyear agreements.

''(c) AMOUNT OF FUNDING.—The Secretary shall provide funds under a funding agreement under this title in an amount equal to the amount that the Indian tribe would have been entitled to receive under self-determination contracts under this Act, including amounts for direct program costs specified under section 106(a)(1) and amounts for contract support costs specified under sections 106(a)(2), (a)(3), (a)(5), and (a)(6), including any funds that are specifically or functionally related to the provision by the Secretary of services and benefits to the Indian tribe or its members, all without regard to the organizational level within the Department where such functions are carried out.

''(d) PROHIBITIONS.—The Secretary is expressly prohibited from—

''(1) failing or refusing to transfer to an Indian tribe its full share of any central, headquarters, regional, area, or service unit office or other funds due under this Act, except as required by Federal law;

''(2) withholding portions of such funds for transfer over a period of years; and

''(3) reducing the amount of funds required herein—

''(A) to make funding available for self-governance monitoring or administration by the Secretary;

''(B) in subsequent years, except pursuant to—

''(i) a reduction in appropriations from the previous fiscal year for the program or function to be included in a compact or funding agreement;

''(ii) a congressional directive in legislation or accompanying report;

''(iii) a tribal authorization;

''(iv) a change in the amount of pass-through funds subject to the terms of the funding agreement; or

''(v) completion of a project, activity, or program for which such funds were provided;

''(C) to pay for Federal functions, including Federal pay costs, Federal employee retirement benefits, automated data processing, technical assistance, and monitoring of activities under this Act; or

''(D) to pay for costs of Federal personnel displaced by self-determination contracts under this Act or self-governance;

except that such funds may be increased by the Secretary if necessary to carry out this Act or as provided in section 105(c)(2).

''(e) OTHER RESOURCES.—In the event an Indian tribe elects to carry out a compact or funding agreement with the use of Federal personnel, Federal supplies (including supplies available from Federal warehouse facilities), Federal supply sources (including lodging, airline transportation, and other means of transportation including the use of interagency motor pool vehicles) or other Federal resources (including supplies, services, and resources available to the Secretary under any procurement contracts in which the Department is eligible to participate), the Secretary is authorized to transfer such personnel, supplies, or resources to the Indian tribe.

''(f) REIMBURSEMENT TO INDIAN HEALTH SERVICE.—With respect to functions transferred by the Indian Health Service to an Indian tribe, the Indian Health Service is authorized to provide goods and services to the Indian tribe, on a reimbursable basis, including payment in advance with subsequent adjustment, and the reimbursements received therefrom, along with the funds received from the Indian tribe pursuant to this title, may be credited to the same or subsequent appropriation account which provided the funding, such amounts to remain available until expended.

''(g) PROMPT PAYMENT ACT.—Chapter 39 of title 31, United States Code, shall apply to the transfer of funds due under a compact or funding agreement authorized under this title.

''(h) INTEREST OR OTHER INCOME ON TRANSFERS.—An Indian tribe is entitled to retain interest earned on any funds paid under a compact or funding agreement to carry out governmental or health purposes and such interest

shall not diminish the amount of funds the Indian tribe is authorized to receive under its funding agreement in the year the interest is earned or in any subsequent fiscal year. Funds transferred under this Act shall be managed using the prudent investment standard.

''(i) CARRYOVER OF FUNDS.—All funds paid to an Indian tribe in accordance with a compact or funding agreement shall remain available until expended. In the event that an Indian tribe elects to carry over funding from one year to the next, such carryover shall not diminish the amount of funds the Indian tribe is authorized to receive under its funding agreement in that or any subsequent fiscal year.

''(j) PROGRAM INCOME.—All medicare, medicaid, or other program income earned by an Indian tribe shall be treated as supplemental funding to that negotiated in the funding agreement and the Indian tribe may retain all such income and expend such funds in the current year or in future years except to the extent that the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.) provides otherwise for medicare and medicaid receipts, and such funds shall not result in any offset or reduction in the amount of funds the Indian tribe is authorized to receive under its funding agreement in the year the program income is received or for any subsequent fiscal year.

''(k) LIMITATION OF COSTS.—An Indian tribe shall not be obligated to continue performance that requires an expenditure of funds in excess of the amount of funds transferred under a compact or funding agreement. If at any time the Indian tribe has reason to believe that the total amount provided for a specific activity in the compact or funding agreement is insufficient the Indian tribe shall provide reasonable notice of such insufficiency to the Secretary. If the Secretary does not increase the amount of funds transferred under the funding agreement, the Indian tribe may suspend performance of the activity until such time as additional funds are transferred.

"SEC. 509. CONSTRUCTION PROJECTS.

''(a) IN GENERAL.—Indian tribes participating in tribal self-governance may carry out construction projects under this title if they elect to assume all Federal responsibilities under the National Environmental Policy Act of 1969, the Historic Preservation Act, and related provisions of law that would apply if the Secretary were to undertake a construction project, by adopting a resolution (1) designating a certifying officer to represent the Indian tribe and to assume the status of a responsible Federal official under such laws, and (2) accepting the jurisdiction of the Federal court for the purpose of enforcement of the responsibilities of the responsible Federal official under such environmental laws.

''(b) NEGOTIATIONS.—Construction project proposals shall be negotiated pursuant to the statutory process in section 105(m) and resulting construction project agreements shall be incorporated into funding agreements as addenda.

''(c) CODES AND STANDARDS.—The Indian tribe and the Secretary shall agree upon and specify appropriate buildings codes and architectural/engineering standards (including health and safety) which shall be in conformity with nationally recognized standards for comparable projects.

''(d) RESPONSIBILITY FOR COMPLETION.—The Indian tribe shall assume responsibility for the successful completion of the construction project in accordance with the negotiated construction project agreement.

''(e) FUNDING.—Funding for construction projects carried out under this title shall be included in funding agreements as annual advance payments, with semiannual payments at the option of the Indian tribe. Annual advance and semiannual payment amounts shall be determined based on mutually agreeable project schedules reflecting work to be accomplished within the advance payment period, work accomplished and funds expended in previous payment periods, and the total prior payments. The Secretary shall include associated project contingency funds with each advance payment installment. The Indian tribe shall be responsible for the management of the contingency funds included in funding agreements.

''(f) APPROVAL.—The Secretary shall have at least one opportunity to approve project planning and design documents prepared by the Indian tribe in advance of construction of the facilities specified in the scope of work for each negotiated construction project agreement or amendment thereof which results in a significant change in the original scope of work. The Indian tribe shall provide the Secretary with project progress and financial reports not less than semiannually. The Secretary may conduct on-site project oversight visits semiannually or on an alternate schedule agreed to by the Secretary and the Indian tribe.

''(g) WAGES.—All laborers and mechanics employed by contractors and subcontractors in the construction, alteration, or repair, including painting or decorating of building or other facilities in connection with construction projects undertaken by self-governance Indian tribes under this Act, shall be paid wages at not less than those prevailing wages on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act of March 3, 1931 (46 Stat. 1494). With respect to construction, alteration, or repair work to which the Act of March 3, 1921, is applicable under the terms of this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14, of 1950, and section 2 of the Act of June 13, 1934 (48 Stat. 948).

''(h) APPLICATION OF OTHER LAWS.—Unless otherwise agreed to by the Indian tribe, no provision of the Office of Federal Procurement Policy Act, the Federal Acquisition Regulations issued pursuant thereto, or any other law or regulation pertaining to Federal procurement (including Executive orders) shall apply to any construction project conducted under this title.

"SEC. 510. FEDERAL PROCUREMENT LAWS AND REGULATIONS.

''Notwithstanding any other provision of law, unless expressly agreed to by the participating Indian tribe, the compacts and funding agreements entered into under this title shall not be subject to Federal contracting or cooperative agreement laws and regulations (including Executive orders and the regulations relating to procurement issued by the Secretary), except to the extent that such laws expressly apply to Indian tribes.

"SEC. 511. CIVIL ACTIONS.

''(a) CONTRACT DEFINED.—For the purposes of section 110, the term 'contract' shall include compacts and funding agreements entered into under this title.

''(b) APPLICABILITY OF CERTAIN LAWS.—Section 2103 of the Revised Statutes of the United States Code (25 U.S.C. 81) and section 16 of the Act of June 18, 1934 (25 U.S.C. 476), shall not apply to attorney and other professional contracts entered into by Indian tribes participating in self-governance under this title.

''(c) REFERENCES.—All references in the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) to section 1 of the Act of June 26, 1936 (25 U.S.C. 81) are hereby deemed to include section 1 of the Act of July 3, 1952 (25 U.S.C. 82a).

"SEC. 512. FACILITATION.

''(a) SECRETARIAL INTERPRETATION.—Except as otherwise provided by law, the Secretary shall interpret all Federal laws, Executive orders and regulations in a manner that will facilitate—

''(1) the inclusion of programs, services, functions, and activities (or portions thereof) and funds associated therewith, in the agreements entered into under this section;

''(2) the implementation of compacts and funding agreements entered into under this title; and

''(3) the achievement of tribal health goals and objectives.

''(b) REGULATION WAIVER.—

''(1) An Indian tribe may submit a written request to waive application of a regulation promulgated under this Act for a compact or funding agreement entered into with the Indian Health Service under this title, to the Secretary identifying the applicable Federal regulation under this Act sought to be waived and the basis for the request.

''(2) Not later than 90 days after receipt by the Secretary of a written request by an Indian tribe to waive application of a regulation under this Act for a compact or funding agreement entered into under this title, the Secretary shall either approve or deny the requested waiver in writing. A denial may be made only upon a specific finding by the Secretary that identified language in the regulation may not be waived because such waiver is prohibited by Federal law. A failure to approve or deny a waiver request not later than 90 days after receipt shall be deemed an approval of such request. The Secretary's decision shall be final for the Department.

''(c) ACCESS TO FEDERAL PROPERTY.—In connection with any compact or funding agreement executed pursuant to this title or an agreement negotiated under the Tribal Self-Governance Demonstration Project established under title III, as in effect before the enactment of the Tribal Self-Governance Amendments of 1999, upon the request of an Indian tribe, the Secretary—

''(1) shall permit an Indian tribe to use existing school buildings, hospitals, and other facilities and all equipment therein or appertaining thereto and other personal property owned by the Government within the Secretary's jurisdiction under such terms and conditions as may be agreed upon by the Secretary and the tribe for their use and maintenance;

''(2) may donate to an Indian tribe title to any personal or real property found to be excess to the needs of any agency of the Department, or the General Services Administration, except that—

''(A) subject to the provisions of subparagraph (B), title to property and equipment furnished by the Federal Government for use in the performance of the compact or funding agreement or purchased with funds under any compact or funding agreement shall, unless otherwise requested by the Indian tribe, vest in the appropriate Indian tribe;

''(B) if property described in subparagraph (A) has a value in excess of $5,000 at the time of retrocession, withdrawal, or reassumption, at the option of the Secretary upon the retrocession, withdrawal, or reassumption, title to such property and equipment shall revert to the Department of Health and Human Services; and

''(C) all property referred to in subparagraph (A) shall remain eligible for replacement, maintenance, and improvement on the same basis as if title to such property were vested in the United States; and

''(3) shall acquire excess or surplus Government personal or real property for donation to an Indian tribe if the Secretary determines the property is appropriate for use by the Indian tribe for any purpose for which a compact or funding agreement is authorized under this title.

''(d) MATCHING OR COST-PARTICIPATION REQUIREMENT.—All funds provided under compacts, funding agreements, or grants made pursuant to this Act, shall be treated as non-Federal funds for purposes of meeting matching or cost participation requirements under any other Federal or non-Federal program.

''(e) STATE FACILITATION.—States are hereby authorized and encouraged to enact legislation, and to enter into agreements with Indian tribes to facilitate and supplement the initiatives, programs, and policies authorized by this title and

other Federal laws benefiting Indians and Indian tribes.

''(f) RULES OF CONSTRUCTION.—Each provision of this title and each provision of a compact or funding agreement shall be liberally construed for the benefit of the Indian tribe participating in self-governance and any ambiguity shall be resolved in favor of the Indian tribe.

''SEC. 513. BUDGET REQUEST.

''(a) IN GENERAL.—The President shall identify in the annual budget request submitted to the Congress under section 1105 of title 31, United States Code, all funds necessary to fully fund all funding agreements authorized under this title, including funds specifically identified to fund tribal base budgets. All funds so appropriated shall be apportioned to the Indian Health Service. Such funds shall be provided to the Office of Tribal Self-Governance which shall be responsible for distribution of all funds provided under section 505. Nothing in this provision shall be construed to authorize the Indian Health Service to reduce the amount of funds that a self-governance tribe is otherwise entitled to receive under its funding agreement or other applicable law, whether or not such funds are made available to the Office of Tribal Self-Governance under this section.

''(b) PRESENT FUNDING; SHORTFALLS.—In such budget request, the President shall identify the level of need presently funded and any shortfall in funding (including direct program and contract support costs) for each Indian tribe, either directly by the Secretary, under self-determination contracts, or under compacts and funding agreements authorized under this title.

''SEC. 514. REPORTS.

''(a) ANNUAL REPORT.—Not later than January 1 of each year after the date of the enactment of this title, the Secretary shall submit to the Committee on Resources of the House of Representatives and the Committee on Indian Affairs of the Senate a written report regarding the administration of this title. Such report shall include a detailed analysis of the level of need being presently funded or unfunded for each Indian tribe, either directly by the Secretary, under self-determination contracts under title I, or under compacts and funding agreements authorized under this Act. In compiling reports pursuant to this section, the Secretary may not impose any reporting requirements on participating Indian tribes or tribal organizations, not otherwise provided in this Act.

''(b) CONTENTS.—The report shall be compiled from information contained in funding agreements, annual audit reports, and Secretarial data regarding the disposition of Federal funds and shall—

''(1) identify the relative costs and benefits of self-governance;

''(2) identify, with particularity, all funds that are specifically or functionally related to the provision by the Secretary of services and benefits to self-governance Indian tribes and their members;

''(3) identify the funds transferred to each self-governance Indian tribe and the corresponding reduction in the Federal bureaucracy;

''(4) identify the funding formula for individual tribal shares of all headquarters funds, together with the comments of affected Indian tribes or tribal organizations, developed under subsection (c);

''(5) identify amounts expended in the preceding fiscal year to carry out inherent Federal functions, including an identification of those functions by type and location;

''(6) contain a description of the method or methods (or any revisions thereof) used to determine the individual tribal share of funds controlled by all components of the Indian Health Service (including funds assessed by any other Federal agency) for inclusion in self-governance compacts or funding agreements;

''(7) prior to being submitted to Congress, be distributed to the Indian tribes for comment, such comment period to be for no less than 30 days; and

''(8) include the separate views and comments of the Indian tribes or tribal organizations.

''(c) REPORT ON FUND DISTRIBUTION METHOD.—Not later than 180 days after the date of enactment of this title, the Secretary shall, after consultation with Indian tribes, submit a written report to the Committee on Resources of the House of Representatives and the Committee on Indian Affairs of the Senate which describes the method or methods used to determine the individual tribal share of funds controlled by all components of the Indian Health Service (including funds assessed by any other Federal agency) for inclusion in self-governance compacts or funding agreements.

''SEC. 515. DISCLAIMERS.

''(a) NO FUNDING REDUCTION.—Nothing in this title shall be construed to limit or reduce in any way the funding for any program, project, or activity serving an Indian tribe under this or other applicable Federal law. Any Indian tribe that alleges that a compact or funding agreement is in violation of this section may apply the provisions of section 110.

''(b) FEDERAL TRUST AND TREATY RESPONSIBILITIES.—Nothing in this Act shall be construed to diminish in any way the trust responsibility of the United States to Indian tribes and individual Indians that exists under treaties, Executive orders, or other laws and court decisions.

''(c) TRIBAL EMPLOYMENT.—For purposes of section 2(2) of the Act of July 5, 1935 (49 Stat. 450, chapter 372) (commonly known as the National Labor Relations Act), an Indian tribe carrying out a self-determination contract, compact, annual funding agreement, grant, or cooperative agreement under this Act shall not be considered an employer.

''(d) OBLIGATIONS OF THE UNITED STATES.—The Indian Health Service under this Act shall neither bill nor charge those Indians who may have the economic means to pay for services, nor require any Indian tribe to do so.

''SEC. 516. APPLICATION OF OTHER SECTIONS OF THE ACT.

''(a) MANDATORY APPLICATION.—All provisions of sections 5(b), 6, 7, 102(c) and (d), 104, 105(k) and (l), 106(a) through (k), and 111 of this Act and section 314 of Public Law 101–512 (coverage under the Federal Tort Claims Act), to the extent not in conflict with this title, shall apply to compacts and funding agreements authorized by this title.

''(b) DISCRETIONARY APPLICATION.—At the request of a participating Indian tribe, any other provision of title I, to the extent such provision is not in conflict with this title, shall be made a part of a funding agreement or compact entered into under this title. The Secretary is obligated to include such provision at the option of the participating Indian tribe or tribes. If such provision is incorporated it shall have the same force and effect as if it were set out in full in this title. In the event an Indian tribe requests such incorporation at the negotiation stage of a compact or funding agreement, such incorporation shall be deemed effective immediately and shall control the negotiation and resulting compact and funding agreement.

''SEC. 517. REGULATIONS.

''(a) IN GENERAL.—

''(1) Not later than 90 days after the date of enactment of this title, the Secretary shall initiate procedures under subchapter III of chapter 5 of title 5, United States Code, to negotiate and promulgate such regulations as are necessary to carry out this title.

''(2) Proposed regulations to implement this title shall be published in the Federal Register by the Secretary no later than 1 year after the date of enactment of this title.

''(3) The authority to promulgate regulations under this title shall expire 21 months after the date of enactment of this title.

''(b) COMMITTEE.—A negotiated rulemaking committee established pursuant to section 565 of title 5, United States Code, to carry out this section shall have as its members only Federal and tribal government representatives, a majority of whom shall be nominated by and be representatives of Indian tribes with funding agreements under this Act, and the Committee shall confer with, and accommodate participation by, representatives of Indian tribes, inter-tribal consortia, tribal organizations, and individual tribal members.

''(c) ADAPTATION OF PROCEDURES.—The Secretary shall adapt the negotiated rulemaking procedures to the unique context of self-governance and the government-to-government relationship between the United States and Indian tribes.

''(d) EFFECT.—The lack of promulgated regulations shall not limit the effect of this title.

''(e) EFFECT OF CIRCULARS, POLICIES, MANUALS, GUIDANCES, AND RULES.—Unless expressly agreed to by the participating Indian tribe in the compact or funding agreement, the participating Indian tribe shall not be subject to any agency circular, policy, manual, guidance, or rule adopted by the Indian Health Service, except for the eligibility provisions of section 105(g).

''SEC. 518. APPEALS.

''In any appeal (including civil actions) involving decisions made by the Secretary under this title, the Secretary shall have the burden of proof of demonstrating by clear and convincing evidence—

''(1) the validity of the grounds for the decision made; and

''(2) the decision is fully consistent with provisions and policies of this title.

''SEC. 519. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as may be necessary to carry out this title.

''TITLE VI—TRIBAL SELF-GOVERNANCE—DEPARTMENT OF HEALTH AND HUMAN SERVICES

''SEC. 601. DEMONSTRATION PROJECT FEASIBILITY.

''(a) STUDY.—The Secretary shall conduct a study to determine the feasibility a Tribal Self-Governance Demonstration Project for appropriate programs, services, functions, and activities (or portions thereof) of the agency.

''(b) CONSIDERATIONS.—When conducting the study, the Secretary shall consider—

''(1) the probable effects on specific programs and program beneficiaries of such a demonstration project;

''(2) statutory, regulatory, or other impediments to implementation of such a demonstration project;

''(3) strategies for implementing such a demonstration project;

''(4) probable costs or savings associated with such a demonstration project;

''(5) methods to assure quality and accountability in such a demonstration project; and

''(6) such other issues that may be determined by the Secretary or developed through consultation pursuant to section 602.

''(c) REPORT.—Not later than 18 months after the enactment of this title, the Secretary shall submit a report to the Committee on Resources of the House of Representatives and the Committee on Indian Affairs of the Senate. The report shall contain—

''(1) the results of the study;

''(2) a list of programs, services, functions, and activities (or portions thereof) within the agency which it would be feasible to include in a Tribal Self-Governance Demonstration Project;

''(3) a list of programs, services, functions, and activities (or portions thereof) included in the list provided pursuant to paragraph (2) which could be included in a Tribal Self-Governance Demonstration Project without amending statutes, or waiving regulations that the Secretary may not waive;

''(4) a list of legislative actions required in order to include those programs, services, functions, and activities (or portions thereof) included in the list provided pursuant to paragraph (2) but not included in the list provided pursuant to paragraph (3) in a Tribal Self-Governance Demonstration Project; and

''(5) any separate views of tribes and other entities consulted pursuant to section 602 related to the information provided pursuant to paragraph (1) through (4).

''SEC. 602. CONSULTATION.

''(a) STUDY PROTOCOL.—

''(1) CONSULTATION WITH INDIAN TRIBES.—The Secretary shall consult with Indian tribes to determine a protocol for consultation under subsection (b) prior to consultation under such subsection with the other entities described in such subsection. The protocol shall require, at a minimum, that—

''(A) the government-to-government relationship with Indian tribes forms the basis for the consultation process;

''(B) the Indian tribes and the Secretary jointly conduct the consultations required by this section; and

''(C) the consultation process allow for separate and direct recommendations from the Indian tribes and other entities described in subsection (b).

''(2) OPPORTUNITY FOR PUBLIC COMMENT.—In determining the protocol described in paragraph (1), the Secretary shall publish the proposed protocol and allow a period of not less than 30 days for comment by entities described in subsection (b) and other interested individuals, and shall take comments received into account in determining the final protocol.

''(b) CONDUCTING STUDY.—In conducting the study under this title, the Secretary shall consult with Indian tribes, States, counties, municipalities, program beneficiaries, and interested public interest groups, and may consult with other entities as appropriate.

''SEC. 603. DEFINITIONS.

''(a) IN GENERAL.—For purposes of this title, the Secretary may use definitions provided in title V.

''(b) AGENCY.—For purposes of this title, the term 'agency' shall mean any agency or other organizational unit of the Department of Health and Human Services, other than the Indian Health Service.

''SEC. 604. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated for fiscal years 2000 and 2001 such sums as may be necessary to carry out this title. Such sums shall remain available until expended.''.

SEC. 5. AMENDMENTS CLARIFYING CIVIL PROCEEDINGS.

(a) BURDEN OF PROOF IN DISTRICT COURT ACTIONS.—Section 102(e)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450f(e)(1)) is amended by inserting after ''subsection (b)(3)'' the following: ''or any civil action conducted pursuant to section 110(a)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any proceedings commenced after October 25, 1994.

SEC. 6. SPEEDY ACQUISITION OF GOODS, SERVICES, OR SUPPLIES.

Section 105(k) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450j(k)) is amended—

(1) by striking ''carrying out a contract'' and all that follows through ''shall be eligible'' and inserting the following: ''or Indian tribe shall be deemed an executive agency and a part of the Indian Health Service, and the employees of the tribal organization or the Indian tribe, as the case may be, shall be eligible''; and

(2) by adding at the end thereof the following: ''At the request of an Indian tribe, the Secretary shall enter into an agreement for the acquisition, on behalf of the Indian tribe, of any goods, services, or supplies available to the Secretary from the General Services Administration or other Federal agencies that are not directly available to the Indian tribe under this section or any other Federal law, including acquisitions from prime vendors. All such acquisitions shall be undertaken through the most efficient and speedy means practicable, including electronic ordering arrangements.

SEC. 7. PATIENT RECORDS.

Section 105 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450j) is amended by adding at the end the following new subsection:

''(o) At the option of a tribe or tribal organization, patient records may be deemed to be Federal records under the Federal Records Act of 1950 for the limited purposes of making such records eligible for storage by Federal Records Centers to the same extent and in the same manner as other Department of Health and Human Services patient records. Patient records that are deemed to be Federal records under the Federal Records Act of 1950 pursuant to this subsection shall not be considered Federal records for the purposes of chapter 5 of title 5, United States Code.''.

SEC. 8. REPEAL.

Title III of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450f note) is hereby repealed.

SEC. 9. SAVINGS PROVISION.

Funds appropriated for title III of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450f note) shall be available for use under title V of such Act.

SEC. 10. EFFECTIVE DATE.

Except as otherwise provided, the provisions of this Act shall take effect on the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Utah (Mr. HANSEN) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from Utah (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1167, the proposed Tribal Self-Governance Amendments Act of 1999, would create a new title in the 1975 Indian Self-Determination Act.

The 1975 act allows Indian tribes to contract for or take over the administration and operation of certain Federal programs which provide services to Indian tribes. Subsequent amendments to the 1975 act created in Title III of the act, which provided for a Self-Governance Demonstration Project that allows for a large-scale tribal self-governance compacts and funding agreements on a demonstration basis.

The new title created by H.R. 1167 would make this contracting by tribes permanent for programs contracted for within the Indian Health Service. Thereby, Indian and Alaskan Native tribes would be able to contract for the operation, control, and redesign of various IHS services on a permanent basis. In short, what was a demonstration project would become a permanent IHS self-governance program.

Pursuant to H.R. 1167, tribes which have already contracted for IHS services would continue under the provisions of their contracts while an additional 50 new tribes would be selected each year to enter into contracts.

H.R. 1167 also allows for a feasibility study regarding the execution of tribal self-governance compacts and funding agreements of Indian-related programs outside the IHS but within the Department of Health and Human Services on a demonstration project basis.

H.R. 1167 is an important piece of legislation which is the result of years of negotiation between the Congress, the administration, and many Indian tribes around the Nation.

We passed this same legislation last year, but it was not acted upon before a judgment.

I support this legislation and urge my colleagues to pass it today so that the other body will again have the opportunity to pass it and send it to the President.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the nature of self-governance is rooted in the inherent sovereignty of the American Indian and Alaska Native tribes. From the founding of this Nation, Indian tribes and Alaskan Native villages have been recognized as distinct, independent, political communities exercising powers of self-government, not by virtue of any delegation of powers from the Federal Government, but rather by virtue of their own innate sovereignty. The tribes' sovereignty predates the founding of the United States in its Constitution and forms the backdrop against which the United States has continually entered into relations with Indian tribes and native villages.

H.R. 1167 is modeled on the existing permanent self-governance legislation for the Interior Department programs contained in Title IV of the Indian Self-Determination and Education Assistance Act and reflects years of planning and negotiating among Indian tribes, the Alaska Native villages, and the Department of Health and Human Services.

This legislation continues the principle focus on self-governance programs to remove needless and sometimes harmful layers of Federal bureaucracy that dictate Indian affairs.

By giving tribes direct control over Federal programs run for their benefit and making them directly accountable to their members, Congress has enabled Indian tribes to run programs more efficiently and more innovatively than the Federal officials have in the past.

Allowing the tribes to run these programs furthers the congressional policy of strengthening and promoting tribal governments which began with passage of the First Self-Determination Act of 1975.

The Indian tribes and the administration agree that it is now time to take the next logical step toward the self-governance process and make self-governance programs permanent within the Department of Health and Human Services.

H.R. 1167 establishes a permanent self-government program within the

Department of Health and Human Services under which the American Indian and Alaska Native tribes may enter into compacts with the Secretary for direct operation control and redesign of Indian health service activities.

Tribes entering into self-governance programs have to meet four eligibility requirements. First, the tribe must, in the case of the consortium, be federally recognized. Second, the tribe must document with official action of the tribal governing body a formal request to enter into negotiations with the Department of Interior. Third, the tribe must demonstrate financial stability and financial management capabilities as evidenced through the administration of the prior 638 contracts. Fourth, the tribe must successfully have completed a planning phase requiring the submission of final planning report that demonstrates that the tribe has conducted legal and budgetary research in internal government and organizational planning.

If we are to adhere and remain faithful to the principles that our founders set forth, the principles of good faith, consent, justice, humanity, we must continue to promote tribal self-governance as done in this legislation that I bring before the House today.

I want to thank the gentleman from Alaska (Mr. YOUNG), the chairman of the Committee on Resources, for his assistance and support of this bill and urge all of my colleagues to support the passage of this legislation.

Mr. Speaker, the nature of Self-Governance is rooted in the inherent sovereignty of American Indian and Alaska Native tribes. From the founding of this nation, Indian tribes and Alaska Native villages have been recognized as ''distinct, independent, political communities'' exercising powers of self-government, not by virtue of any delegation of powers from the federal government, but rather by virtue of their own innate sovereignty. The tribes' sovereignty predates the founding of the United States and its Constitution and forms the backdrop against which the United States has continually entered into relations with Indian tribes and Native villages.

The present model of tribal Self-Governance arose out of the federal policy of Indian Self-Determination. The modern Self-Determination era began as Congress and contemporary Administrations ended the dubious experiment of Termination which was intended to end the federal trust responsibility to Native Americans during the 1950s.

The centerpiece of the Termination policy, House Concurrent Resolution 108 in 1953, stated that ''Indian tribes and individual members thereof, should be freed from Federal supervision and control and from all disabilities and limitations specially applicable to Indians.'' While the intent of this legislation was to free the Indians from federal rule, it also destroyed all protection and benefits received from the government. The same year, Congress enacted Public Law 28 which further eroded tribal sovereignty by transferring criminal jurisdiction from the federal government and the tribes to the various state governments.

As a policy, Termination was a disaster. Recognizing that Termination as a policy was a disaster, President Kennedy campaigned in 1960 promising the Indian tribes no changes in treaty or contractual relationships without tribal consent, protection of Indian lands base, and assistance with credit and tribal economic development.

Indeed, Indian reservations were included in many of the ''Great Society'' programs of the late 1960s, bringing a much-needed infusion of federal dollars onto many reservations. In 1968, President Lyndon B. Johnson delivered a message to Congress which stated support for:

> [A] policy of maximum choice for the American Indian: a policy expressed in programs of self-help, self-development, self-determination. . . . The greatest hope for Indian progress lies in the emergence of Indian leadership and initiative in solving Indian problems. Indians must have a voice in making the plans and decisions in programs which are important to their daily life.

In 1970, President Richard Nixon's ''Special Message on Indian Affairs'' also called for increased tribal self-determination as he stated:

> This, then, must be goal of any new national policy toward the Indian people: to strengthen the Indian's sense of autonomy without threatening his sense of community. We must assure the Indian that he can assume control of his own life without being separated involuntarily from the tribal group. And we must make it clear that Indians can become independent of Federal control without being cut off from Federal concern and Federal support. . .

Together, these messages sparked Congress to work on legislation that laid the foundation of modern federal Indian policy for the remainder of this century. And so, five years later, Congress enacted one of the most profound and powerful pieces of Indian legislation in this Nation's history.

In 1975, Congress passed the Indian Self-Determination and Education Assistance Act, Pub. L. 93–638. This legislation gave Indian tribes and Alaska Native villages the right to assume responsibility for the administration of federal programs which benefited Indians. In addition to assuming the authority to make operating and administrative decisions regarding the way these federal programs would be run, tribes that chose to enter into Indian Self-Determination Act contracts, which came to be known as ''638 contracts'' were given the right to receive the federal funds that the agencies—generally the Bureau of Indian Affairs (BIA) and the Indian Health Service (IHS)—would have ordinarily received for those programs. The Act did not, however, relieve the federal government of its trust responsibility to the tribes.

Congress enacted the Indian Self-Determination Act with the expectation that the direct responsibility for running these programs would enhance and strengthen tribal governments. As a means of supervise the tribes' activities, ''638'' contracts required volumes of paperwork to be filed. If a tribe wanted to operate more than one program, it would have to exercise an additional 638 contract which required a separate approval process. Though the Act was intended to decrease Federal involvement in the daily lives of reservation Indians, its specific performance and reporting requirements kept BIA as a pervasive force in Indian affairs.

At the time of its enactment, the 638 contract program did not allow tribes to move funds between programs to adapt to changing and unforeseen circumstances during a funding period. Thus, the tribes' powers to design or adapt programs according to tribal needs remained restricted.

The inflexibility of 638 contracts also created problems with cash flow. Payments were made to tribes on a cost-reimbursement basis, often many months after the tribe might have incurred major expenses. The tribes' main complaint, however, was that the 638 contract process made tribal staff primarily accountable to and measured by, not their own tribal councils but BIA employees at the Agency, Area and Central Officers. They had to follow strict federal laws, rules and regulations that were often of little relevance to day-to-day existence on an Indian reservation. Furthermore, if trust assets were involved, the BIA had to concur in all decisions made.

Thus, while the Indian Self-Determination Act was and is still acknowledged as a watershed moment in the history of tribal self-governance, by the mid-1980s many tribal leaders agreed that it was time for even greater change. They felt that the federal bureaucracy devoted to 638 program oversight had simply grown out of control and the percentage of federal dollars allocated for Indian programs actually spent on the reservations was still far too small.

To address these concerns, the Indian tribes asked Congress to consider amendments to the Self-Determination Act. At the same time, a group of tribal representatives began meeting to discuss proposals for trimming the BIA bureaucracy and amending the Act as well.

But during the fall of 1987, a series of articles appeared in the Arizona Republic entitled Fraud in Indian Country, that detailed an egregious history of waste and mismanagement within the BIA. These articles spurred House Appropriations Subcommittee on Interior and Related Agencies Chairman Sidney Yates (D–IL) to conduct an oversight hearing on these alleged abuses.

At the hearing, Department of Interior officials proposed that funds appropriated to the Bureau of Indian Affairs be turned over to the tribes to let them manage their own affairs in an attempt to address these charges. But, the officials testified, by accepting the federal funds, the tribes would release the federal government from its trust responsibility. Tribal leaders disagreed with this quid pro quo, but supported the concept of removing BIA middlemen from the funding process. With Chairman Yates' encouragement, tribal representatives met with the Secretary of the Interior and other Department officials the very next day to further hash out this concept. By mid-December of 1987, ten tribes had agreed to test the Department's proposal.

Out of this proposal the Tribal Self-Governance Demonstration Project was born.

In 1988 Congress enacted Pub. L. No. 100–472 and established Title III of the Indian Self-Determination Act which authorized the Secretary of Interior to negotiate Self-Governance compacts with up to twenty tribes. These tribes, for the first time, would be able to ''Plan, conduct, consolidate, and administer programs, services, and functions'' heretofore performed by Interior officials. The Act required that these programs be ''otherwise available to Indian tribes or Indians,'' but within these parameters the tribes were authorized

to redesign programs and reallocated funding according to terms negotiated in the compacts. Tribes would be able to prioritize spending on a systemic level, dramatically reducing the Federal role in the tribal decision-making process. But perhaps the biggest difference between ''638'' contract process and the Self-Governance program is that instead of funds coming from multiple contracts there would be one compact with a single Annual Funding Agreement.

The original ten tribes that agreed to participate in the demonstration project were the Confederated Salish and Kootenai Tribes, Hoopa Tribe, Jamestown S'Klallam Tribe, Lummi Nation, Mescalero Apache Tribe, Mille Lacs Band of Ojibwe, Quinault Indian Nation, Red Lake Chippewa Tribe, Rosebud Sioux Tribe, and Tlingit and Haida Central Council.

In 1991 President Bush signed Pub. L. 102–184, which extended the Demonstration Project for three more years and increased the number of Tribes participating to thirty. The bill required the new tribes participating to complete a one-year planning period before they could negotiate a Compact and Annual Funding Agreement. The 1991 law also directed the Indian Health Service to conduct a feasibility study to examine the expansion of the Self-Governance project to IHS programs and services.

In 1992, Congress amended section 314 of the Indian Health Care Improvement Act to allow the Secretary of Health and Human Services to negotiate Self-Governance compacts and annual funding agreements under Title III of the Indian Self-Determination Act with Indian tribes. The Self-Governance Demonstration Project proved to be a success both in the Interior Department and the Department of Health and Human Services. Thus, in 1994, Congress responded by passing the ''Tribal Self-Governance Act of 1994'' and permanently established the Self-Governance program within the Department of Interior.

This action solidified the Federal government's policy of negotiating with Indian Tribes and Alaska Native villages on a government-to-government basis while retaining the federal trust relationship. The Tribal Self-Governance Act allowed so called ''Self-Governance tribes'' to compact all programs and services that tribes could contract under Title I of the Indian Self-Determination Act. The Act required an ''orderly transition from Federal domination of programs and services to provide Indian tribes with meaningful authority to plan, conduct, redesign, and administer programs, services, functions, and activities that meet the needs of the individual tribal communities.''

Tribes entering the Self-Governance program had to meet four eligibility requirements. First, the tribe (or tribes in the case of a consortium) must be federally recognized. Second, the tribe must document, with an official action of the tribal governing body, a formal request to enter negotiations with the Department of Interior. Third, the tribe must demonstrate financial stability and financial management capability as evidenced through the administration of prior 638 contracts. Fourth, the tribe must have successfully completed a planning phase, requiring the submission of a final planning report which demonstrates that the tribe has conducted legal and budgetary research and internal tribal government and organizational planning.

The 1994 Act, however, did not make changes to the demonstration project status of the Self-Governance program within the Indian Health Service. The IHS authority remained on a demonstration project basis within Title III of the Indian Self-Determination Act.

The Indian tribes and the Administration agree that it is now time to take the next logical step forward in the Self-Governance process and make the Self-Governance program permanent within the Department of Health and Human Service. H.R. 1167 establishes a permanent Self-Governance Program within the Department of Health and Human Services under which American Indian and Alaska Native tribes may enter into compacts with the Secretary for the direct operation, control, and redesign of Indian Health Service (IHS) activities. A limited number of Indian tribes have had a similar right on a demonstration project basis since 1992 under Title III of the Indian Self-Determination and Education Assistance Act. All Indian tribes have enjoyed a similar but lesser right to contract and operate individual IHS programs and functions under Title I of the Indian Self-Determination Act since 1975 (so-called ''638 contracting'').

In brief, the legislation would expand the number of tribes eligible to participate in Self-Governance, make it a permanent authority within the IHS and authorize the Secretary of Health and Human Services to conduct a feasibility study for the execution of Self-Governance compacts with Indian tribes for programs outside of the IHS but still within HHS.

This legislation is modeled on the existing permanent Self-Governance legislation for Interior Department programs contained in Title IV of the Indian Self-Determination Act and reflects years of planning and negotiation among Indian tribes, Alaska Native villages, the Department of Health and Human Services.

H.R. 1167 continues the principle focus of the Self-Governance program: to remove needless and sometimes harmful layers of federal bureaucracy that dictate Indian affairs. By giving tribes direct control over federal programs run for their benefit and making them directly accountable to their members, Congress had enabled Indian tribes to run programs more efficiently and more innovatively than federal officials have in the past. Allowing tribes to run these programs furthers the Congressional policy of strengthening and promoting tribal governments which began with passage of the first Self-Determination Act in 1975.

Often we need to look to the past in order to understand our proper relationship with Indian tribes. More than two centuries ago, Congress set forth what should be our guiding principles. In 1789, Congress passed the Northwest Ordinance, a set of seven articles intended to govern the addition of new states to the Union. These articles served as a compact between the people and the States, and were ''to forever remain unalterable, unless by common consent.'' Article Three set forth the Nation's policy towards Indian tribes:

> The utmost good faith shall always be observed towards the Indians; their land and property shall never be taken away from them without their consent . . . but laws founded in justice and humanity shall from time to time be made, for preventing wrongs being done to them. . . .

The Founders of this Nation carefully and wisely chose these principles to govern the conduct of our government in its dealings with American Indian tribes. Over the years, these principles have at times been forgotten.

Two hundred years later, Justice Thurgood Marshall delivered a unanimous Supreme Court in 1983 stating that,

> ''Moreover, both the tribes and the Federal Government are firmly committed to the goal of promoting tribal self-government, a goal embodied in numerous federal statutes. We have stressed that Congress' objective of furthering tribal self-government encompasses far more than encouraging tribal management of disputes between members, but includes Congress' overriding goal of encouraging 'tribal self-sufficiency and economic development.''

If we are to adhere and remain faithful to the principles that our Founders set forth—the principles of good faith, consent, justice and humanity—then we must continue to promote tribal self-government as is done in the legislation I bring before the House today.

Mr. Speaker, I yield back the balance of my time.

Mr. HANSEN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Utah (Mr. HANSEN) that the House suspend the rules and pass the bill, H.R. 1167, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and add extraneous material on H.R. 1167, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

CLARIFYING COASTAL BARRIER RESOURCES SYSTEM BOUNDARIES

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent to move to suspend the rules and pass the Senate bill (S. 1398) to clarify certain boundaries on maps relating to the Coastal Barrier Resources System.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read as follows:

S. 1398

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

SECTION 1. REPLACEMENT OF COASTAL BARRIER RESOURCES SYSTEM MAPS.

(a) IN GENERAL.—The 7 maps described in subsection (b) are replaced by 14 maps entitled ''Dare County, North Carolina, Coastal Barrier Resources System, Cape Hatteras Unit NC–03P'' or ''Dare County, North Carolina, Coastal Barrier Resources System, Cape Hatteras Unit NC–03P, Hatteras Island Unit L03'' and dated October 18, 1999.

(b) DESCRIPTION OF MAPS.—The maps described in this subsection are the 7 maps that—

(1) relate to the portions of Cape Hatteras Unit NC–03P and Hatteras Island Unit L03 that are located in Dare County, North Carolina; and

(2) are included in a set of maps entitled ''Coastal Barrier Resources System'', dated October 24, 1990, and referred to in section 4(a) of the Coastal Barrier Resources Act (16 U.S.C. 3503(a)).

(c) AVAILABILITY.—The Secretary of the Interior shall keep the maps referred to in subsection (a) on file and available for inspection in accordance with section 4(b) of the Coastal Barrier Resources Act (16 U.S.C. 3503(b)).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. JONES) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation is identical to legislation that I introduced earlier this year, which the House passed last month.

This legislation simply corrects a mapping error that currently excludes Dare County residents from qualifying for Federal flood insurance under the Coastal Barrier Research Act.

Congress adopted the Coastal Barrier Research System in the 1980s to protect the coast from future development. When the North Carolina areas were added to the system, it was Congress' intent for the line to be adjacent to the Cape Hatteras National Seashore boundary, thus allowing certain privately owned structures to remain eligible for flood insurance.

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Unfortunately, the National Park Service incorrectly identified the boundary, which resulted in inaccurate maps. This error incorrectly puts approximately 200 landowners in harm's way, especially during hurricane season.

With Hurricanes Dennis and Floyd recently wreaking havoc on the Outer Banks of Eastern North Carolina, this legislation is a justified step forward in providing the necessary assistance to the landowners in Dare County. Currently, these residents have been left unprotected by the inability of the Federal Government to appropriately manage the Coastal Barrier Resource System.

With the assistance of Senator HELMS, the Committee on Resources, and the Fish and Wildlife Service, we have been able to work towards a solution that all sides can agree to. With the help of the gentleman from Alaska (Mr. YOUNG) and the gentleman from New Jersey (Mr. SAXTON), we were able to pass this legislation through the House earlier this year. Passing Senate 1398 today will complete the work we all started a year ago.

The importance of passing this legislation could not be more timely after one of the worst hurricane seasons in recent history. I would hope and encourage my colleagues to support this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, let me say at the outset that I very much appreciate the cooperation of the gentleman from New Jersey (Mr. SAXTON) and the gentleman from North Carolina (Mr. JONES) and their staffs for working with us to shape this legislation.

I am satisfied that the boundary changes authorized in this bill are legitimate technical corrections which will resolve the past mapping errors and boundary discrepancies, and I urge the passage of this legislation.

The Coastal Barrier Resources System is critical to the long-term protection of the Nation's coastal resources, and we must remain vigilant to protect it from unwarranted encroachment.

All this bill would do is substitute a final series of revised maps to replace an earlier series already approved by the House when it passed H.R. 1431 on September 21. This bill would authorize the final agreed upon maps.

Let me say from the start, I very much appreciate the cooperation of Mr. SAXTON and his staff in working with the minority in shaping this legislation. I am satisfied that the boundary changes authorized in this bill are legitimate technical corrections which would resolve past mapping errors and boundary discrepancies.

Moreover, we have been assured by both the Fish and Wildlife Service and the National Park Service that these new boundaries accurately depict the boundaries of the Cape Hatteras National Seashore. Hopefully this will eliminate any future confusion regarding this matter.

We also have made sure that none of the coastal barrier units labeled as LO3 have been changed in any way to reduce their spatial areas. And importantly, we have also added approximately 2,300 acres of additional coastal barrier lands to the ''otherwise protected area'' labeled as NC03–P. I want to thank Mr. SAXTON and the gentleman from North Carolina, Mr. JONES, for agreeing to this addition.

Experience has made me necessarily cautious when it comes to modifying any coastal barrier boundary. But in this case, I believe we have gotten it right. I urge my colleagues to support this legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from North Carolina (Mr. JONES) that the House suspend the rules and pass the Senate bill, S. 1398.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on S. 1398, the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

GOVERNMENT WASTE CORRECTIONS ACT OF 1999

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1827) to improve the economy and efficiency of Government operations by requiring the use of recovery audits by Federal agencies, as amended.

The Clerk read as follows:

H.R. 1827

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Government Waste Corrections Act of 1999''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds the following:

(1) Overpayments are a serious problem for Federal agencies, given the magnitude and complexity of Federal operations and documented and widespread financial management weaknesses. Federal agency overpayments waste tax dollars and detract from the efficiency and effectiveness of Federal operations by diverting resources from their intended uses.

(2) In private industry, overpayments to providers of goods and services occur for a variety of reasons, including duplicate payments, pricing errors, and missed cash discounts, rebates, or other allowances. The identification and recovery of such overpayments. commonly referred to as ''recovery auditing and activity'', is an established private sector business practice with demonstrated large financial returns. On average, recovery auditing and activity in the private sector identify overpayment rates of 0.1 percent of purchases audited and result in the recovery of $1,000,000 for each $1,000,000,000 of purchases.

(3) Recovery auditing and recovery activity already have been employed successfully in limited areas of Federal activity. They have great potential for expansion to many other Federal agencies and activities, thereby resulting in the recovery of substantial amounts of overpayments annually. Limited recovery audits conducted by private contractors to date within the Department of Defense have identified errors averaging 0.4 percent of Federal payments audited, or $4,000,000 for every $1,000,000,000 of payments. If fully implemented within the Federal Government, recovery auditing and recovery activity have the potential to recover billions of dollars in Federal overpayments annually.

(b) PURPOSES.—The purposes of this Act are the following:

(1) To ensure that overpayments made by the Federal Government that would otherwise remain undetected are identified and recovered.

(2) To require the use of recovery audit and recovery activity by Federal agencies.

(3) To provide incentives and resources to improves Federal management practices with the goal of significantly reducing Federal overpayment rates and other waste and error in Federal programs.

SEC. 3. ESTABLISHMENT OF RECOVERY AUDIT REQUIREMENT.

(a) ESTABLISHMENT OF REQUIREMENT.—Chapter 35 of title 31, United States Code, is amended by adding at the end the following:

''SUBCHAPTER VI—RECOVERY AUDITS

''§ 3561. Definitions

''In this subchapter, the following definitions apply:

''(1) DIRECTOR.—The term 'Director' means the Director of the Office of Management and Budget.

''(2) DISCLOSE.—The term 'disclose' means to release, publish, transfer, provide access to, or otherwise divulge individually identifiable information to any person other than the individual who is the subject of the information.

''(3) INDIVIDUALLY IDENTIFIABLE INFORMATION.—The term 'individually identifiable information' means any information, whether oral or recorded in any form or medium, that identifies the individual, or with respect to which there is a reasonable basis to believe that the information can be used to identify the individual.

''(4) OVERSIGHT.—The term 'oversight' means activities by a Federal, State, or local governmental entity, or by another entity acting on behalf of such a governmental entity, to enforce laws relating to, investigate, or regulate payment activities, recovery activities, and recovery audit activities.

''(5) PAYMENT ACTIVITY.—The term 'payment activity' means an executive agency activity that entails making payments to vendors or other nongovernmental entities that provide property or services for the direct benefit and use of an executive agency.

''(6) RECOVERY AUDIT.—The term 'recovery audit' means a financial management technique used to identify overpayments made by executive agencies with respect to vendors and other entities in connection with a payment activity, including overpayments that result from any of the following:

''(A) Duplicate payments.

''(B) Pricing errors.

''(C) Failure to provide applicable discounts, rebates, or other allowances.

''(D) Inadvertent errors.

''(7) RECOVERY ACTIVITY.—The term 'recovery activity' means activity otherwise authorized by law, including chapter 37 of this title, to attempt to collect an identified overpayment—

''(A) within 180 days after the date the overpayment is identified; and

''(B) through established professional practices.

''§ 3562. Recovery audit requirement

''(a) IN GENERAL.—Except as exempted by the Director under section 3565(d) of this title, the head of each executive agency—

''(1) shall conduct for each fiscal year recovery audits and recovery activity with respect to payment activities of the agency if such payment activities for the fiscal year total $500,000,000 or more (adjusted by the Director annually for inflation); and

''(2) may conduct for any fiscal year recovery audits and recovery activity with respect to payment activities of the agency if such payment activities for the fiscal year total less than $500,000,000 adjusted by the Director annually for inflation).

''(5) PROCEDURES.—In conducting recovery audits and recovery activity under this section, the head of an executive agency—

''(1) shall consult and coordinate with the Chief Financial Officer and the Inspector General of the agency;

''(2) shall implement this section in a manner designed to ensure the greatest financial benefit to the Government;

''(3) may conduct recovery audits and recovery activity internally in accordance with the standards issued by the Director under section 3565(b)(2) of this title, or by procuring performance of recovery audits, or by any combination there of; and

''(4) shall ensure that such recovery audits and recovery activity are carried out consistent with the standards issued by the Director and section 3565(b)(2) of this subchapter.

''(c) SCOPE OF AUDITS.—(1) Each recovery audit of a payment activity under this section shall cover payments made by the payment activity in a fiscal year, except that the first recovery audit of a payment activity shall cover payments made during the 2 consecutive fiscal years preceding the date of the enactment of the Government Waste Corrections Act of 1999.

''(2) The head of an executive agency may conduct recovery audits of payment activities for additional preceding fiscal years if determined by the agency head to be practical and cost-effective.

''(d) RECOVERY AUDIT CONTRACTS.—

''(1) AUTHORITY TO USE CONTINGENCY CONTRACTS.—Notwithstanding section 3302(b) of this title, as consideration for performance of any recovery audit procured by an executive agency, the executive agency, the executive agency may pay the contractor an amount equal to a percentage of the total amount collected by the United States as a result of overpayments identified by the contractor in the audit.

''(2) ADDITIONAL FUNCTIONS OF CONTRACTOR.—(A) In addition to performance of a recovery audit, a contract for such performance may authorize the contractor (subject to subparagraph (B)) to—

''(i) notify any person of possible overpayments made to the person and identified in the recovery audit under the contract; and

''(ii) respond to questions concerning such overpayments.

''(B) A contract for performance of a recovery audit shall not affect—

''(i) the authority of the head of an executive agency under the Contract Disputes Act of 1978 and other applicable laws including the authority to initiate litigation or referrals for litigation or:

''(ii) the requirements of sections 3711, 3716, 3718, and 3720 of this title that the head of an agency resolve disputes, compromise or terminate overpayment claims, collect by setoff, and otherwise engage recovery activity with respect to overpayments identified by the recovery audit.

''(3) LIMITATION ON AUTHORITY.—Nothing in this subchapter shall be construed to authorize a contractor with an executive agency to require the production of any record or information by any person other than an officer, employee, or agent of the executive agency.

''(4) REQUIRED CONTRACT TERMS AND CONDITIONS.—The head of an executive agency shall include in each contract for procurement of performance of a recovery audit requirements that the contractor shall—

''(A) protect from disclosure otherwise confidential business information and financial information;

''(B) provide to the head of the executive agency and the Inspector General of the executive agency periodic reports on conditions giving rise to overpayments identified by the contractor and any recommendations on how to mitigate such conditions.

''(C) notify the head of the executive agency and the agency of any overpayments identified by the contractor pertaining to the executive agency or to another executive agency that are beyond the scope of the contract; and

''(D) promptly notify the head of the executive agency and the Inspector General of the executive agency of any indication of fraud or other criminal activity discovered in the course of the audit.

''(5) EXECUTIVE AGENCY ACTION FOLLOWING NOTIFICATION.—The head of an executive agency shall take prompt and appropriate action in response to a notification by a contractor pursuant to the requirements under paragraph (4) including forwarding to other executive agencies any information that applies to them.

''(6) CONTRACTING REQUIREMENTS.—Prior to contracting for any recovery audit, head of an executive agency shall conduct a public-private cost comparison process. The outcome of the cost comparison process shall determine whether the recovery audit is performed in-house or by a contractor.

''(e) INSPECTORS GENERAL.—Nothing in this subchapter shall be construed as diminishing the authority of any Inspector General, including such authority under the Inspector General Act of 1978.

''(f) PRIVACY PROTECTIONS.—

''(1) LIMITATION ON DISCLOSURE OF INDIVIDUALLY IDENTIFIABLE INFORMATION.—(A) Any non-governmental entity that obtains individually identifiable information through performance of recovery auditing or recovery activity under this chapter may disclose that information only for the purpose of such auditing or activity, respectively, and oversight of such auditing or activity, unless otherwise authorized by the individual that is the subject of the information.

''(B) Any person that violates subparagraph (A) shall be liable for any damages (including non-pecuniary damages, costs, and attorneys fees) caused by the violation.

''(2) DESTRUCTION OR RETURN OF INFORMATION.—Upon the conclusion of the matter or need for which individually identifiable information was disclosed in the course of recovery auditing or recovery activity under this chapter performed by a non-governmental entity, the non-governmental entity shall either destroy the individually identifiable information or return it to the person from whom it was obtained, unless another applicable law requires retention of the information.

''§ 3563. Disposition of amounts collected

''(a) IN GENERAL.—Notwithstanding section 3302(b) of this title, the amounts collected annually by the United States as a result or recovery audits by an executive agency under this subchapter shall be treated in accordance with this section.

''(b) USE FOR RECOVERY AUDIT COSTS.—Amounts referred to in subsection (a) shall be available to the executive agency—

''(1) to pay amounts owed to any contractor for performance of the audit; and

''(2) to reimburse any applicable appropriation for other recovery audit costs incurred by the executive agency with respect to the audit.

''(c) USE FOR MANAGEMENT IMPROVEMENT PROGRAM.—Of the amount referred to in subsection (a), a sum not to exceed 25 percent of such amount—

''(1) shall be available to the executive agency to carry out the management improvement program of the agency under section 3564 of this title;

''(2) may be credited for that purpose by the agency head to any agency appropriations that are available for obligation at the time of collection; and

''(3) shall remain available for the same period as the appropriations to which credited.

''(d) REMAINDER TO TREASURY.—Of the amount referred to in subsection (a), there shall be deposited into the Treasury as miscellaneous receipts a sum equal to—

''(1) 50 percent of such amount; plus

''(2) such other amounts as remain after the application of subsections (b) and (c).

''(e) LIMITATION ON APPLICATION.—

''(1) IN GENERAL.—This section shall not apply to amounts collected through recovery audits and recovery activity to the extent that such application would be inconsistent with another provision of law that authorizes crediting of the amounts to a non-appropriated fund instrumentality, revolving fund, working capital fund, trust fund, or other fund or account.

''(2) SUBSECTIONS (c) AND (d).—Subsections (c) and (d) shall not apply to amounts collected through recovery audits and recovery activity, to the extent that such amounts are derived from an appropriation or fund that remains available for obligation at the time the amounts are collected.

''§ 3564. Management improvement program

''(a) CONDUCT OF PROGRAM.—

''(1) REQUIRED PROGRAMS.—The head of each executive agency that is required to conduct recovery audits under section 3562 of this title shall conduct a management improvement program under this section, consistent with guidelines prescribed by the Director.

''(2) DISCRETIONARY PROGRAMS.—The head of any other executive agency that conducts recovery audits under section 3562 that meet the standards issued by the Director under section 3565(b)(2) may conduct a management improvement program under this section.

''(b) PROGRAM FEATURES.—In conducting the program, the head of the executive agency—

''(1) shall, as the first priority of the program, address problems that contribute directly to agency overpayments; and

''(2) may seek to reduce errors and waste in other executive agency programs and operations by improving the executive agency's staff capacity, information technology, and financial management.

''(c) INTEGRATION WITH OTHER ACTIVITIES.—The head of an executive agency—

''(1) subject to paragraph (2), may integrate the program under this section, in whole or in part, with other management improvement programs and activities of that agency or other executive agencies; and

''(2) must retain the ability to account specifically for the use of amounts made available under section 3563 of this title.

''§ 3565. Responsibilities of the Office of Management and Budget

''(a) IN GENERAL.—The Director shall coordinate and oversee the implementation of this subchapter.

''(b) GUIDANCE.—

''(1) IN GENERAL.—The Director, in consultation with the Chief Financial Officers Council and the President's Council on Integrity and Efficiency, shall issue guidance and provide support to agencies in implementing the subchapter. The Director shall issue initial guidance not later than 180 days after the date of enactment of the Government Waste Corrections Act of 1999.

''(2) RECOVERY AUDIT STANDARDS.—The Director shall include in the initial guidance under this subsection standards for the performance of recovery audits under this subchapter, that are developed in consultation with the Comptroller General of the United States and private sector experts on recovery audits.

''(c) FEE LIMITATIONS.—The Director may limit the percentage amounts that may be paid to contractors under section 3562(d)(1) of this title.

''(d) EXEMPTIONS.—

''(1) IN GENERAL.—The Director may exempt an executive agency, in whole or in part, from the requirement to conduct recovery audits under section 3562(a)(1) of this title if the Director determines that compliance with such requirement—

''(A) would impede the agency's mission; or

''(B) would not be cost-effective.

''(2) REPORT TO CONGRESS.—The Director shall promptly report the basis of any determination and exemption under paragraph (1) to the Committee on Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate.

''(e) REPORTS.—

''(1) IN GENERAL.—Not later than 1 year after the date of the enactment of the Government Waste Corrections Act of 1999, and annually for each of the 2 years thereafter, the Director shall submit a report on implementation of the subchapter to the President, the Committee on Government Reform of the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Appropriations of the House of Representatives and of the Senate.

''(2) CONTENTS.—Each report shall include—

''(A) a general description and evaluation of the steps taken by executive agencies to conduct recovery audits, including an inventory of the programs and activities of each executive agency that are subject to recovery audits.

''(B) an assessment of the benefits of recovery auditing and recovery activity, including amounts identified and recovered (including by administrative setoffs).

''(C) an identification of best practices that could be applied to future recovery audits and recovery activity.

''(D) an identification of any significant problems or barriers to more effective recovery audits and recovery activity;

''(E) a description of executive agency expenditures in the recovery audit process.

''(F) a description of executive agency management improvement programs under section 3564 of this title; and

''(G) any recommendations for changes in executive agency practices or law or other improvements that the Director believes would enhance the effectiveness of executive agency recovery auditing.

''§ 3566. General Accounting Office reports

''Not later than 60 days after issuance of each report under section 3565(e) of this title, the Comptroller General of the United States shall submit a report on the implementation of this subchapter to the Committee on Government Reform of the House of Representatives, the Committee on Governmental Affairs of the Senate, the Committee on Appropriations of the House of Representatives and of the Senate, and the Director.''

(b) APPLICATION TO ALL EXECUTIVE AGENCIES.—Section 3501 of title 31, United States code, is amended by inserting ''and subchapter VI of this chapter'' after ''section 3513''.

(c) DEADLINE FOR INITIATION OF RECOVERY AUDITS.—The need of each executive agency shall begin the first recovery audit under section 3562(a)(1) title 31, United States Code, as amended by this section, for each payment activity referred to in those sections by not later than 18 months after the date of the enactment of this Act.

(d) CLERICAL AMENDMENT.—The analysis at the beginning of chapter 35 of title 31, United States Code, is amended by adding at the end the following:

''SUBCHAPTER VI—RECOVERY AUDITS

''3561. Definitions.
''3562. Recovery audit requirement.
''3563. Disposition of amounts collected.
''3564. Management improvement program.
''3565. Responsibilities of the Office of Management and Budget.
''3566. General Accounting Office reports.''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HORN) and the gentleman from Texas (Mr. TURNER) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HORN).

GENERAL LEAVE

Mr. HORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1827, the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1827 would require executive branch departments and agencies to use a process called recovery auditing to review Federal payment transactions in order to identify erroneous overpayments.

H.R. 1827, the Government Waste Corrections Act, which was authored by the gentleman from Indiana (Mr. BURTON), the chairman of the full Committee on Government Reform; and he was joined in that by the majority leader, the gentleman from Texas (Mr. ARMEY) and the gentleman from California (Mr. OSE), who is an active member of the Subcommittee on Government Management, Information and Technology, which I chair.

This act represents a milestone in the effort to reduce widespread fraud, waste and error in Federal programs that cost taxpayers billions of dollars every year. At a Committee on Government Reform hearing on government waste and mismanagement last February, Inspectors General from the Departments of Health and Human Services, Housing and Urban Development, and Agriculture testified about their major program and management problems. One of the more serious problems they identified was that of erroneous payments.

It is estimated that a total of about $15 billion was erroneously paid out of Medicare, food stamps and housing programs in 1 year alone. Close to $13 billion of that was in the Medicare program. How much of this is due to fraud versus human or technical error is unknown at this point.

In addition, on March 31, 1999, the subcommittee I chair examined the government-wide consolidated financial statement for fiscal year 1998. The General Accounting Office, which is part of the legislative branch and does both programmatic and fiscal auditing, found that among the most serious errors of waste were the billions of dollars in improper payments the government makes to its contractors, vendors and suppliers.

Most Federal overpayments go undetected because agencies do not track and report their improper payments, and there is currently no law requiring them to do so. Every year, however, this problem wastes huge amounts of taxpayers' dollars, and that is what we are committed to end. Such waste detracts from the efficiency and effectiveness of Federal operations by diverting resources from their intended uses.

H.R. 1827 addresses the problem of inadvertent overpayments using a proven private-sector business practice known as recovery auditing to identify and recover the overpayments made to private vendors. A typical recovery audit works like this: An agency's purchases and payments are reviewed, usually by customized software, which is used across the country in private business such as those auditing private health plans. Firms similar to Blue Shield/Blue Cross, would utilize software designated to scan a hospital bill for a particular disease. If that disease required certain processes, they ought to be in that billing. If other processes not relevant would cause a close examination of the bill. So the same with other agencies to identify where overpayments may have occurred.

Typical errors include such things as vendor pricing mistakes, missed discounts, duplicate payments and so on down the line. Once an error is identified and verified by the agency, a notification letter is sent to the vendor for review and response. Recoveries are usually made through administrative offsets or direct payments.

Under H.R. 1827, agencies would be required to use recovery auditing if they spend $500 million or more annually for the purchase of goods and services for the agency's direct benefit. The bill encourages agencies to use recovery auditing for all procurements, regardless of the amount of the transaction.

The bill only applies recovery auditing to an agency's spending for direct contracting; in other words, when an agency purchases goods and services that directly benefit the agency or will be used by that agency. Examples of direct contracting include payments made to a contractor to build a new Veterans Hospital or payments made by the Defense Department for the purchase of a new weapon system.

H.R. 1827 would not require recovery auditing for programs that involve payments to third parties for the delivery of indirect services, such as education or drug treatment grants or payments to intermediaries who administer the Medicaid program. In these programs, Federal payments must make their way through any number of entities—including States, localities, and other entities—before the service is actually delivered to the general population. These payment systems are often so complex that it is uncertain at this time where and how the recovery audit procedure would best be applied.

Mr. Speaker, it is important to note that this legislation addresses the problems that cause the overpayments. The bill requires agencies to use part of the money they recover to work on improvements to their management and financial systems. We had a similar incentive in the Debt Collection Act of 1996, which I authored, and it has worked very well. The more they do and collect, and they do it efficiently, they can use some of the funds to improve their collection services.

As a priority, departments and agencies would have to work to improve overpayment error rates, but the money could also be used to make improvements to the agency's staff capacity, information technology and financial management functions. The bill would also send at least 50 percent of recovered overpayments back to The Treasury, making this bill a win-win for the government and, even more important, the American people the taxpayers.

Mr. Speaker, H.R. 1827 is a very important step in our efforts to increase the accountability of the Federal Government, and I am pleased to be here to support this legislation and urge my colleagues to support it as well.

Mr. Speaker, I reserve the balance of my time.

Mr. TURNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in strong support of H.R. 1827, the Government Waste Corrections Act of 1999. I want to first commend the chairman of the full committee, the gentleman from Indiana (Mr. BURTON), and the ranking member, the gentleman from California (Mr. WAXMAN), as well as the chairman of the subcommittee, the gentleman from California (Mr. HORN), for their work and leadership in bringing this proposal to the floor.

Mr. Speaker, it was shocking for our committee to learn that every year Federal agencies pay out millions of dollars to vendors and to government contractors that the agencies do not even owe. For example, between 1994 and 1998, private-sector defense contractors voluntarily returned to the government almost a billion dollars. Even more alarming is the fact that the government, the Department of Defense, did not even know that these overpayments had been made.

No matter how efficient a financial management system is, overpayments do occur. And, in fact, the larger the volume of purchases, which in the case of the Department of Defense is in the billions of dollars, the greater the likelihood of overpayments. This legislation addresses this problem by requiring Federal agencies to use a financial management tool that is called recovery auditing.

Recovery auditing is used to identify overpayments due to financial system weaknesses, problems with fundamental recordkeeping and financial reporting, incomplete documentation, and other weaknesses in a financial accounting system. It has been used very successfully by the automobile, retail, and food services industries in our country for more than 30 years. It is currently employed by the majority of the Fortune 500 companies. However, only a very few Federal agencies have utilized the process.

One agency that has used recovery auditing is the Army and Air Force Exchange Service, which recovered $25 million in overpayments through recovery auditing in 1998.

H.R. 1827 would require Federal agencies to conduct recovery auditing on all payment activities over $500 million annually on goods and services for the use or direct benefit of the agency. Recovery audits would be optional for other payment activities.

This bill provides that the contractors simply identify potential overpayments. They have no authority to make determinations or to take collective action. These functions remain at all times with the agency itself. Audits are to be structured to produce the greatest financial gain to the government and must comply with a recovery audit standard to be set forth by the director of the Office of Management and Budget.

Agencies would be authorized to conduct recovery audits in house, contract with private recovery specialists, or use any combination of the two. The agency head would have the authority to use contingency contracts, whereby a contractor would be allowed to retain a percentage of collections from the overpayments they identify during the audit. The agency head would also be free to adopt compensation arrangements other than contingency fees. The bill provides the amounts recovered will be available to pay for a recovery audit contractor or to reimburse appropriations for recovery audit costs incurred by the agency.

At least 50 percent of the overpayments recouped will go back to the general treasury of the government. Up to 25 percent of the overpayments recouped may be used for a management improvement program designed to prevent future overpayments and waste at the agency.

During the subcommittee markup on this bill, a number of concerns were discussed regarding reservations that the health care industry had about this bill. At that time, we, as a committee, pledged to work out a solution to those concerns before full markup. In keeping with that commitment, on November 10 the gentleman from Indiana (Mr. BURTON) offered an amendment in the nature of a substitute which limited this bill to direct services to the government.

1245

It is my understanding that this substitute alleviated the concerns that were expressed by the health care industry.

Also, at the full committee I offered an amendment which the committee

adopted relating to privacy protections for individually identifiable information. This amendment will provide safeguards and remedies to people who might have had their records misused by private recovery auditing firms.

Additionally, the gentleman from California (Mr. WAXMAN), the ranking member, offered an amendment which was also adopted by the committee which ensures that the agency head will conduct a public-private cost comparison before deciding to contract for recovery auditing services on the outside.

I appreciate the bipartisan manner that both of these amendments were negotiated under and which H.R. 1827 passed out of the committee on a voice vote.

Mr. Speaker, H.R. 1827 represents a significant step toward dealing with the billions of dollars in Federal overpayments that our committee discovered were made every year. I am pleased to be a cosponsor. Recovery auditing is simply good government.

I again commend the gentleman from Indiana (Chairman BURTON), the gentleman from California (Mr. WAXMAN), and the gentleman from California (Chairman HORN) for their leadership on the bill.

I urge the House to adopt H.R. 1827.

Mr. Speaker, I reserve the balance of my time.

Mr. HORN. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Speaker, as the author of the bill, I have just been informed that one of our colleagues has some minor problems with the bill. In order to accommodate him, what I would like to do, with unanimous consent of the House, is to withdraw the bill at this time, try to correct any differences that we have, and then bring the bill up later today. I think we can do that in a relatively short period of time.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from California (Mr. HORN) needs to withdraw the motion.

Mr. HORN. Mr. Speaker, I ask unanimous consent to withdraw the motion to suspend the rules.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The motion is withdrawn.

EXPORT ENHANCEMENT ACT OF 1999

Mr. GILMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3381) to reauthorize the Overseas Private Investment Corporation and the Trade and Development Agency, and for other purposes.

The SPEAKER pro tempore. Is there objection to consideration of the motion at this time?

There was no objection.

The Clerk read as follows:

H.R. 3381

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Export Enhancement Act of 1999''.

SEC. 2. OPIC ISSUING AUTHORITY.

Section 235(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)(3)) is amended by striking ''1999'' and inserting ''2003''.

SEC. 3. IMPACT OF OPIC PROGRAMS.

(a) ADDITIONAL REQUIREMENTS.—Section 231A of the Foreign Assistance Act of 1961 (22 U.S.C. 2191a) is amended—

(1) by redesignating subsection (b) as subsection (c);

(2) by inserting after subsection (a) the following new subsection:

''(b) ENVIRONMENTAL IMPACT.—The Board of Directors of the Corporation shall not vote in favor of any action proposed to be taken by the Corporation that is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, unless for at least 60 days before the date of the vote—

''(1) an environmental impact assessment or initial environmental audit, analyzing the environmental impacts of the proposed action and of alternatives to the proposed action has been completed by the project applicant and made available to the Board of Directors; and

''(2) such assessment or audit has been made available to the public of the United States, locally affected groups in the host country, and host country nongovernmental organizations.''; and

(3) in subsection (c), as so redesignated—

(A) by inserting ''(1)'' before ''The Board'; and

(B) by adding at the end the following:

''(2) In conjunction with each meeting of its Board of Directors, the Corporation shall hold a public hearing in order to afford an opportunity for any person to present views regarding the activities of the Corporation. Such views shall be made part of the record.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect 90 days after the date of the enactment of this Act.

SEC. 4. BOARD OF DIRECTORS OF OPIC.

Section 233(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b)) is amended—

(1) by striking the second and third sentences;

(2) in the fourth sentence by striking ''(other than the President of the Corporation, appointed pursuant to subsection (c) who shall serve as a Director, ex officio)'';

(3) in the second undesignated paragraph—

(A) by inserting ''the President of the Corporation, the Administrator of the Agency for International Development, the United States Trade Representative, and'' after ''including''; and

(B) by adding at the end the following: ''The United States Trade Representative may designate a Deputy United States Trade Representative to serve on the Board in place of the United States Trade Representative.''; and

(4) by inserting after the second undesignated paragraph the following:

''There shall be a Chairman and a Vice Chairman of the Board, both of whom shall be designated by the President of the United States from among the Directors of the Board other than those appointed under the second sentence of the first paragraph of this subsection.''.

SEC. 5. TRADE AND DEVELOPMENT AGENCY.

(a) PURPOSE.—Section 661(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(a)) is amended by inserting before the period at the end of the second sentence the following: '', with special emphasis on economic sectors with significant United States export potential, such as energy, transportation, telecommunications, and environment''.

(b) CONTRIBUTIONS OF COSTS.—Section 661(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(b)) is amended by adding at the end the following:

''(5) CONTRIBUTIONS TO COSTS.—The Trade and Development Agency shall, to the maximum extent practicable, require corporations and other entities to—

''(A) share the costs of feasibility studies and other project planning services funded under this section; and

''(B) reimburse the Trade and Development Agency those funds provided under this section, if the corporation or entity concerned succeeds in project implementation.''.

(c) FUNDING.—Section 661(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(f)) is amended—

(1) in paragraph (1)(A) by striking ''$77,000,000'' and all that follows through ''1996'' and inserting ''$48,000,000 for fiscal year 2000 and such sums as may be necessary for each fiscal year thereafter''; and

(2) in paragraph (2)(A), by striking ''in fiscal years'' and all that follows through ''provides'' and inserting ''in carrying out its program, provide, as appropriate, funds''.

SEC. 6. IMPLEMENTATION OF PRIMARY OBJECTIVES OF TPCC.

The Trade Promotion Coordinating Committee shall—

(1) report on the actions taken or efforts currently underway to eliminate the areas of overlap and duplication identified among Federal export promotion activities;

(2) coordinate efforts to sponsor or promote any trade show or trade fair;

(3) work with all relevant State and national organizations, including the National Governors' Association, that have established trade promotion offices;

(4) report on actions taken or efforts currently underway to promote better coordination between State, Federal, and private sector export promotion activities, including co-location, cost sharing between Federal, State, and private sector export promotion programs, and sharing of market research data; and

(5) by not later than March 30, 2000, and annually thereafter, include the matters addressed in paragraphs (1), (2), (3), and (4) in the annual report required to be submitted under section 2312(f) of the Export Enhancement Act of 1988 (15 U.S.C. 4727(f)).

SEC. 7. TIMING OF TPCC REPORTS.

Section 2312(f) of the Export Enhancement Act of 1988 (15 U.S.C. 4727(f)) is amended by striking ''September 30, 1995, and annually thereafter,'' and inserting ''March 30 of each year,''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. GILMAN) and the gentleman from New Jersey (Mr. MENENDEZ) each will control 20 minutes.

The Chair recognizes the gentleman from New York (Mr. GILMAN).

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3381.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to rise in strong support of the Export Enhancement Act of 1999. This measure before us today provides a 4-year authorization of OPIC, an authorization of the Trade and Development Agency and several provisions enhancing the effectiveness of the Trade Promotion Coordinating Committee.

Mr. Speaker, this measure is a stripped-down version of H.R. 1993, which passed the House on October 13 by an overwhelming margin of 357 to 71. This bill enjoys full bipartisan support. It is identical to the text of a measure the Senate is ready to consider in the very near future.

Passing this measure today will ensure that the Overseas Private Investment Corporation will get the authorities it needs to play a key role in boosting our Nation's competitiveness and export potential.

I urge its prompt adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. MENENDEZ. Mr. Speaker, I yield myself such time as I may consume.

(Mr. MENENDEZ asked and was given permission to revise and extend his remarks.)

Mr. MENENDEZ. Mr. Speaker, I rise in strong support of this measure to reauthorize the OPIC and the U.S. Trade Development Agency.

Basically, there is a version that has already passed the House 357–71, but to expedite it in the Senate, we are pursuing it in this fashion.

Export promotion programs, like OPIC and TDA, provide crucial support for American businesses in the global marketplace. U.S. exports of goods and services are estimated to support more than 12 million domestic jobs. Each $1 billion in U.S. goods and services supports approximately 13,000 jobs. This is a reality in my home State of New Jersey, as well as throughout the country.

OPIC has had a positive net income for every year of operation, which reserves now total more than $3 billion. Last year it earned a profit of $139 million and contributes over $204 million in net negative budget authority.

So at a time when Congress is striving to adhere to the constraints of a balanced budget, OPIC stands a part of a revenue earning program. It also complements our efforts across the globe to open up markets.

I want to thank the gentleman from Connecticut (Mr. GEJDENSON) and the gentleman from Illinois (Mr. MANZULLO), my colleague, for his efforts to work with our office to achieve an agreement that ensures OPIC will continue to provide services to American investors overseas.

I also want to thank the gentleman from New York (Chairman GILMAN), the distinguished chairman of the committee, for his commitment to work with myself and the gentleman from Connecticut (Mr. GEJDENSON) on an International Trade Administration reauthorization bill at the beginning of the next session of the 106th Congress. I hope that we can build on the bill that we develop in this session and pass an ITA reauthorization bill as early as possible next year.

I urge Members to support passage of the legislation.

Mr. MANZULLO. Mr. Speaker, I rise in support of the Export Enhancement Act. For the benefit of my colleagues, let me provide some background to where we are today.

H.R. 3381 is a bipartisan and bicameral work-product. Both Members and staff from both sides of the aisle and both sides of Capitol Hill worked on this together in order to get this bill to the President as quickly as possible. The temporary reauthorization extension for the Overseas Private Investment Corporation expires today. It's time to finally get this legislation to the President.

The House version of H.R. 1993 is subject to a hold in the other body for reasons that have nothing to do with the substance of the legislation. Passage of H.R. 3381 now by the House is one way to seek quick action on a four year authorization for OPIC in case the House adjourns for the year prior to the Senate.

There are some changes. The most important are provisions dealing with the International Trade Administration were removed because of jurisdictional concerns with the Senate Banking Committee.

But it is important to remember what the new bill retains—four year OPIC reauthorization; success fee language on the Trade and Development Agency; and streamlining the efforts of the 19 federal agencies involved in export promotion. All of these provisions will help America increase U.S. exports and eliminate government waste. I urge my colleagues to support H.R. 3381.

Mr. MENENDEZ. Mr. Speaker, I yield back the balance of my time.

Mr. GILMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. GILMAN) that the House suspend the rules and pass the bill, H.R. 3381.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

PROVIDING SUPPORT FOR CERTAIN INSTITUTES AND SCHOOLS

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the Senate bill, S. 440.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Tennessee (Mr. HILLEARY) that the House suspend the rules and pass the Senate bill, S. 440, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 128, nays 291, not voting 14, as follows:

[Roll No. 597]

YEAS—128

Abercrombie
Allen
Baird
Bateman
Berman
Biggert
Blagojevich
Bliley
Blumenauer
Boehner
Bonior
Bono
Borski
Boucher
Brady (PA)
Brady (TX)
Brown (OH)
Bryant
Camp
Capuano
Castle
Clay
Clement
Clyburn
Costello
Coyne
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dickey
Dicks
Dixon
Dooley
Duncan
Dunn
English
Eshoo
Evans
Filner
Ford
Frelinghuysen
Gejdenson
Gephardt
Gillmor
Gilman
Gordon
Goss
Hall (OH)
Hall (TX)
Hastings (FL)
Hilleary
Hobson
Hoekstra
Holt
Hooley
Horn
Houghton
Hoyer
Hyde
Jackson (IL)
Jenkins
Johnson (CT)
Kaptur
Kasich
King (NY)
Kucinich
Lantos
Larson
LaTourette
Lazio
Leach
Lewis (CA)
Maloney (CT)
Markey
Martinez
Matsui
McCarthy (NY)
McDermott
McGovern
McHugh
McNulty
Meehan
Metcalf
Millender-McDonald
Moakley
Moran (VA)
Murtha
Neal
Ney
Oberstar
Olver
Ortiz
Oxley
Packard
Phelps
Pickering
Pryce (OH)
Quinn
Radanovich
Rahall
Rangel
Regula
Rush
Sabo
Sanders
Sawyer
Schakowsky
Scott
Shimkus
Skelton
Strickland
Stupak
Tanner
Tauscher
Taylor (NC)
Tiahrt
Traficant
Walden
Walsh
Wamp
Waxman
Weller
Wicker
Wu
Wynn

NAYS—291

Aderholt
Andrews
Archer
Armey
Bachus
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berry
Bilbray
Bilirakis
Bishop
Blunt
Boehlert
Bonilla
Boswell
Boyd
Brown (FL)
Burr
Burton
Buyer
Callahan
Calvert
Campbell
Canady
Cannon
Capps
Cardin
Carson
Chabot
Chambliss
Chenoweth-Hage
Clayton
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Cox
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Deal
DeMint
Deutsch
Diaz-Balart
Dingell
Doggett
Doolittle
Doyle
Dreier
Edwards
Ehlers
Ehrlich
Emerson
Engel
Etheridge
Everett
Ewing
Fattah
Fletcher
Foley
Forbes
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gonzalez
Goode
Goodlatte
Goodling
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Inslee
Isakson
Istook
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Latham
Lee
Levin
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo

Lofgren	Pitts	Souder
Lowey	Pombo	Spratt
Lucas (KY)	Pomeroy	Stabenow
Lucas (OK)	Portman	Stark
Luther	Price (NC)	Stearns
Maloney (NY)	Ramstad	Stenholm
Manzullo	Reyes	Stump
Mascara	Reynolds	Sununu
McCarthy (MO)	Riley	Sweeney
McCollum	Rivers	Talent
McCrery	Rodriguez	Tancredo
McInnis	Roemer	Tauzin
McIntyre	Rogan	Taylor (MS)
McKeon	Rogers	Terry
McKinney	Rohrabacher	Thomas
Meek (FL)	Ros-Lehtinen	Thompson (CA)
Meeks (NY)	Rothman	Thompson (MS)
Menendez	Roukema	Thornberry
Mica	Roybal-Allard	Thune
Miller (FL)	Royce	Thurman
Miller, Gary	Ryan (WI)	Tierney
Miller, George	Ryun (KS)	Toomey
Minge	Salmon	Towns
Mink	Sanchez	Turner
Mollohan	Sandlin	Udall (CO)
Moore	Sanford	Udall (NM)
Moran (KS)	Saxton	Upton
Myrick	Schaffer	Velazquez
Nadler	Sensenbrenner	Vento
Napolitano	Serrano	Visclosky
Nethercutt	Sessions	Vitter
Northup	Shadegg	Waters
Norwood	Shaw	Watkins
Nussle	Shays	Watt (NC)
Ose	Sherman	Watts (OK)
Owens	Sherwood	Weiner
Pallone	Shows	Weldon (FL)
Pascrell	Shuster	Weldon (PA)
Pastor	Simpson	Weygand
Paul	Sisisky	Whitfield
Payne	Skeen	Wilson
Pease	Slaughter	Wolf
Pelosi	Smith (MI)	Woolsey
Peterson (MN)	Smith (NJ)	Young (AK)
Peterson (PA)	Smith (TX)	Young (FL)
Petri	Smith (WA)	
Pickett	Snyder	

NOT VOTING—14

Ackerman	Largent	Scarborough
Davis (FL)	McIntosh	Spence
Davis (VA)	Morella	Wexler
Farr	Obey	Wise
Lampson	Porter	

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Messrs. BASS, CRANE, SHOWS, INSLEE, CRAMER, SMITH of Texas, MCINTYRE, TERRY, DOOLITTLE, POMEROY, BALDACCI, and PETRI, and Mrs. NORTHUP, Mrs. MALONEY of New York, Mrs. KELLY, Ms. SANCHEZ, Ms. DANNER, Ms. WOOLSEY, and Ms. MCKINNEY changed their vote from ''yea'' to ''nay.''

Messrs. MCDERMOTT, HOYER, WICKER, and TIAHRT changed their vote from ''nay'' to ''yea.''

So (two-thirds not having voted in favor thereof), the motion was rejected.

The result of the vote was announced as above recorded.

LEGISLATIVE PROGRAM

(Mr. BONIOR asked and was given permission to address the House for 1 minute.)

Mr. BONIOR. Mr. Speaker, I would like to inquire from the majority leader the schedule for the day and perhaps the remainder of the week.

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, let me advise Members that they may have received an errant, incorrect message over the House beeper system. This vote is not necessarily the last vote of the day.

The House and Senate leadership are working together to try to find ways to work around a couple of particular parliamentary problems that the Senate has. At this time of the year, as Members know, in order to do the final work of the year, the two bodies must coordinate and must be able to move together. They have some difficulties over on the other side of the building that we are trying to work around.

So that I would say to the Members, if, in fact, we are able to work through some agreements, we might be able to have one additional vote of big consequence to all of our membership later in the day, and we should also be prepared to vote again tomorrow. All of this is contingent upon how well we can negotiate agreements between leadership on both sides of the aisle in both bodies, and then get sort of key, what should I say, agreements by individual Members here and there regarding possible UCs that might be necessary to implement what it is we can agree to.

So we have 435 House Members, 100 Members of the other body that must be copasetic with whatever we can work out. We are working hard on this. We would not want any Member to feel like they lost their opportunity to be here at that magic moment when we could come to the floor with all of these people in agreement with one another.

So I would ask Members to stay close to their best information source, their beepers or whatever, and prepare yourself for the possibility of additional votes today and additional votes tomorrow.

Mr. BONIOR. Mr. Speaker, I thank my colleague for his information, although it is a little cryptic.

Mr. ARMEY. It is.

Mr. BONIOR. To say the least.

Mr. ARMEY. Mr. Speaker, I would give my colleagues the details if I understood them.

Mr. BONIOR. Mr. Speaker, let me try to guess then, okay?

Mr. ARMEY. Mr. Speaker, if the gentleman will yield, I could name names too, but it would be of no avail. I think the body pretty well knows the circumstances.

Mr. BONIOR. Mr. Leader, are we talking about today doing the extender bill, the tax extender bill?

Mr. ARMEY. I am sorry?

Mr. BONIOR. Is the gentleman alluding to the tax extender bill in his comments?

Mr. ARMEY. Mr. Speaker, it is possible that the tax extender bill and attendant items could be brought to the floor later today.

Mr. BONIOR. Mr. Speaker, when the gentleman says attendant items, is he talking about perhaps not having it clean and having it come back with some other issues?

Mr. ARMEY. If the gentleman from Michigan will yield, he will have to pull every inch of this out of me.

Mr. BONIOR. That is what I am trying to do, Mr. Speaker.

Mr. ARMEY. I know that.

Mr. BONIOR. Mr. Speaker, let me ask, is it possible that we could see the dairy piece on the extender bill?

Mr. ARMEY. We do not know.

Mr. BONIOR. Well, obviously, Mr. Speaker, it would be helpful if we had some anticipation of what we are going to be seeing so Members can be prepared; and to the extent you can provide that to us, it would be generally I think helpful to Members on both sides of the aisle. I assume that what we are talking about is a tax extender bill, and the question of whether it is going to be clean or not, and we would like to know that, because obviously those who come from dairy States have a great interest in this, and dairy districts; and those who care about the extender bill have an interest in it.

Mr. ARMEY. Mr. Speaker, again, if the gentleman will yield, I do appreciate your concern, but I think the gentleman from Michigan would understand that what we have is problems, problems where we try to devise a plan with respect to which we can get agreements and work out an opportunity to move the legislation. We are all interested, whether it be the work incentives bill or the tax extenders, any number of things.

In the process of working out these possible agreements, it has been proven in the past to be generally prudent to not make any public revelations about what our expectations, hopes and dreams might be while these Members, who have such heart-felt feelings, have a chance to look at the proposals, consider them, and decide whether or not they can come to agreement.

I can only tell the Members at large, we are making every effort to get by some of the difficult, what should I say, delays that are pending out there and get back to this floor with the legislation the Members are all interested in as quickly as possible; and we will do everything we can to give Members timely notification so that they will have a clear understanding of what it is they are being asked to come back for.

In the meantime, if I may, Mr. Speaker, we will have the floor available to take up special orders; and pursuant to that, we may even, in fact, recess subject to the call of the Chair. I again would encourage all of the Members to understand that they will be noticed later.

Mr. BONIOR. Mr. Speaker, can the gentleman from Texas give us a sense of timing? Are we looking at late afternoon, early evening, midnight? Where are we in terms of people planning for the rest of the day?

Mr. ARMEY. Mr. Speaker, if the gentleman will yield further, I do understand that, and I understand the frustration. The ability of working out agreements, as the gentleman knows, sometimes can be done fairly quickly, sometimes it takes more time. As soon

as we know that we have a course of action that can command the attention of the body at large, we will make that information available.

But it is possible, as long as Members want to continue working, that on into the evening we may find ourselves holding the opportunity available to continue the work this evening. As it proceeds, if it ever comes to a point where we can give Members sort of a definitive notion that the votes will be at this time or another, we will make every effort to quickly get the information to the Members.

Mr. BONIOR. Mr. Speaker, reclaiming my time, I would just say in conclusion to my friend from Texas, we obviously would like to cooperate. As well, I think it is in everyone's interest to finish the business of this session of this Congress. To the extent that we can be included in understanding what we will be doing and when we will be doing it, it will expedite that process. The majority will need unanimous consent from this side of the aisle to bring the extender bill up; and I am not going to speak for everybody on our side of the aisle, but we would be inclined to do that if we are part of the process. If we are not, if it is sprung on us without any notice and with provisions that we are not comfortable with, then we are going to run into difficulty later on.

That is why I am trying to, as the gentleman from Texas aptly described it, pull from him as much information as I can this afternoon.

Mr. ARMEY. Mr. Speaker, if the gentleman will yield, throughout this day, last evening, this morning, yesterday, and as we continue to work on this, we will continue to contact the minority leadership as we have been doing, including as many long-distance phone calls as are necessary to California and other places and as many fund-raising events that we may have to interrupt, we will keep our colleagues informed.

Mr. BONIOR. Mr. Speaker, I do not think that was necessarily necessary. That is the kind of thing that is going to keep us here longer than any of us would want.

So I would hope that we could refrain from those types of references. I did not get up here this afternoon and make reference to the comments of the gentleman before we left here for Veterans' Day that we would be here that weekend and Members had to change their schedule on both sides of the aisle. I refrained from doing that, and I would hope in the future that the gentleman from Texas would refrain from comments that he just made.

Mr. ARMEY. Mr. Speaker, I appreciate the gentleman.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair will recognize Members for Special Order speeches at this time without prejudice to the Speaker's right to return to legislative business later today.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. EHLERS) is recognized for 5 minutes.

(Mr. EHLERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

(Mr. DAVIS of Illinois addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

POINT OF ORDER

Mr. SMITH of Michigan. Mr. Speaker, point of order.

The SPEAKER pro tempore. The gentleman from Michigan will state his point of order.

Mr. SMITH of Michigan. Mr. Speaker, do I not have the right to ask unanimous consent for 1 minute prior to proceeding with the 5 minutes speeches?

The SPEAKER pro tempore. The Chair has already begun recognition from the 5 minute list, and would advise the Member from Michigan at this point to seek unanimous consent to be recognized from the 5-minute Members list and the Chair will be happy to recognize the gentleman. This is purely a matter of recognition, not a point of order.

Mr. SMITH of Michigan. But, Mr. Speaker, I only want 1 minute.

U.S. FOREIGN POLICY OF MILITARY INTERVENTIONISM BRINGS DEATH, DESTRUCTION, AND LOSS OF LIFE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Speaker, demonstrators are once again condemning America in a foreign city. This time, it is in Kabul, Afghanistan. Shouting ''Death to America,'' burning our flag, and setting off bombings, the demonstrators express their hatred toward America.

The United States has just placed sanctions on yet another country to discipline those who do not obey our commands. The nerve of them. Do they not know we are the most powerful Nation in the world and we have to meet our responsibilities? They should do as we say and obey our CIA directives.

This process is not new. It has been going on for 50 years, and it has brought us grief and multiplied our enemies. Can one only imagine what the expression of hatred might be if we were not the most powerful Nation in the world?

Our foreign policy of military interventionism has brought us death and destruction to many foreign lands and loss of life for many Americans. From Korea and Vietnam to Serbia, Iran, Iraq and now Afghanistan, we have ventured far from our shores in search of wars to fight. Instead of more free trade with our potential adversaries, we are quick to slap on sanctions that hurt American exports and help to solidify the power of the tyrants, while seriously penalizing innocent civilians in fomenting anti-America hatred.

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The most current anti-American demonstrations in Kabul were understandable and predictable. Our one-time ally, Osama bin Laden, when he served as a freedom fighter against the Soviets in Afghanistan and when we bombed his Serbian enemies while siding with his friends in Kosovo, has not been fooled and knows that his cause cannot be promoted by our fickle policy.

Sanctions are one thing, but seizures of bank assets of any related business to the Taliban government infuriates and incites the radicals to violence. There is no evidence that this policy serves the interests of world peace. It certainly increases the danger to all Americans as we become the number one target of terrorists. Conventional war against the United States is out of the question, but acts of terrorism, whether it is the shooting down of a civilian airliner or bombing a New York City building, are almost impossible to prevent in a reasonably open society.

Likewise, the bombings in Islamabad and possibly the U.N. plane crash in Kosovo are directly related to our meddling in the internal affairs of these nations.

General Musharraf's successful coup against Prime Minister Sharif of Pakistan was in retaliation for America's interference with Sharif's handling of the Pakistan-India border war. The recent bombings in Pakistan are a clear warning to Musharraf that he, too, must not submit to U.S.-CIA directives.

I see this as a particularly dangerous time for a U.S. president to be traveling to this troubled region, since so many blame us for the suffering, whether it is the innocent victims in Kosovo, Serbia, Iraq, or Afghanistan. It is hard for the average citizen of these countries to understand why we must be so involved in their affairs, and resort so readily to bombing and boycotts in countries thousands of miles away from our own.

Our foreign policy is deeply flawed and does not serve our national security interest. In the Middle East, it has

endangered some of the moderate Arab governments and galvanized Muslim militants.

The recent military takeover of Pakistan and the subsequent anti-American demonstration in Islamabad should not be ignored. It is time we in Congress seriously rethink our role in the region and in the world. We ought to do more to promote peace and trade with our potential enemies, rather than resorting to bombing and sanctions.

The SPEAKER pro tempore (Mr. LAHOOD). Under a previous order of the House, the gentleman from Connecticut (Mr. MALONEY) is recognized for 5 minutes.

(Mr. MALONEY of Connecticut addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. FOSSELLA) is recognized for 5 minutes.

(Mr. FOSSELLA addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. ROHRABACHER) is recognized for 5 minutes.

(Mr. ROHRABACHER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

SAVING 1 PERCENT OF THE FEDERAL BUDGET TO SECURE SOCIAL SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFFER. Mr. Speaker, I want to take this opportunity in this 1 hour special order to invite my colleagues in the majority conference to come join in our discussion of our accomplishments, and to also define somewhat the negotiating that is going on right now between the Congress and the President with respect to getting our budget resolution passed and getting the final agreement nailed down.

Before I do that, I want to talk about one of the announcements that is coming out tomorrow from the Department of Education. Over at the Department, a number of us paid a visit to them just a couple of weeks ago when the Secretary of Education had assured the country, certainly the Congress and the White House, as well, that it was impossible to find this one penny on the dollar savings that we hoped to secure in order to save social security and prevent the President's raid on the social security program.

The Secretary of Education said there is no savings to be found in the administration at the Department of Education, that the agency is run efficiently and is run in the most lean manner possible.

So the three of us Members of Congress who walked down there had a difference of opinion. We physically showed up on the premises and started going office to office to find out if we could not help the Secretary find that penny on the dollar, and lo and behold, we found a number of places where it would be wise to look.

We found an account called a grant back fund, for example, that has about $725 million in there that is not spent in the way that the statutes have defined. We also found some duplicate payments to the tune of about $40 million. We have found several other things since then.

The most remarkable thing we found is that going back to 1998, the Department of Education's books are not auditable. In fact, tomorrow the Department of Education will be receiving notification from the auditors, who are charged with auditing the Department of Education, to finding out where this money goes, they will be receiving this notice claiming, showing, certifying that the Department of Education's books are not auditable.

This is a remarkable revelation coming out of the Department, especially at a time when the Secretary ran over here immediately after we started talking about saving money and telling us with certainty that there is no savings to be found in the Department of Education. He has no basis to make such a claim. His books over at the Department of Education are not auditable.

Mr. Speaker, I just had an opportunity to visit some schoolkids in my district on Monday. I visited three schools. Children in America's schools throughout the country are much like those children in my district in Colorado. They understand accountability. They understand completing assignments on time. They understand completing the work according to their requirements and being held accountable.

When a teacher says a report is due on a certain day, the kids understand that if they do not turn it in on that day, they will get an F. The Department, when they are supposed to audit their books and certify to the Congress that their books are clean, that they have balanced, that they are auditable, we should expect them to follow through. The Department of Education has failed to accomplish that objective. They will tell us tomorrow, we cannot find where the $120 billion in taxpayer money has been spent and how it has been spent.

Mr. HAYWORTH. Mr. Speaker, will the gentleman yield?

Mr. SCHAFFER. I yield to the gentleman from Arizona.

Mr. HAYWORTH. I thank my colleague for yielding, Mr. Speaker. I just would ask my colleague, when were the reports or when was the audit or financial statement from the Department of Education due? Was it not March, or sometime earlier this year?

Mr. SCHAFFER. That is right.

Mr. HAYWORTH. So now it is November. They received an incomplete grade, basically, for lo these 9 months, and tomorrow, I guess sotto voce, in low, spoken terms, the Department of Education is going to admit that it has made an F in terms of fiscal responsibility, and even more than fiscal responsibility, fiscal accountability. Mr. Speaker, there is no greater evidence that we take the right approach to get dollars to the classroom, rather than deal with the care and feeding of a Washington bureaucracy.

I would just ask my friend, the gentleman from Colorado, and first of all, let me commend him, sir, and let me also commend my colleague, the gentleman from Michigan (Mr. HOEKSTRA) and my colleague, the gentleman from Arizona (Mr. SALMON) for making that trip 2½ weeks ago to the Department of Education.

I understand, and now help me on this, there is, in essence, a fund of cash, some have described it as a slush fund, to the tune of how many millions, $725 million?

Mr. SCHAFFER. One of the reports on that fund suggested that there has been in the past, recently, about $725 million. The Secretary says it is a little bit less than that, but still there are hundreds of millions of dollars, even about by the Secretary's account. The bottom line is they are not real sure.

Mr. HAYWORTH. Again, so we can try to get a handle on the sums we are talking about, money that could be well spent in America's classrooms helping teachers teach and helping children learn, annually we are looking at an appropriation for that cabinet level agency of $35 billion?

Mr. SCHAFFER. A $35 billion annual appropriation, which is this year's appropriation, but on top of that there is another $85 billion in loans that that department manages, so a grand total of $120 billion is managed by the Department of Education. It effectively makes it one of the largest financial institutions in the world.

Mr. HAYWORTH. So forget, if my friend would yield further, forget the colloquialism about an 800-pound gorilla. We have a $120 billion sum of money that in essence is unaccounted for from the department in Washington, D.C. charged with teaching responsibility and the three Rs.

Maybe that is the fact, Mr. Speaker. We talk about reading, writing, arithmetic. With all due respect, Mr. Speaker, to our friends in the Department of Education, we need to teach a fourth R, responsibility, and accountability, and counting, with a C, to be able to actually handle their books.

I think it is important to inform the body, Mr. Speaker, based on current events, that we do welcome back to the Chamber the House minority leader,

the gentleman from Missouri (Mr. GEPHARDT). I had a chance to welcome him. I am sorry he was not here yesterday to be involved in the budget negotiations. I understand he was fundraising on the West Coast.

We certainly find it interesting, those denizens of campaign finance reform, busily raising campaign cash. But we welcome him back.

Mr. Speaker, if I could inform my colleagues, I understand that substantial progress has been made toward a budget agreement. Indeed, the President of the United States and the Speaker of the House have agreed to across-the-board savings. Sadly, the problem comes in this Chamber, because of an inability of the minority to join with us to find those across-the-board savings.

We have advocated simply finding savings in one penny of every discretionary dollar spent. We think that is a way to come together, and we understand there are priorities on the left, there are priorities on our side, the other body has priorities, and the administration has priorities.

Once we come to a basic agreement, which apparently has been done, the best way to fit in the amount of overspending or what would be overspending and a raid of the social security trust fund, the best way to accommodate that spending without raiding the social security trust fund is to simply call for across-the-board savings of one penny on every dollar.

Mr. Speaker, we understand the President of the United States has given his word to the House Speaker, and I would hope that our friends on the other side of the aisle could reach an accommodation with the administration for a simple, across-the-board savings.

I yield to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I appreciate my friend for yielding to me.

Mr. Speaker, I want to bring this back to the perspective of American families. The gentleman has a family, and he and his wife have to do what Libby and I do, sit down at the kitchen table quite frequently and decide what they are going to cut out. Do we really need the new curtains this month? Maybe we can postpone buying the new mattress for the bed, and things like this; that if we can postpone a spending decision, we will.

All we have asked the Washington bureaucrats to do is think like the American family. Here is $5, hard-earned money. The gentleman's money is as good as mine. He works hard to pay it, the American people work hard to pay it. All we are asking the bureaucrats is, take this $5 that you have gotten from hard-working Americans and find this, one nickel. Just get one nickel out of it. That is not hard to do.

When we sit around at our kitchen table, it is not a nickel we are looking for. We have to cut out $2 or $3 from this $5, and it is not that hard to do.

The administration this year proposed buying an island off of Hawaii for $30 million. What was the purpose? For duck breeding. The only problem was, only 10 ducks took them up on this honeymoon package offer, so there are 10 ducks who would use this facility for $30 million. Fortunately, Congress persuaded the administration to back off this, but this is an example of something that is absurd.

What about the Pentagon? The Pentagon lost one $1 million rocket launcher. Now, talk about gun control, does it not bother this administration that we have lost a rocket launcher? I am not sure what can be done with a rocket launcher, but I do not know why you would lose one, and who would want to take it?

What about an $850,000 tugboat that disappears? Where do you hide a tugboat? How do you lose a tugboat? Where can you put one? It is just ridiculous, the examples go on and on and on. All we are asking this administration to do is go back and cut out the waste, fraud, and abuse in the budget.

Mr. SCHAFFER. I would say to the gentleman, it is my understanding that the President has agreed as of today that there is enough savings for this across-the-board savings. He has realized that there is a substantial amount of waste, fraud, and abuse in government that we can reduce, that we can effectively save; find less than a penny on the dollar, is what we are down to now, but that we can save this money. We can save the penny on the dollar without affecting the important services of government.

The President agrees now, but for some reason the deal is not going forward. If anyone has any insight on this, I understand that it is the minority leader on the Democrat side who just arrived back from his fundraising mission in California who has come and disagrees now with the President and the Republicans that this money can be saved in government. That is why we are at an impasse.

Mr. KINGSTON. One of the reasons why we said to the bureaucracies, look, you spend, say in the case of the Pentagon, $240 to $260 billion a Year.

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I think USDA, the agriculture folks, get about $64 billion a year. What we are saying to them is they have capable administrators, they can figure out where the waste is. We are not going to dictate it top down from our body saying these are the ones to cut. We expect they know where their waste is and they can ferret it out, and we get criticized for not being more specific where the money should come from. We are being flexible, because we believe that those who are closest to it know where the waste is.

Mr. HAYWORTH. The gentleman from Georgia raises an important point. When we are talking about finding savings of one penny on every dollar of discretionary spending, we are not, I repeat, we are not talking about cutting Medicare, Social Security, Medicaid, any of those vital programs that help the truly needy and those who have earned that type of success and that type of largesse. What we are talking about is saving the Social Security funds for Social Security and Medicare exclusively.

The best way we can do that is for every discretionary dollar spent, and goodness knows there are billions of them, invoking the memory of the late Carl Sagan, ''billions and billions'' of dollars. Let us find a penny on every dollar.

The gentleman from Colorado (Mr. SCHAFFER) asked the question, why is it apparently that the Minority Leader is reluctant to accept an agreement reached by the President and by the Speaker of the House? Well, let us give the Minority Leader the benefit of the doubt. I understand what it is like. I caught what is called in common parlance the red-eye flight back Monday from the West Coast to be here for votes. I understand jet lag and the taxing time on one's body. And perhaps it is a situation where the administration is briefing the Minority Leader.

Mr. KINGSTON. Mr. Speaker, I ask the gentleman to wait. I know that the gentleman from Illinois (Mr. HASTERT), Speaker of the House, was here all weekend. Is the gentleman saying that the Republicans were the only people who stayed in town to protect Social Security?

Mr. HAYWORTH. I would not suggest that for everyone on the other side of the aisle, and certainly administration representatives, and I know representatives from the Committee on Appropriations, were here. But, apparently, the House Minority Leader, the man in whom Members of the opposition party place their trust and the responsibility of leadership, saw fit to leave town instead of being involved in the budget negotiations. It brings all of this talk about a do-nothing Congress, it rings kind of hollow for those who, I suppose in good faith, want to see a solid record, to leave town on a fund-raising trip for campaign cash.

Mr. OBEY. Mr. Speaker, will the gentleman yield?

Mr. SCHAFFER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Speaker, I thank the gentleman for yielding to me. I have been in every single one of those negotiation meetings. And last night, the night in question, I talked to the gentleman from Missouri (Mr. GEPHARDT) twice on questions involving negotiations. I want to tell what is dividing us at this moment. What is dividing us at this moment is one remaining question.

The Republican side, after having spent $17 billion of Social Security money, the Republican side is now asking for a ''let's pretend'' fig leaf so that they can point to a tiny, minuscule across-the-board cut as their ''let's pretend'' indicator that they did not touch Social Security.

Mr. Speaker, we, in return, are asking if they want that, we are asking them to do something real. We are asking to take whatever money the government might earn in any suit against the tobacco companies, which could be up to $20 billion a year, and we are asking the Republican side to deposit that money into the Social Security Trust Fund and the Medicare trust fund. That would extend the life of those funds on average by 3 years. And what we have gotten from the Republican side is a flat ''no,'' which means apparently that the Republican leadership would rather protect their friends in the tobacco industry than protect Social Security and Medicare. That is the truth.

Mr. KINGSTON. Mr. Speaker, reclaiming the time from the gentleman from Wisconsin, let me first of all thank the distinguished gentleman for being here——

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD) The gentleman from Georgia (Mr. KINGSTON) will suspend. The gentleman from Colorado (Mr. SCHAFFER) controls the hour, so the gentleman from Colorado is recognized to control the hour.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, let me first of all thank the distinguished gentleman from Wisconsin (Mr. OBEY), the ranking member, for being here this weekend. I think that is very important. I wish he was the decisionmaker on their side. Unfortunately, the decisionmaker, the Minority Leader, was not here over the weekend.

The proposal for the tobacco, I do not know where that has been all year long. We have been in session since January. This is the first I have heard of it. I am not saying I am the most informed Member of Congress. Maybe my colleagues have heard of it. In fact, I would like to see the hand of anybody in here who has heard of it, and pretty much no hands go up.

It is a new proposal. I am glad to know it is out there. But the reality is we are going to leave town maybe not tomorrow, maybe not the next day, and maybe not the next week, but when we leave town, there will be $160 billion untouched in the Social Security Trust Fund, and that never happened under the Democrat majority.

Mr. HAYWORTH. Mr. Speaker, would the gentleman yield time to me? I thank the gentleman from Colorado and the gentleman from Georgia. I am sorry that the gentleman from Wisconsin (Mr. OBEY), the ranking minority member of the Committee on Appropriations is no longer here with us, because I think we have an honest disagreement in terms of the way he portrayed what we have done to save the Social Security fund, which we pledged to save, in stark contrast to the President who came in January and said let us save 62 percent of the Social Security surplus and then spend close to 40 percent on new government programs.

I did not hear from the gentleman from Wisconsin, was he proposing new taxes on the working poor to go to this? I did not hear that side of what he was talking about in terms of the tobacco settlement, so I am uncertain. If he was proposing new taxation on the working poor and on working Americans, I think there is justifiably a problem.

Mr. OBEY. Mr. Speaker, would the gentleman yield for an answer to that question?

Mr. SCHAFFER. Sure, we will yield for an answer.

Mr. OBEY. Mr. Speaker, the gentleman well knows this has nothing whatsoever to do with taxes. What we are suggesting is if there is a suit by the Justice Department successfully concluded, which requires the tobacco companies to pay back into the Federal Treasury money which we would not have paid for illnesses caused by tobacco if they had not lied to the country for 20 years, that if there is a recovery of that kind of suit, that that money would go into Social Security and Medicare.

Mr. Speaker, the gentleman should not pretend this has anything to do with taxes. He knows well it does not.

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman. I think he is setting up the parameters of something that is very interesting. If every bit of that money would go to the Social Security and Medicare trust fund instead of to the trial lawyers, if the money would truly go for public health, then I think there may be an area of agreement. I welcome that type of light and I welcome the passion that the gentleman from Wisconsin brings.

But the fact remains, the situation that exists today is one in which we are trying to find a way to deal with priorities and to find savings. Again, we are talking about simple savings of 1 cent on every dollar of discretionary spending, and to defend both the priorities of the left and our own priorities, as well as the priorities of the administration, that would be the simplest way to solve the problem.

Mr. KINGSTON. Mr. Speaker, let me say this about the proposal of the gentleman from Wisconsin. As it was explained and presented right now, I think it makes sense. I think that as I understand it, we are talking about if there is a settlement, put excess money into Social Security. I think that is a step in the right direction. I have no problems with that.

I hope also on that side we can get them to join us in finding that measly little penny for each dollar. If we can do that, I think we can leave town, again, with the $160 billion in Social Security, the surplus left intact, unraided. I certainly welcome the opportunity to work together.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from New York.

Mr. FOSSELLA. Mr. Speaker, I have been listening to this interesting dialogue. And let me just add, not to get off the path, but clearly I think Americans recognize inherent waste in government. We should challenge the bureaucracies, we should continually challenge the Federal agencies to reduce and eliminate waste, just as any private business does, just as any family does.

But we are getting off the page to the degree that the clear philosophical difference between the groups here in Washington, between the parties, between this Republican Congress and the White House, comes down to faith and power and freedom. And by that I mean we believe and have faith in the American people who work hard every day, sometimes two and three jobs, to keep more of their hard-earned money to invest back in themselves, in their families, in their small businesses, in the economy so that we can have a growing and prosperous economy. Something that was laid back in the 1980s when Ronald Reagan promised a tax cut. Practically every person who believed in big government said no. Guess what? Tax cuts worked.

Secondly, control. Here there are a number of individuals who believe that control by Washington is better than family control or business control. By that I mean freedom. If we truly believe in the notions of what this country is built on, freedom, individual freedoms, political and economic freedoms, then we shall continue to fight for those Americans who believe in that principle, when the alternative is that the White House wants more taxes or more spending.

Before that, well, the problem really has been, the reason why these appropriations bills have been vetoed is because they wanted more money. Well, where is that money going to come from? That is going to come from hard-working Americans. I encourage the gentlemen to continue in this dialogue and continue to work for the hard-working taxpayers of America.

Mr. HAYWORTH. And I think it is important to make this point, because I think we would be remiss if we did not for purposes of total candor, intellectual integrity and a good sense of history, again, I welcome the gentleman from Wisconsin (Mr. OBEY) the ranking member of the Committee on Appropriations, and obviously he has passionate feelings and they are deeply and honestly held. But for the record we should indicate and point out that when my friend from Wisconsin chaired the Committee on Appropriations, when my friends on the other side of the aisle were in charge of this House, they spent huge sums of Social Security money for bigger and bigger and bigger government programs.

That framed their priorities. And so I welcome any type of alternatives they might offer to truly help us preserve the Social Security fund 100 percent for Social Security. I would make this

point because the gentleman from Wisconsin raised this topic. He said $17 billion were being raided out of the program. That begs the question, Mr. Speaker, to help us find the money, why do the minority appropriators not join with the gentleman from Georgia and the others on the Majority side to find the savings? All we are asking is one penny on every dollar of discretionary spending. Because, Mr. Speaker, it is obviously that a penny saved is retirement secured.

Mr. SCHAFFER. Mr. Speaker, reclaiming my time, I too appreciate the gentleman who joined us earlier. But as the Associated Press mentioned, and I want to refer to this Associated Press quote: ''Democrats admit that there is an effort to raid the Social Security Administration over at the White House,'' and here in Congress as well. ''Privately, some Democrats say a final budget deal that uses some of the pension program's surpluses would be a political victory for them because it would fracture the GOP by infuriating conservatives.''

Well, it would infuriate conservatives. The Associated Press quote from one month ago is one that I think accurately states and reflects the differences of opinion that we have going on here in Washington, D.C. There is a side that truly believes it is in the best interests of the country to raid that Social Security program, and we said no. We said enough is enough. After 30 years of raiding Social Security and sinking this country deeper and deeper in debt year after year, there is no excuse. We are spending more money than the country has. And, by golly, if every agency had, if every Secretary would be willing to join us in just going through their administrative budgets and finding that one penny on the dollar to help avoid the White House raid on Social Security, think of how far that would go to deliver education services to children at the school level rather than soak those dollars up here in Washington at the bureaucratic level. Think of how far that would go to shoring up the Medicare program rather than watching those dollars siphoned off and sidetracked on administrative expenses and bloated bureaucracy. Think of how far that would go for programs like transportation, national defense, right on down the line. There are so many priorities that this country has and we can fund them without succumbing to the Democrat motivation to dip into Social Security. We can work hard together as a Congress, both parties.

I think the President finally understood this. When the President today agreed to an across-the-board reduction in administrative costs, waste, fraud and abuse in order to avoid the Social Security raid, I think he finally realized that the majority in Congress, that we are serious. We are not backing down on this particular point. The only reason we do not have a budget agreement as of today is because of certain Members in the minority side cannot see eye to eye with the President right now.

Mr. EDWARDS. Mr. Speaker, will the gentleman yield?

Mr. SCHAFFER. I yield to the gentleman from Texas.

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Mr. EDWARDS. Mr. Speaker, let me point out that is not the only reason we do not have a budget agreement today. One of the reasons is because the majority party in the House for 8 months proposed a trillion dollar tax cut that did not work, that went to the richest families in America, that assumed we would spend $198 billion less on national defense than President Clinton's budget proposals over the next 10 years. The American people rejected it. The numbers did not work.

I am amazed to sit here and hear my colleagues talk about not raiding Social Security by reducing four-tenths of 1 percent of the discretionary programs when they offered a trillion dollar tax cut that was going to devastate our ability financially to protect Social Security. I welcome the debate.

Mr. SCHAFFER. Mr. Speaker, reclaiming my time, I realize that there is a difference of opinion. The side of the gentleman from Texas (Mr. EDWARDS) does not support tax relief. Our side does.

For an opinion from a gentleman who has led the Committee on Ways and Means in trying to provide this middle-class American family tax cut, Mr. Speaker, I yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from Texas (Mr. EDWARDS) for pointing out this key distinction and difference. Yes, unapologetically, I believe hard-working Americans should hold on to more of the money they earn instead of sending it to Washington. Yes, $1 trillion out after $3 trillion projected surplus over the next decade is reasonable. Because $2 trillion are going to save Social Security and Medicare, and the other trillion dollars, as we can see from the institutional pressure of the other side, they want to spend that money. They would rather have Washington spend that money. Mr. Speaker, I think that is the wrong thing to do. All the American people should hold onto their money.

As to the canard of tax cuts for the wealthy, I would simply point out that all working Americans who pay taxes should have a right to have their money back. Certainly my friends on the left do not impugn initiative and success. They are not coming to the floor to do that. But, again, it begs the question.

Mr. Speaker, our friends on the left should join with us if they bemoan or belittle four-tenths of a cent in terms of reductions. They should join with us. If they do not think it is a big deal, then join with us and let us reach an agreement.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from Connecticut (Mr. GEJDENSON) who is here and would like a chance to defend his party's position.

Mr. GEJDENSON. Mr. Speaker, I appreciate the gentleman turning to the right to talk to his gentleman on the left. But if we want to get this clear, let us remember why we are here. One, the gentleman's party has never really supported Social Security and Medicare. At the beginning of the year, the gentleman recommended that a trillion dollars be cut in taxes, noble a cause as it is. Everyone, including those who are going to get the tax break, recognize that would undermine our ability to deal with Social Security and Medicare.

We have not as a Congress dealt with drug benefits. We have not dealt with fixing Medicare. We have not dealt with Social Security. But what we have here is a last minute attempt by the majority party to blame everybody under the sun for their failure to get a budget together and for their failure to come up with solutions for these problems.

So my colleagues can have a trillion dollars for tax cuts, and that did not endanger Social Security. But now they are trying to cover themselves with those very Social Security recipients, because their own polls say they dropped 12 points with senior citizens when they tried that game.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, we certainly would invite our friends on the left to apply for their own hour of special order if they would like to continue the dialogue.

But of course one of the oldest political tricks in the book is to try to change the subject. We appreciate that, and we understand their inherent distrust of allowing the American people to hold on to more of their money, not to mention, unfortunately, their mistaken notion that you cannot actually increase government revenues by allowing people to save, spend, and invest more their own money that leads to economic success, that leads to more jobs, that leads to prosperity, and in turn brings in more receipts in taxation to the Federal Government. But that is fine. It is nice to have a catchy slogan.

The fact remains that there is a very simple way to deal with the question we face right now. That is to save one penny on every dollar of discretionary spending. My friends who pledge fealty to Social Security should note this, and let us note this for the RECORD, Mr. Speaker, just for historical accuracy, over three-quarters of the Republicans serving in Congress at the time of the Social Security Act supported Social Security. So all the canards and misinformation and perhaps confusion on the left can be cleared up.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from New York (Mr. FOSSELLA).

Mr. FOSSELLA. Mr. Speaker, I want to allude back to a comment that was made earlier; and that is, when the Republican House passed a tax cut for the American people, one that the American people deserve in times of surplus, in times of plenty, money that they rightfully earn, and when the Republican Senate passed the tax cut for the same reasons, it was not the American people that rejected the tax cut, it was the White House that rejected the tax cut.

We will continue between now and next year or as long as it takes to fight for tax relief for the American people, as the gentleman from Arizona (Mr. HAYWORTH) pointed to, because it means more jobs, because it means economic growth, because it means getting money out of Washington, because when money is left on the table here, it is spent and it is wasted unnecessarily.

So, yes, it is a healthy debate, and the American people deserve the healthy debate to see the differences between those who do not believe in tax relief, between those who believe that taking hard-earned money and keeping it and spending it as they see fit is the right way as opposed to a clear and, I think, strong distinction on the other side, and that is this Republican Congress who believe that the American people work too hard to send too much money to Washington and not sending enough back this return.

So I commend the gentleman for continuing to fight for the American people and engaging in this debate. Perhaps what we need is a change of personnel in the White House so that when a Republican House passes a tax cut, and a Republican Senate passes a tax cut, it will be signed into law, and then, and only then, will the American people get the tax cut that they truly deserve.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I want to make sure that we all go over and talk about this tax reduction and the budget. But one has to do it going to the lectern behind the gentleman from Arizona (Mr. HAYWORTH), right in front of our distinguished Speaker pro tempore, the gentleman from Iowa (Mr. NUSSLE). Because at that position in this chamber in January, the President, in his historic State of the Union Address, said let us spend 38 percent of the Social Security surplus. He said let us preserve 62 percent and then outlined spending of 38 percent.

Now, we stopped that debate to say, do you know what, Congress? Republican and Democrats have always raided that cash cow called the Social Security Trust Fund. Let us stop doing that. Let us protect and preserve grandma's pension. Let us do not do that. That was one of the most significant things about this Congress.

But then the second part of our budget, along with preserving 100 percent of Social Security, was to pay down the debt. Our budget had $2.2 trillion in debt reduction.

Then, thirdly, and most importantly, because this is a triangle, this is a sequence, Social Security, debt reduction, and then a trigger. Maybe this is what the Democrats did not like, but the trigger said, after you have taken care of Social Security, after you have taken care of debt reduction, then you have tax relief, because the American people are entitled to their change.

If one goes to Wal-Mart and one buys a $7 hammer, the cashier does not load one's grocery cart up with more goods. She gives one one's $3 back.

That is all we are saying is that, after we have paid Social Security obligations, debt reduction obligations, let the American workers have their overpayment back. It is so simple. It is an equity question for American workers. I am not sure why the liberals on the other side do not understand that.

Mr. SCHAFFER. Mr. Speaker, it is a simple question that I think most Americans would certainly agree with, because most Americans are oriented towards savings. They do not want to waste their hard-earned dollars when it comes to their own family budgets, and they do not want to send more money to Washington than we need here in Washington in order to effectively run the Government. That is why tax relief is such an important topic and so important to pursue it.

I want to take Members through a brief economic history lesson on the history of this Congress raiding the Social Security fund. This graph goes all the way back to 1983.

Mr. KINGSTON. Mr. Speaker, the gentleman said the history of this Congress, the history of the United States Congress.

Mr. SCHAFFER. The United States Congress, correct, Mr. Speaker.

Mr. KINGSTON. Because this Congress stopped the raid, Mr. Speaker.

Mr. SCHAFFER. Mr. Speaker, I appreciate the gentleman correcting me.

Going back to 1983, one can see the growth in borrowing from the Social Security fund in order to pay for the rest of government.

What this big pink blob represents is Social Security debt. This is $638 billion. This is just principle, by the way. When it comes to actually paying this back, there is a certain amount of interest that we will be responsible for paying as well.

One can see this spike right up here is about as bad as it got, about $80 billion-a-year raid on Social Security. That was the year that Republicans were reelected into the majority here in Congress. One can see that we decided to turn things around. This dramatic drop that one sees going into 1999 is the result of a more fiscally responsible approach to budgeting here in Washington.

We did not cut spending, really, in real dollars in Washington, but we did dramatically slow the rate of growth in Federal spending so that the American economy can catch up. The result is, here in 1999, we are no longer borrowing from the Social Security fund in order to pay for the rest of government.

But this is a point that the President up until today did not want to be. This is a point where many of our colleagues on the other side of the aisle, they do not want to be here either. See, they want to continue borrowing from Social Security so they can pay for a lot of the things that they think are important but that the American people believe we probably do not need.

This is a remarkable graph, because it shows here in the final year, it almost looks like the end of the graph here, but this is a 1-year decline in Social Security borrowing that we see here. This is a picture of what we have accomplished in Congress as Republicans taking the majority in the House and the Senate and standing up to the White House.

Even the President understands that borrowing from Social Security needs to end. It ended this year. We are proud of that. We want to see this line even further drop below the baseline here.

Mr. Speaker, I yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I want to make a couple of points. First of all, I do not think, Mr. Speaker, we can reiterate this enough. Because last month, the folks who do all the calculations, the budgeters in this town took a look, and the reason that chart exists as it does today is because all the folks who deal with all the economic forecasts and who take a look at the tax receipts coming in and the money being spent going out evaluated what transpired in the last fiscal year. What they said was nothing short of historic and cannot be repeated enough.

They found that, for the first time since 1960 when I was 2 years of age, when that great and good man Dwight David Eisenhower resided at the other end of Pennsylvania Avenue in our executive mansion as President of the United States, for the first time since 1960, Congress balanced the budget, did not use the Social Security Trust Fund, did not raid those funds for more spending, and, moreover, generated a surplus.

My friends who joined us, our friends who were on the political left tend to bemoan any type of spending reduction. The other reason, and I know the gentleman from New York (Mr. FOSSELLA) and the gentleman from Colorado (Mr. SCHAFFER) agree with me, you see the other reason to make sure Americans have more of their hard earned money back in their pockets. It is a simple fact, Mr. Speaker, that if the money is not given back to the people who earned it, there are special interests here in Washington who are more than happy to spend it.

So we should really thank the President for at long last coming to our

point of view for saying, in the wake of his State of the Union message, let me reconsider. Instead of 62 percent, I will go along with the majority party, save 100 percent of the Social Security. That is a victory for the American people.

I thank my friends on the left, despite their vociferous opposition here earlier in this special order to tax relief for going on the RECORD with us. Do my colleagues realize, Mr. Speaker, again last month, when we brought the President's plan to raise revenue through an increase in taxation and fees, not a single Member of this institution voted in favor of the tax increase.

So I appreciate the fact that the President was willing to let the will of the people through the House of Representatives speak. I think that is a positive point.

Now, today, we hear that the President of the United States, Mr. Speaker, agrees with the Speaker of the House that there can be an across-the-board spending reduction.

The one part of the puzzle that we hope we can work out, and we are glad the minority leader returned from the west coast and his political fund-raising trip, because now he can join the Speaker of the House at the table and agree to across-the-board savings so we can make sure that hands stay off the Social Security surplus.

Mr. SCHAFFER. Mr. Speaker, the leader of the Democrat party was invited to the meetings with the President and the Speaker and the majority leader in arriving at these decisions. Can the gentleman from Arizona (Mr. HAYWORTH) tell us one more time why was the gentleman from Missouri (Mr. GEPHARDT), the minority leader not here yesterday?

Mr. HAYWORTH. Apparently, Mr. Speaker, it was my understanding that the minority leader was on the West Coast raising campaign cash. It is interesting to hear the rhetoric about campaign finance reform. But I guess he has to do what he felt was important. That is where his priorities were. I am sure he can address the House and our colleagues, Mr. Speaker, about that.

Mr. SCHAFFER. Mr. Speaker, as for me, I am glad the minority leader is back here to join us and help get to work, and maybe we can get this budget passed and move on, and the country can be safer knowing that the Congress has gone back home.

Mr. Speaker, I yield to the gentleman from New York (Mr. FOSSELLA).

Mr. FOSSELLA. Mr. Speaker, earlier the gentleman from Colorado (Mr. SCHAFFER) talked about the Department of Education. I guess the issue there again is what might have been. See, when it comes to education, I do not think there is a Member of this body who truly does not believe that we need to invest in education. But there are clear, again, distinct differences between how the different sides approach the issue.

See, it is a national issue. Education is clearly a national issue. As someone who wants to see the young people succeed and to grow and to prosper, as the gentleman from Arizona and the gentleman from Colorado I am sure agree, the same time one also agrees that what works in Staten Island and Brooklyn, New York, is different than what works in Arizona. It is different from what works in Colorado.

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So I think what we have been trying to get across to those who defend the status quo, and those individuals are folks here in Washington who just want all the money and who would place a lot of strings and mandates on the States and localities, what we have been trying to say is let us commit ourselves to adequate funding for education but allow the local school boards, the parents, the teachers at PS4 in Staten Island, the teachers at PS16 on Staten Island, let them, together with the principals, with the teachers, with the parents who know those kids and who know their needs, let them make those decisions, not someone here in Washington who does not know anybody in those classrooms.

So, again, we must continue to force the issue and to say that we are committed to education, but allow those local parents, the local teachers and principals the flexibility. Because what may work on Staten Island, what the needs are on Staten Island, are clearly, I believe, different from Arizona, Colorado, and the other States.

Mr. SCHAFFER. Mr. Speaker, I understand the gentleman over here wants more time, however, we still have some more points we need to make. If we are able to, I will yield later.

At the moment, I want to first make one point in reference to the gentleman from New York and his observation, and I want to make that point with this apple. Most Americans desperately want to see their schools well funded, and they are willing to invest the money that it takes in order to see that schools have the resources to run effectively. But if we look at this apple in terms of the education dollar that an American taxpayer sends to Washington, they would like to believe that this apple, this dollar, actually makes it back to a child's classroom. In reality, here is what happens.

First, we have to realize that the cost of paying taxes alone, just complying with the IRS and the Federal Tax Code, takes a certain bite out of that apple just to begin with. So if we take that section out, just accounting for the Internal Revenue Service for the cost of compliance with the tax codes, we already have a bite taken out of that education dollar.

Then, when those dollars come here to Washington, the chances are very good, and given the debate that we are having today it is easy to see, that some of those dollars can be misdirected and spent on programs that really have nothing to do with education. They may be housed in the Department of Education, they may be housed in another education-related agency, but those dollars are not really appropriated in Washington in a way that even gets close to children.

Then there is the issue of the expense associated with the United States Department of Education. Again, a $120 billion Federal agency that is reporting as of next Thursday, to go back to this graph here, reporting tomorrow that its books for 1998 are not auditable. They do not know, they cannot tell the Congress exactly how they spent their money in 1998 and in subsequent years. So we have that agency, which consumes three office buildings downtown here, and they are full of good conscientious sorts of folks, but people who consume the education dollar and prevent those dollars from getting to the classroom.

So, now, when we talk about the bite that the Department of Education takes out, my goodness, it is a huge chunk of the education dollar. So here is what we are talking about that is left on the education dollar to get back to children and classrooms.

On top of that, we have States that have to comply with Federal rules and regulations that are attached with a small percentage of these Federal funds remaining, and the States have to hire people just to fill out the Federal paperwork in order to answer the Federal Government's rules and expectations on the money. And by the time the education dollar actually gets back to a child, this is about all that is left. It is a shame.

What we are trying to do here in the Republican Congress, by demanding the accountability, by demanding that the waste, fraud, and abuse be eliminated, by trying to guarantee that that one penny on a dollar is saved and not squandered, we are trying to make this education dollar whole again so that we get dollars back to the classroom, and not just part of an apple, not just part of an education dollar. Our children deserve better than this.

Mr. Speaker, I yield to the gentleman from New York.

Mr. FOSSELLA. Well, Mr. Speaker, as the expression goes, an apple a day keeps the bureaucrat away.

But the gentleman is right. When I go back to Staten Island or Brooklyn, and I was there a couple of days ago in some schools, we hear from these parents and these teachers, who are in a better position to make these decisions for the children, whether the class size is 20 or 30 kids. Wherever they come from, they are there for one reason, to learn and to succeed. We just happen to believe that that money is better spent back in Staten Island and Brooklyn and those decisions are better made in Arizona or in Colorado or in Georgia.

Mr. Speaker, generations of children will go through schools and not know the people in Washington who are determining how their education money

is spent, with those mandates and with the strings attached. We are trying to create flexibility. There is nobody in this House, and I would be amazed if somebody were to come to this floor and in good faith argue that there is somebody in this House who is not for education and not for the children of America, for them to prevail and succeed, but there is a definite distinction between those who want control, those who believe that the money is better spent in Washington, those who believe that decisions are better made in Washington as opposed to the folks back home to Staten Island who say give us the tools, give us the resources, give us the money, give us the flexibility to determine what is going to be best for the kids in our classroom. And that is the same in PS18 or PS104 or PS36 back in Staten Island and Brooklyn, and I am sure that is the same in Arizona where the gentleman is from.

Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Speaker, I thank the gentleman, and I just want to say, as the son of an educator and the brother of a teacher, I really appreciate what the gentleman is saying about teachers because they really do need more control over the classroom.

I am going to yield the floor after this, in terms of my portion, but I just wanted to say this. In the 106th Congress, the Congress we are going to be adjourning, we always talk about winners and losers. Well, let us talk about who won.

For the American consumer, we revamped a 65-year-old banking law to give American families more choices in borrowing, saving money, and buying insurance.

For the rural TV watcher, we have increased the access to local news programs. And if my colleagues think that that is not important, they should think what happens when the people are trying to get hurricane updates.

For the American taxpayers, we said no to the President's trying to increase taxes. On a bipartisan vote we said no to the President's $42 billion increase in new tax dollars.

For future generations, we have committed to paying $130 billion in debt reduction; and already we have paid down $88 billion.

For all Americans, we have increased military morale by increasing their pay 4.8 percent. We have increased funding for equipment modernization and for readiness. And for all of American security, we passed the missile defense system.

For our children, educational flexibility; to put local school boards, teachers, and parents back in charge of their classrooms, not Washington bureaucrats.

For seniors, we have increased access to health care by protecting Medicare and reforming the Balanced Budget Act. And, finally, for the first time since 1969, we stopped the raid on Social Security. And we will be adjourning with $147 billion in the Social Security surplus untouched.

Now, Mr. Speaker, I know we are not allowed to wear buttons on the floor, but if we were allowed, I would wear this one. Because it says, proudly, we the Members of this Congress have stopped the raid on the Social Security Trust Fund.

Mr. SCHAFFER. Mr. Speaker, I want to graphically point out again what the gentleman just said. If we go back over the last 30 years of overspending in Washington, D.C., we can see we have to go way back to 1970 to see a time when we generated even a little teeny bit of a surplus. Going forward, over the next 30 years, we can see that this government has consistently, year after year, dipped into Social Security and borrowed from other places in order to create a huge national debt. This is the accumulation of Washington spending more money than the taxpayers have sent to Washington in order to run the government.

Well, we know that that is unnecessary. We do not need to do that. We can see what happened here at its absolute worst. The American people revolted, to some degree. This is the year Republicans were elected to take over the majority of the Congress, the year our party was placed in charge of trying to manage this huge problem.

And we can see the result. By slowing the rate of growth in Federal spending, by being more frugally sensitive as to how to manage the Federal budget, and being more responsible, we managed to shrink this debt. Not only did we see it go away, but it was to the point where, in 1998, we were beginning to mount a surplus that has allowed us to pay down the debt quicker, allowed us to save Social Security, allowed us to rescue the Medicare program, allowed us to provide a strong national defense, and allowed us to spend the time to make government more efficient and effective so that we can get dollars to classrooms, get dollars to the front lines, get dollars to the places that really need it rather than being locked up here in this gigantic bureaucracy here in Washington, D.C.

This is something to be proud of. And this portion of the chart here can grow and grow, if we continue to apply the conservative Republican principles that have gotten us from down here when Democrats were in charge to this line here when Republicans were in charge. A dramatic difference.

Mr. Speaker, I yield to the gentleman from Arizona.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Colorado, and again we need to reaffirm and amplify not only what the chart indicates but also what our colleague from Georgia mentioned.

We have been able to pay down debt this fiscal year. We are in the process of paying down close to $150 billion in debt. Over the past 2 years, almost $140 billion in debt paid down. We are in the process of doing this. And, Mr. Speaker, I am sure my colleagues hear at town hall meetings two concerns. From day one, when I was elected to the Congress of the United States, my constituents said loudly and clearly, Mr. Congressman, get Uncle Sam's hand out of Social Security money. Wall that off for Social Security. And we have done so. And the President has at long last agreed with us. But they have also said, pay down the debt; and we have been doing that.

Now, Mr. Speaker, we can point out again the atmospherics of this chamber, the histrionics from the other side. The problem is this: The institutional pressure of those who want to grow government, Mr. Speaker, those who sadly could be described as serial spenders, and I am not talking about a breakfast offering of fruits and grains topped off with milk, but the serial spenders, the compulsive spenders, who always heed in their priorities the notion that they know better what to do with the people's money. We are saying we are going to save that money for the Social Security Trust Fund.

And it is akin to our rich spiritual tradition where, as part of the service, we pass the plate. All we are asking the left to do is put a penny on the plate. For every dollar of discretionary spending, Mr. Speaker, can they not spare a penny for grandma? A penny saved is retirement secured. One hundred percent of Social Security money to Social Security. And, accordingly, we have made the difference, and we invite our friends on the left to join us.

Mr. SCHAFFER. I yield to the gentleman from New York once again.

Mr. FOSSELLA. Inasmuch as this debate is coming to a close, Mr. Speaker, allow me just to think, observe what has happened in the last year, and that is that in the beginning of the year we had proposals from the White House for more taxes, more spending, and setting aside only a portion of the Social Security surplus to be walled off. The Republican Congress, fortunately, and rightfully, stepped in and stopped increasing taxes, controlled spending as much as it could, and set aside 100 percent of the Social Security surplus to protect it from unnecessary wasteful government programs.

So as we set our sights on the future, I hope that the American people understand that this Congress is committed to growth, to creating more jobs, to providing more freedom for individuals and small business owners so that they can grow and so that they can prosper, so that we can be better off tomorrow than we are today. Along the way, we know there are going to be people who do not want change, who do not believe in things like free trade, who do not believe in things like lower taxes, who do not believe in things like limited government, but who do believe in the alternative; that decisions are better made here in Washington, and they just want to keep that money coming here so that they can control the taxpaying public's lives a little more.

So as we engage in the debate, and as we go home for the holidays, I hope the American people reflect, as I will do as I head back home to Staten Island, and I hope they understand that there is a party here that sees a brighter and more prosperous future when we place our faith in the American people.

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Mr. SCHAFFER. Mr. Speaker, I yield to the gentleman from California (Mr. DREIER).

Mr. DREIER. Mr. Speaker, I would like to begin by saying that I look forward to creating a structure whereby the gentleman from Staten Island, New York (Mr. FOSSELLA), can go back to Staten Island. We are hoping that we will be able to do that.

I would like to praise the gentleman from Arizona (Mr. HAYWORTH) and the gentleman from Colorado (Mr. SCHAFFER) and join the gentleman from Staten Island, New York (Mr. FOSSELLA), for their very eloquent and thoughtful remarks and their leadership.

Mr. Speaker, I would like to thank again my friend, the gentleman from Staten Island, New York (Mr. Fossella), for underscoring this party's commitment to free trade.

Mr. SCHAFFER. Mr. Speaker, we are here in the final few minutes of what may be for me and the gentleman from Arizona (Mr. HAYWORTH) and others our last special order opportunity for the millennium. And so, it is a time that I look on as a pretty solemn occasion because we have worked pretty hard this year and tried to get to this point of getting the White House to realize that raiding Social Security is no longer a good idea and it never was a good idea. It is something we ought to avoid to the greatest extent possible. It is nice to see that the President finally came around to the Republican way of thinking on this point.

The last hurdle remaining is for us to persuade our friends on the other side of the aisle to join the Congress, join the Republican majority, and join the White House now in just securing this final deal, getting this final package agreed upon to save that one penny on the dollar in order to avoid the previous plans to raid Social Security.

Mr. HAYWORTH. Mr. Speaker, if the gentleman will continue to yield, I thank my friends from the left, in the minority, for offering some points of view. And others will come later.

I think it is important to remember this. As the President said when he came to give his State of the Union message, first things first.

Now, we had to get him to agree with us, and he finally did so after initially wanting to spend almost 40 percent of the Social Security fund on new government programs. We finally got him to agree, no, no. Let us save 100 percent of Social Security for Social Security. We welcome that.

The President was also content to let the House work its will when we brought to the floor his package of new taxation, higher taxation, and fees in the billions of dollars. And not a single Member of this body voted for those new taxes, neither Republicans nor Democrats. So we appreciate him acceding to the will of the House in that regard.

Now, we cannot make too much of this, Mr. Speaker, or emphasize it enough. The President and the Speaker of the House had agreed to the notion of across-the-board savings, maybe not even a penny on every dollar, but savings enough to make sure we stay out of the Social Security Trust Funds.

We welcome back the gentleman from Missouri (Mr. GEPHARDT), the minority leader. We are pleased he is back in town, back from his campaign cash swing on the West Coast. We hope now he will sit down and solve the problems. We can get it done.

Mr. SCHAFFER. Mr. Speaker, I thank the gentleman from Arizona (Mr. HAYWORTH) for joining us.

I just want to point out one more time that the Department of Education tomorrow will tell the Congress that it is unable to account for its spending in 1998. Its books are not auditable.

This is a threat to American school children around the country. It is a threat to our efforts to try to get dollars to the classroom. It is a huge problem that the White House needs to come to grips with and deal with. We on the Republican side want to fix this mismanagement problem we have over in the Department of Education.

At this point, I would, before I yield back, just ask subsequent speakers to be sure to address this topic of unauditable books over in the Department of Education, tell us whether they are willing to help work with the Republicans to correct this mismanagement, and direct the White House to get us to a point where the Department of Education, a $120 billion agency, will be able to audit its books.

REPORT ON HOUSE RESOLUTION 382, PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES

Mr. DREIER (during the Special Order of Mr. SCHAFFER) from the Committee on Rules, submitted a privileged report (Rept. No. 106–475) on the resolution (H. Res. 382) providing for consideration of motions to suspend the rules, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING REQUIREMENT OF CLAUSE 6(a) OF RULE XIII WITH RESPECT TO CONSIDERATION OF CERTAIN RESOLUTIONS REPORTED FROM COMMITTEE ON RULES

Mr. DREIER (during the Special Order of Mr. SCHAFFER) from the Committee on Rules, submitted a privileged report (Rept. No. 106–476) on the resolution (H. Res. 383) waiving a requirement of clause 6(a) of rule XIII with respect to consideration of certain resolutions reported from the Committee on Rules, which was referred to the House Calendar and ordered to be printed.

NATIONAL ALZHEIMER'S MONTH

The SPEAKER pro tempore (Mr. NUSSLE). Under a previous order of the House, the gentlewoman from Maryland (Mrs. MORELLA) is recognized for 5 minutes.

Mrs. MORELLA. Mr. Speaker, I want to have a Special Order on National Alzheimer's Month, which is this month of November.

In 1906, a German doctor named Dr. Alois Alzheimer noticed plaques and tangles in the brain tissue of a woman who had died of an unusual mental disease. Today, these plaques and tangles in the parts of the brain controlling thought and memory and language Dr. Alzheimer observed are hallmarks of Alzheimer's disease.

Today, Mr. Speaker, Alzheimer's disease is the most common cause of dementia in older people, affecting an estimated 4 million people in the United States. And while every day scientists learn more about this disease, after almost a century's worth of research, its cause remains unknown and there is no cure.

Unless scientific research finds a way to prevent or cure the disease, 14 million people in the United States will have Alzheimer's disease by the middle of the 21st century.

Despite this, we have learned much about Alzheimer's disease during this century of research. We know that Alzheimer's disease is a slow disease starting with mild memory problems and ending with severe mental damage. At first the only symptom may be mild forgetfulness, where a person with Alzheimer's disease may have trouble remembering recent events, activities, or the names of familiar people or things. Such difficulties may be a bother, but usually they are not serious enough to cause alarm.

However, as the disease progresses, symptoms are more easily noticed and become serious enough to cause people with Alzheimer's disease or their family members to seek medical help. These people can no longer think clearly; and they begin to have problems speaking, understanding, reading or writing.

Later on, people with Alzheimer's disease may become anxious or aggressive or wander away from home. Eventually, patients may need total care. On average, a person will live 8 years after symptoms appear.

Let me pause at this moment, Mr. Speaker, because the fact that so many Alzheimer's patients may need total care in the future is so very important. Congress must take a long hard look at the way we finance the future health care needs of the Nation's elderly.

With the aging of our population, we can expect an increase in the number

of people with Alzheimer's and other age-related diseases that will require nursing facility care at some point. Simply put, longer lives increase the likelihood of long-term care.

At least half of all nursing home residents have Alzheimer's disease or another dementia, and the average annual cost of Alzheimer nursing care is $42,000. And that is modest.

Unfortunately, for many people paying for long-term care out of pocket, it would be a financially and emotionally draining situation as assets worked over a lifetime to build could be lost paying for a few months of long-term care.

Congress must take action to encourage private initiatives, such as expanded use of private long-term care insurance to help families plan for the long-term care needs of their elderly relatives, and they need to in a wide variety of settings that are currently available.

That is why I am proud to have this support of 125 of my colleagues for my bill, H.R. 1111, the Federal Civilian and Uniformed Services Long-term Care Insurance Act of 1999.

This legislation, developed in consultation with the Alzheimer's Association, makes long-term care insurance available at group rates to active and retired Federal civilian personnel, active and retired military personnel, and their families. I hope that my Federal and military long-term care bill will serve as an example for other employers that would lead to increased societal use of long-term care insurance. Having coverage eases the pressure on Federal entitlement spending while protecting the hard-earned assets of American families.

In addition to meeting the needs of Alzheimer's patients, H.R. 1111 also seeks to ease the financial burden on spouses or other family members who often provide the day-to-day care for people with Alzheimer's disease.

As the disease gets worse, people often need more and more care. This can be hard for caregivers and can affect their physical and mental health. It can affect their family life, their jobs, their finances.

In fact, 70 percent of people with Alzheimer's live at home and 75 percent of home care is provided by family and friends. What a strain.

Under H.R. 1111, participating carriers would give enrollees the option of receiving their insurance benefits in cash, as opposed to services, to help family members who must rearrange their work schedules, work fewer than normal hours, or who must take unpaid leaves of absence to provide long-term care.

In addition to meeting the financial needs of people with Alzheimer's disease today, we must continue our research into treatments and cures for Alzheimer's. This is something that the National Institutes of Health is doing as we end this ''decade of the brain'' and the fact that we are working to double the budget of NIH by 2003, and this year we will have made that second installment.

So, Mr. Speaker, to my colleagues, I look forward to working with all of them to ensure that the Federal Government continues to fulfill its investment in medical research well into the next century so that some day Alzheimer's disease will be history.

UNFINISHED BUSINESS OF CONGRESS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, let me say that what I wanted to do during some part of this hour this afternoon was to talk about the unfinished business of this Congress.

Last night, myself and several of my colleagues on the Democratic side took to the floor to basically point out how frustrated we are with the fact that a year has passed, the first year, if you will, of this 2-year congressional session in the House of Representatives, and yet the main issues that the American people seek to have us address, whether it be HMO reform or the need for a prescription drug benefit under Medicare for senior citizens, or campaign finance reform, gun safety, minimum wage, the issues that our constituents talk about on a regular basis when we are back home and when we go back home after the budget is concluded here in the House, we will be hearing about these issues again, and yet every time we try to bring these issues to the floor or pass legislation, we are thwarted by the Republican majority.

Mr. HAYWORTH. Mr. Speaker, would the gentleman from New Jersey (Mr. PALLONE) yield?

Mr. PALLONE. Mr. Speaker, I will not yield at this point.

I just want the gentleman to know I intend to use the hour for the Democratic side.

Mr. GREEN of Texas. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentleman from Texas.

Mr. GREEN of Texas. Mr. Speaker, I tried to get my colleagues to yield a few minutes ago. And typically on this floor we have that courtesy between one another so we can debate the issues rather than just to hear the rhetoric, which is what we heard for that last hour. They were not willing to do it. And so, as much as I would like to and I know my colleague would yield as a courtesy to our colleague from Arizona (Mr. HAYWORTH), maybe next time they will know that this is a two-way street up here, even if they only have a five-vote majority.

Mr. PALLONE. Mr. Speaker, I appreciate the comments by my colleague from Texas.

Let me just say that before I get to this unfinished agenda, which I have to say is my real concern, because most of the debate that has occurred and most of the arguments that we have heard over the last few weeks about the budget, although, obviously, we need to pass a budget, do not deal with these other issues which are really the most important issues that face this Congress that have not been addressed by the Republican majority.

I did want to say I was somewhat concerned by some of the statements made in the previous hour by Republican colleagues about the budget. Because I think I need to remind my colleagues and my constituents that the Republicans are in the majority in this House and in this Congress, in both the House and the Senate, and the bottom line is that the budget, the appropriation bills, were supposed to have been completed by October 1 of this year, which is the beginning of the fiscal year.

The fact that they are not completed, in my opinion, is totally the fault of the Republican majority. They are going to say, well, they passed bills. But many of the bills they passed and sent to the President they knew would be vetoed. They knew that there was not agreement between the President and the Congress on the legislation.

Rather than spend the time, particularly during the summer, trying to come up with appropriation bills and a budget that could actually get a consensus and could pass, they spent the summer and most of the last 6 months prior to that trying to put in place a trillion dollar tax cut which primarily went to wealthy Americans and also to corporate interests, to special interests, and they spent the time on that.

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They put in place and passed this trillion-dollar tax cut, primarily for the wealthy, knowing the President would veto it and the President did veto it, and the reason he did so is because he knew that if it passed and if it was signed into law, there would not be any money left from the surplus to pay for Social Security and Medicare.

Now, after they wasted all their time on that, they put forth these appropriation bills, many of which they knew would never be approved by the President, and they started this charge a few weeks ago or a month ago, suggesting that the Democrats wanted to spend the Social Security trust fund.

I just want to say one thing, if I could, because I know we have said this many times and it really is not the main reason I am here this afternoon, but the Republican leadership has broken so many promises on the budget, not only the promise not to spend the Social Security trust fund but the promise not to exceed the caps. If you remember 2 years ago, we passed the Balanced Budget Act. At that time we said that there were going to be certain caps in place every year on the amount

of spending that we would do, and we also made a commitment that we were not going to use the Social Security trust fund because we were going to have a surplus and it would not be necessary to do so. Both of those promises have been broken.

I just wanted to give some information about that. First, the Republican appropriation bills busted the outlay caps for fiscal year 2000 by billions of dollars. I am quoting now from the Senate majority leader, the Republican majority leader LOTT who acknowledged on September 18 when he stated, ''I think you have to be honest and acknowledge that we're not going to meet the caps.'' That was in the Washington Post, September 17, 1999.

Indeed, according to the latest CBO estimates of October 28, the Republican spending bills have busted the fiscal year 2000 outlay caps by $30.7 billion, although they declare about $18 billion of this is emergencies and thereby exempt from the cap.

So when we talk about the Republican leadership, they are the ones that are going on the spending spree with these appropriation bills. In many cases the President has vetoed the bills because they spend too much. And, of course, they spend it on the wrong things.

Secondly, on October 28, the nonpartisan Congressional Budget Office, and my colleague from Texas knows, we have mentioned this many times to the point where we get tired of repeating it, but the CBO certified then that the GOP leadership had broken their promise not to dip into the Social Security trust fund. Specifically, on October 28 the CBO sent a letter to Congress certifying that on the basis of CBO estimates of the 13 completed GOP appropriation bills, the GOP bills spent $17 billion of the Social Security surplus, even after their 1 percent across-the-board cut is taken into account.

I know we heard from the other side about across-the-board cuts, how this is holding up the budget and all that. The bottom line is their own appropriation bills, their budget that they put together and sent to the President, spent a significant amount of money of the Social Security surplus. I am not looking to stress that, as my colleague from Texas knows. It is just that they keep bringing it up and they keep bringing it up, they do not pass the bills, they cannot get the budget passed. Now we are here and finally we think in the next day or two it is going to be passed, but we have all these other things that are so much more important that have not been addressed.

I yield to my colleague from Texas.

Mr. GREEN of Texas. I thank my colleague for yielding. I appreciate both of us being able to do this this afternoon. Typically this time of day we would be voting and not just talking about issues. But in following up our Republican colleagues for their hour that they had talking about both education, how important it is to them, and you and I will spend most of our time talking about the unfinished agenda, the issues that we would have liked to have dealt with that necessarily did not even have Federal dollars attached to it.

For example, their talk about the 1 percent cut. They were saying how we can find 1 percent in every agency. I am sure we can. But I also know that some of the appropriations bills that they have put in, they have projects in there that should be cut first and not across the board. My argument is if you just cut 1 percent across the board, if you have a wasteful project in there, you still have a 99 percent waste. Maybe it is a carrier we do not need that was added because of the Senate or someone. Maybe there is a certain project in a district. If it is 100 percent waste, if you only cut 1 percent, they are still getting 99 percent of it. That is what bothers me about that. They are saying we could find 1 percent. Sure I could find 1 percent but I would not cut, for example, title I funding in public education. Sure, I would not mind cutting the Department of Education, some of their other programs, but I know title I money goes to the classroom.

Just in the last couple of days because of the budget negotiations between the President and the administration and the Congress, we have added substantially new money to title I. That did not come out of their committee. In fact, their appropriations bill for education did not even come out of the committee from what I understand. It was the last issue they dealt with. So hearing someone stand up here and talk about they are for public education, in fact my colleague from Colorado who was part of that other hour, we had a quote last year saying that public education is the legacy of communism. One of the things I wanted to ask him when I asked him to yield just so we could say, is that a direct quote or was that said, so we could have the American people know where we all stand on public education and the commitment to public education.

The 1 percent cut I think ideally, in theory it is not bad, but again if you have a wasteful project you are still having 99 percent waste. Let us go back in and cut that budget down and eliminate those wasteful projects so we do not have to cut the important things, so we do not have to cut health care for children or education for children.

The other concern I have is they continually talk about dipping into Social Security. The gentleman mentioned that, as of October 28.

We have some numbers that, of course, since we have so many different numbers that we have but this poster, I think, will show that the issue of Republicans and Social Security and what they did. You can tell that it is $21 billion like you quoted. As of October 27 or 28, it is $21 billion. To say that the White House or as Democrats we are trying to spend the Social Security surplus is ludicrous. Again, I think we ought to be able to have this debate on the floor and have our colleagues say, tell me, where did this $21 billion that is going to be borrowed out of the Social Security trust fund, it is not being taken out of the fund, it is being borrowed like it has been for decades. Should we stop that? Of course we should. But do not stand up here on the floor or spend millions of dollars on ads around the country saying that Democrats are spending the Social Security surplus when we are not. In fact, I think we could come back with a budget that would meet what we have in the budget surplus very easily and still address the needs of our country, the needs of the Department of Defense. In fact, I think it is appropriate that their 1 percent cut that they talked about, and again from Houston we do not have a whole lot of defense installations but we do have a concern about the defense of our Nation. That 1 percent cut, the effect of the Republican across-the-board cut on defense, and I am quoting the Chairman of the Joint Chiefs of Staff,

> Of great concern for us today is the across-the-board reductions proposed by some Members. This would strip away the gains that we have made or what we have just done to start readiness moving back in the right direction. In other words, Mr. Chairman, if applied to this program, it would be devastating.

And so that is the direct quote from the Chairman of the Joint Chiefs of Staff. Our Republican colleagues who come up here and talk about, well, we can find 1 percent, sure. I could find 1 percent in the Department of Defense, but if we take a meat ax approach to it, we are going to cut about 35,000 service personnel. We cannot even staff the carriers in the Navy vessels we have now, much less adding a new one, yet they want to cut across the board. We would hope the Pentagon or the Department of Education or whatever agency would only cut that waste. But you and I know, it is our job to go in there and pinpoint those projects that really are not in the national interest and to do it instead of saying we want you to cut that 1 percent, leaving that up to the agencies.

The other concern, we talk about dipping into Social Security, we have another pretty good quote that follows up on that. When they talk about cutting, at one time it was a 1.4 percent across-the-board cut in military spending. The response from the Republican majority leader is, ''Instead of having two colonels hold your paper, you'll have only one.'' Granted I do not want two colonels up here holding somebody's paper, but I know when our troops are out in the field, whether they are in Bosnia, Kosovo or anywhere else that they go for our country, I want them to have the resources that they need to do the job, plus I want to pay them. I want to pay them a decent amount. Again on a bipartisan basis, this Congress passed a pay raise for our military personnel, so

hopefully some of the enlisted personnel will be able to get off public assistance if they have family.

That is why I am glad to follow up my colleagues. I would like to debate the intensity on education particularly, but since they would not yield to me earlier, and again I would love to yield to them to talk about public education and what the Department of Education does. This year alone, this Congress passed a reauthorization for title I funding. Title I funding goes to help the schools. They have the poorest and the hardest to educate children. This Congress passed on a bipartisan basis the reauthorization.

In 1994 when I was on the Education Committee, we passed on a bipartisan basis a reauthorization for title I. So instead of coming in and cutting and saying education funding is wasteful, let us go in and say, okay, let us take out what you consider wasteful but let us make sure we do help with smaller class sizes, that we do help children who English is not their first language, that that is what we do on the Federal level. We do not provide the education opportunity on the Federal level. That is for the local and the State. But we can assist local and State agencies, our local school boards, because they are the ones having to make the decisions, our State agencies are making the decisions. But we can do it on a national basis. If we go in and always attack the Department of Education and want to abolish it and they do not do any good, that is what we hear from the other side so often. But let us go in and say, cut out what you do not think is a priority in education.

The problem is that sometimes what they want to cut out is our meat and potatoes. They do not want title I, they do not want bilingual education. That is what bothers me again about having an hour to listen without having a chance to do the debate.

I know you and I really want to talk about the unfinished agenda, which in some cases will not cost one dime more of Federal tax dollars.

I also have some of our things that are left buried for this year.

Mr. PALLONE. If the gentleman will yield before we get into that, and I do want to get into our unfinished agenda, I was reading through my papers here. I came across this editorial in the New York Times that appeared soon after the Republicans started running the ads in some Democratic districts accusing Democrats of spending the Social Security trust fund. In light of the remarks you made about the across-the-board cuts and some of the pork-barrel spending that could be eliminated, I just wanted to, if I could, quote a couple of sections of this, because I think it really responds and sums up all the things that you were saying. This is entitled ''Social Security Scare-Mongering.'' This is not us, this is the New York Times speaking.

It says,

Republicans are trying to make political headway using the Social Security weapon against Democrats. They are advancing a ludicrous claim that deep Republican budget cuts are needed to stop a Democratic ''raid'' on Social Security.

The Republican argument rests on a fallacy that spending budget money today compromises the government's ability to meet its Social Security obligations in the future. Instead of squabbling over dollars in this year's budget, Congress can do more for Social Security by producing sound budgets that make the right investments while keeping the economy growing. A prosperous economy is the best guarantee that workers in the future will be able to afford paying for their parents' retirement.

In January, President Clinton called for setting aside nearly two-thirds of the total projected Federal surplus, from Social Security and other sources, to help retire Federal debt over the next 15 years. That was a sensible proposal intended to increase the savings rate and lower future interest rates. But the argument this year is over whether a small amount of the $140 billion Social Security surplus in the current year should be used to avoid spending cuts in other programs. In fact, no damage would be done to the economy, to Social Security or to the Federal budget itself if that happened.

Asserting that it is merely trying to save money for Social Security, the Republican leadership in Congress wants to cut spending by 1.4 percent across the board and block the White House's initiatives for money to hire new teachers and police officers. The Republican leaders' approach has been so wrongheaded that yesterday it provoked a revolt in the party rank and file. But it is not necessary to slash programs to ''save'' Social Security. More to the point, there are better places to save money, by cutting billions of dollars in pork-barrel projects and eliminating some of the expensive tax breaks for special interests that have made big campaign donations to the Republican Party in recent years.

President Clinton is right to veto spending bills that do not meet priority needs in education, the environment, law enforcement and other areas. As the White House notes, the Republican budget schemes approved so far have already tapped the Social Security system's surplus, according to the Congressional Budget Office.

That says it all. It is just a bunch of bogus claims about Social Security, spending cuts across the board instead of attacking the real spending-bloated projects that need to be attacked. As I would point out, and I know you are going to get into the unfinished agenda, the biggest thing is that they have not addressed the need to deal with Social Security and Medicare long-term. We would never have been able to address that if the President had not vetoed their huge tax cut, because there would not be any money in the surplus left to deal with Social Security and Medicare.

Mr. GREEN of Texas. Let me just continue a little bit before we get into our unfinished agenda, and talk about the proposed 1 percent across-the-board cut, what would be cut. For example, work study, a 1 percent cut across the board for work study would cut $9 million out of it. For title I again for the educationally disadvantaged, $78 million. We have more children and more children, so many children who are not served by title I already, that it would go backwards literally.

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The 1 percent cut would cut, for example, FAA operations, $59 million; Coast Guard operations, $25 million; Federal aid for highways, $262 million.

So there are so many things that they would cut. EPA grants for wastewater and drinking water treatment, $32 million. I could just go on and on down the list. Again, military personnel, their 1 percent cut would be $739 million. Again, that was quantified to say it would be 35,000 military personnel that would not be there if we did that across-the-board cut.

So again, I would say yes, 1 percent is not bad across the board, but let us not cut the good with the bad, let us cut the bad out, and that is our job as Members of Congress.

Mr. Speaker, the unfinished legacy, so to speak, of this Congress is, first of all, prescription drug benefits that we were hopefully going to get as a Medicare drug prescription benefit. It was killed this year. There are actually a number of different proposals, at least on the House side. We have one by the gentleman from Maine (Mr. BALDACCI) and the gentleman from Texas (Mr. TURNER) and a host of other Members, that would not cost a dime of Federal dollars, it would just let the Federal Government, through HCFA, to negotiate, just like HMOs do now, just like the VA does, like anyone does for bulk purchasing. And to save money for seniors on prescription medication. That was not even considered on this floor except when we brought it up as an issue.

The Patients' Bill of Rights, which is again, near and dear to our hearts, because we spent so much time in talking about it; again, both of us serving on the Subcommittee on Health of the Committee on Commerce, and the gentleman chairs the Health Care Task Force of the Democratic caucus. The Patients' Bill of Rights was killed for this year, and now I am sure it is on life support maybe, because we passed a good, strong bill out of here. But when we saw the Speaker's appointments to the Republican Conference committee of 13 Members, only one of them voted for the bill, only one voted for the bill, and that is frustrating. Now we have a weak bill that the Senate passed, and we have a very strong bill that the House passed; and yet here in the House, even though we had a strong bill, only one Member of the conference committee, of the majority, voted for the bill.

So I am worried that not only has it been killed for this year, but we may see it killed for next year.

The other thing I think we have talked about, and we have talked about all year and we were hoping we could get something done with it was the minimum wage increase. We have had the greatest economy, literally, in our history, the longest running, and inflation is not a problem; and yet sometimes the folks in the lowest level of workers are the ones who are being left

behind. So there has been serious talk over the last 3 weeks on the minimum wage, and there was effort to do something, but we have been here since January, and that bill has been talked about and has been introduced.

So a dollar for the people who are not on social services, but are working, a dollar increase over 2 years only seems to be beneficial not only for the country, because that dollar, those folks are not going to take that $1 an hour more and go buy stock with it, although that would be great, they are going to pay more on rent, buy more food, so that dollar will circulate within the economy. Again, a dollar increase in the minimum wage, I am sorry it did not pass this year. Maybe, again, we will do it next year. I do not think any of us would serve in the Congress if we were not optimists to say we could do better the next year.

Campaign finance reform. Again, a very good issue that the House passed, a very tough bill; and now it is sitting somewhere over in the Senate, and there will not be any campaign finance reform bill for this year. Again, maybe next year. I feel like sometimes I am a football coach saying wait until next year; we will do better next year. But we are not playing football; we are dealing with people's lives here, and that is important.

Smaller class sizes for our public schools. Again, 94 percent of public education money is spent by local and State governments; only 6 percent on the Federal level. We are not talking about a large Federal commitment. But we also know that our local school districts and our States use Title I money; they use this Federal education money to help leverage what they do for the classes and the schools that need it the most and the children that need it the most.

Again, my wife is a high school algebra teacher and most of the smaller class sizes we talk about, kindergarten through elementary school, kindergarten through third grade or fifth grade, but one cannot teach algebra to 35 students; we need a smaller class size, hopefully 20 students where one can really deal with the complications.

The last issue, and I know I like to talk about this too because a lot of people think sometimes as Democrats and Republicans, well, the Democrats, they do not really want tax relief. Sure, I would love to have tax relief. I do my own taxes and let me tell my colleague, I would like to simplify and make it a lot easier. But there are things that we could do for targeted tax relief that we had as part of our legislation, and again, it was not even seriously considered. The only thing that was considered was that $800 billion over a 10-year period that would literally take the heart out of Social Security and Medicare efforts. Not only that, but also in military spending and everything else that is the responsibility of our country.

Let me just finish by saying a couple of weeks ago, and I have used this before, the reason the managed care issue was so important and why it passed this House on a very bipartisan vote is it was illustrated by Newsweek, ''HMO Hell,'' and the number of people who are going through that. And they are frustrated because they have some type of insurance, whether it is through their employer, whether it is maybe they pay part of it through their employer; and yet when they go receive that type of care, when they go get that care, they are somehow eliminated from it or delayed.

Our bill would eliminate the gag rules where a physician or a doctor or a provider could talk with their patients. It would make the determination of medical necessity not by a bureaucrat or someone answering a phone, but by someone who actually knows that individual patient. Outside, an independent appeals process, a swift appeals process which will make sure that people do not have to go through HMO hell. Emergency room care. Instead of one having to drive by one's closest emergency room, if someone has an emergency, maybe one has heart trouble or chest pains and going to the hospital on their list, one can go to the closest hospital and find out if it really is an emergency and if one needs to be stabilized. That would help stop having to go through HMO hell.

The last one is accountability. That is probably more important than almost any of them, because everybody ought to be accountable in their jobs. The gentleman and I are accountable to our voters every 2 years. I tell people my contract is renewed every 2 years, so we are accountable. Because if we make a vote up here that our constituents do not like, then they have the right to vote against us. Hopefully, if we do something they like, they vote for us, so it comes out even. But on accountability, the people who make the medical decisions need to be accountable and, ultimately, that means the courthouse.

Now, part of accountability is a good, strong independent appeals process, but we found out in Texas that we have a good appeals process, but the reason it is successful is we have that backup. If the appeals process breaks down, one can go to court. During over 2 years of our Texas law, we have had 250, 300 maybe appeals, just hundreds of them filed and over half of them are being found in favor of the patient, but we have had less than five lawsuits. In fact, three of those five I understand is by one attorney in Fort Worth, Texas, for whatever reason. So there have not been many rushing to the courthouse.

So if we had strong accountability, we would then keep people from having to go through HMO hell, and that is a bill that I know the gentleman and I talked about all year and last year and maybe even the year before. Because we have not passed it this year, after the New Year holiday, after we celebrate the holidays and the new millennium, hopefully we will come back and be able to pass a real strong HMO reform bill, patterned after a lot of what our States have, particularly in Texas.

That is why I think the unfinished agenda is so important for us. We do not want to just point at the other side and say, hey, you are doing wrong; let us see what we can all do right. We could do right on managed care reform; we could do right on prescription drug medication; we could do right on a minimum wage increase; we could do right by education, for smaller class sizes; and we could do right by passing a strong campaign finance reform bill, again, that would eliminate the soft money that we hear is so bad. Although again, the gentleman and I do not benefit from that as individuals, because we are under the caps like everyone else is, but that soft money that goes to the party structures and whoever else, and even the independent expenditures from people who maybe if they do not like how the gentleman voted on a bill or they do not like how I voted, they can spend literally millions of dollars trying to defeat us without knowing who is actually spending it. That is why we need campaign finance reform. People should have the right to know who is doing it.

There are a lot of things that we did not do this year, and I appreciate the gentleman setting aside this special order again, even though it is in the middle of the day instead of late at night to talk about the unfinished agenda. We did not do very good this year, but we will do better next year, we hope.

Mr. PALLONE. Mr. Speaker, I just wanted to thank the gentleman for what he said, and particularly for raising those tombstones. I just wanted to comment on some of the tombstones and some of the remarks the gentleman made because I think they are so appropriate. I really like the tombstone presentation, because I think it says it all. I mean, what do they say? ''Rest in peace, killed by the GOP, 1999.'' That is basically what we face.

We know that in another day or so, once this budget is passed, that we are going to go home and the Republicans want us to go home, not having addressed this unfinished agenda, these major issues that the public cares about. When we go home, that is all we are going to hear. I know my colleague from Texas faces that, and when I go home nobody is going to tell me, thank you for passing the budget. They expect the budget to be passed. That is routine. But they want us to address these major concerns that have not been addressed.

I just wanted to say a couple of things about them. The gentleman mentioned the campaign finance reform. I know that is not one that I hear too much about because I know most people think that is more of an inside situation, but it really is not. The reality is that when we have all of this money being spent that is unregulated, it really does corrupt the system. I just

know from my own campaign, in my last campaign in November of 1998, I think I spent and my opponent spent about $1 million each that was regulated money, if you will. In other words, hard dollars, Federal dollars that people contributed and people disclosed, and it was a hard-fought race.

But there was about $4 million to $5 million that was spent against me in independent expenditures, TV ads on New York stations, the last 2 or 3 weeks of the campaign, by a group that never identified itself. I think it called itself Americans For Job Security. They do not have to file anything; they do not have to disclose where that money came from. And to this day, we are only speculating about where we think the money came from. It was undoubtedly millions of dollars in corporate money that was coming from special interests, and we have no idea where it came from. It really corrupts the system when we have that kind of phenomenon. That is why we need to pass the Shays-Meehan bill and we need to have real campaign finance reform.

The other thing the gentleman mentioned, and I appreciate the fact that he brought it up, is the targeted tax cuts, because I started out this afternoon by talking about this trillion dollar Republican tax cut that went primarily for the wealthy and for corporate interests, and I am glad the gentleman came and pointed out that we as Democrats want tax cuts as well, but we want them targeted for middle-class families, for child care, for education needs, those kinds of things, not these huge, trillion dollar tax cuts that just go to help the wealthy.

I brought with me some information about that Republican tax cut, and I will just briefly mention it. Just to show how it was skewed toward the wealthy and corporations. The Republican plan means $46,000 per year for the wealthiest taxpayers that they were going to get back, but only $160 per year for the average middle-class family, and $21 billion was lavished on special interest tax breaks for big businesses.

The other thing about that trillion dollar Republican tax cut is that it basically used the entire surplus and would prevent us from paying down a significant chunk of the $5.6 trillion national debt.

The President keeps pointing out that we are now actually reducing the debt, paying back some of the bonds, not collecting the same interest that we were before. If we use all of that and give it back in tax breaks, one cannot pay down the national debt. But most important, that Republican tax plan just took all the money away that could be used for Medicare, for prescription drugs, and also to shore up Social Security.

The other thing the gentleman mentioned, one of the tombstones was about the small class size. I think we should mention that two of the reasons, and I think the gentleman mentioned it, two of the major reasons why we stayed here for the last 6 weeks and insisted on a better budget than what the Republicans were sending to the President, two of the major reasons was because we wanted to fund that 100,000 teachers program where the money goes back to the municipalities so they do not have to pay it in local property taxes and also for the COPs program which was similar. The Republicans, as the gentleman knows, did not want to pay for that. Their budget did not include those programs. Now, the budget that we are going to adopt tomorrow does at least include those.

So I guess we would have to say that at least in one of those cases, we have had success.

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But unfortunately, we have not had success on so many other things, the HMO reform, the Medicare prescription drugs, and so many of the other things the gentleman mentioned. But we did at least, in staying here for the last 6 weeks and insisting that they put in the 100,000 teachers and cops, at least we did accomplish something.

Mr. Speaker, I yield to the gentlewoman from California (Ms. SANCHEZ). I am so pleased she is joining us here this afternoon.

Ms. SANCHEZ. Mr. Speaker, I thank my colleague from New Jersey for yielding to me.

Mr. Speaker, I just wanted to reiterate what the gentleman just talked about, this whole issue of why have we been here 6 extra weeks. Because I go home to my district and people ask me all the time, why is this fighting going on in Congress?

I try to explain to them that the strategy of the other side, of the Republicans, was to fund what they wanted up front in the appropriations bills and then leave the appropriations that they do not like to fund to the very end, and say, we have spent too much already. We cannot fund these other issues.

Of course, the one they wanted to leave for the end was the HHS and education bill, health care, human services, the education pieces of the budget. In fact, initially out of the Appropriations Committee, as I recall, they wanted a 40 percent cut in that.

I tell people all the time when I am back home, the reason we are in Washington still is because the Democrats did not want to see education and health care services cut. We would stand up and we would fight for that.

Of course, as we saw, we are getting the next installment, if you will, of the 100,000 teachers. I think that is great. It is patterned after the COPS program. Something that we have seen since President Clinton initiated that and we voted for it and we have been funding it, we have been seen the crime rate drop across the Nation.

It is really interesting because, of course, then we had COPS III in this year's budget. The Republicans did not want to fund it anymore. I would go back home and even my own police officers would say, what is wrong with those guys? Why do they not understand that the reason that crime has gone down is because we have had these extra bodies to put out in the communities to not deal in a negative way with neighborhoods, but to do a positive campaign, have a presence in the neighborhood, and it really has brought crime down.

And it is amazing to me that they would want to cut off that program, but of course that is what they had in mind, just as they did not want to do the second installment of the teachers.

We know when we look at the education system, a young child, and I had a forum in my district, and I remember the Vice President, Mr. GORE, came out. One of the students stood up, and she must have been, gosh, I think about 12 years old. We asked her, what is the most important thing in the classroom? What do you think is the most important thing? And she said, the most important thing is the quality of the teacher in the classroom. This is a young student. And I believe that. Trained teachers, teachers that are teaching to 20 students versus 40 students, it makes a big difference.

Of course, I am from California, where we have had at a State level an initiative to bring down the class size by hiring more teachers, et cetera. We have seen an incredible difference. I have first grade teachers, where we have implemented this in first and second and some of third grade, I have had the first grade teachers tell me, my students are learning to read. The difference is that I only have 20 to teach, and I can spend the quality time with them and understand the individual problems that they have in learning to read better than when I used to have 40 children in the classroom and it was more of a disciplinary problem, and I had to watch what was going on, and I could not spend individual time with students because there were so many, 39 others running amok.

The first grade teachers will tell us the difference is that they have a smaller class size and they can understand the individuals. Gosh, when we look at this Columbine situation and the school safety issue, and we look at what these students are really telling us, when we look at what is happening, it is a need for attention.

When you have a smaller class size, a teacher can see, are there problems with this child? Might they be having problems at home? Do we need to get some help for them? Can I sit down and talk something through with them? It is much harder to do for 40 kids in the classroom than it is on an individual basis.

I hope that people will understand why we have been here fighting as Democrats, and it has been because we care about what is happening in the public school system. We want to fix it.

We want to help it. That is through a myriad of programs, not just more teachers, but the teacher training grants that we have approved, the technology, which is such a need in the classroom.

I hope they will also understand that we have also been fighting to keep safety, to keep the crime rate down, to keep this safety issue out there by fighting for the COPS program.

These have been just incredibly important issues as to why we have been here, in addition to the health care factor that the gentleman mentioned earlier, and of course, the prescription drugs, and things that we just have not been able to get through because the leadership of this House, the Republican leadership, has closed an eye to it and do not want to push this type of thing through.

Mr. PALLONE. Mr. Speaker, I just want to thank the gentlewoman for coming down. What the gentlewoman has said is so true. I do not really understand, we see my colleagues on the Republican side talk about education, but when it comes to actually trying to provide the funding that is going to go back to the local towns and help with property taxes to pay for education, they do not want to do it.

The gentlewoman remembers that we were here a year ago trying to adopt a budget, and again, one of the major sticking points was their unwillingness to fund this 100,000 teachers initiative. I know when I go back to New Jersey, and basically in all the school districts, they say it is great. They like it on a bipartisan basis, because frankly, it not only means more teachers and smaller class size, but also it saves them money that they do not have to hire the teachers because they get the Federal dollars.

The other initiative that is part of the unfinished agenda which the Republican leadership has refused to deal with is the school construction initiative. We have been talking about that now for several years, as well. That was sort of the second part, to bring down the class size and then provide some Federal dollars to help with school construction. That was for renovation in urban areas for older schools and also in the suburban areas where we have split sessions, and they cannot afford to build new schools to help pay for that, too. Yet that is not going to be in this budget because they say that is too much. They do not want the Federal government involved.

I do not know how the Federal government helping local schools pay for school modernization is somehow ideologically a problem, but this is what we hear from the Republican side of the aisle.

Ms. SANCHEZ. If the gentleman will yield further, they do say that. They say that they do not think at a Federal level we should be involved.

We have proposed to them programs that work wonderfully; for example, school construction bonds, the whole issue of at a local level an entire community has to decide that, yes, in fact they need new schools and they are willing to pay for new schools. They have to pass a bond issue; if they would do that, if they would do the work, and then of course the building of the schools and all of that is still under local control.

We have a lot of propositions here in the House that would say, you pay the principle on the bonds and we, those people who purchased those school bonds, will get a tax credit on their income tax form, $1 for $1, where they do not have to send the money to Washington. Instead, they get the tax credit on their income taxes. What does that mean? It means that the Federal government basically picks up the interest cost on the bonds. That is about a 50 percent match.

It has two of these Republican types of issues with it; one, keep it at a local level. They have to approve it locally, they have to work it locally, and the local community wants it, needs it, and decides to do it. And secondly, do not send your money to Washington, do not send us the money, keep it as a tax credit. It fits right in there their philosophies of less money to Washington, but still this whole issue of constructing schools is just something that they do not want to do, at a time when I look in California and we have such a need.

One of the districts I represent, Anaheim City School District, it is growing at twice the rate in school enrollment of children as the five fastest growing States in school enrollment across the Nation, twice as fast. It grows by about a thousand students a year. That is a new elementary school every year. Yet, they have the same number of elementary schools they had as when I was going through the school system 25, 30 years ago.

It is amazing. They go year round, four-track. They never have a summer anymore. They do not have a traditional school, they have different tracks going. They send their kid for 8 weeks, and then he is off for a week. Then they send him for another 8 weeks, et cetera.

Every time that the teacher finishes that 8 weeks, she has to pack up her classroom, put it in storage, go away for a week, come back, unpack the classroom in a different school building. Imagine if you are a professional, imagine if we had to pack up our offices every 8 or 9 weeks here, how much work we would really get done.

They have gone to double sessions, so not only do they have this year-round school going on, but they have an a.m. and p.m. session with their kids, which means some kids start to eat lunch at 9 in the morning, and some kids do not get lunch until 2 p.m. in the afternoon. They have sessions at which kids, they have only so much room outside for kids to sit down at the picnic tables.

Besides that, they have portables all over the green grass area, so the kids really cannot go out and play anymore because they now have portable classrooms. In fact, I have a school system that, if you took the number of portables they have on the school sites, on the current permanent school sites, and you took them off and you actually made the equivalent of new school sites, you would have 27 new school sites versus the 26 existing school sites. That is how crowded it is getting in California.

Mr. PALLONE. We have the same problem in New Jersey, maybe not as severe. But I know that the State legislature now is struggling to pass some sort of school bond modernization initiative. Obviously, if we could get money from the Federal government, it would make such a difference.

Again, we talk about the school modernization, and that is nowhere to be seen in this budget. We just have to press for it as part of this unfinished agenda when we come back.

Mr. Speaker, I yield to my colleague, the gentleman from North Dakota (Mr. POMEROY), who has been down here many times talking about these issues.

Mr. POMEROY. Mr. Speaker, I thank my friend for hosting this special order, because we are at the end of the session. I think it is time to take a look back at what has been accomplished over the past year, or in this case, unfortunately, what has been left needing and deserving of action.

Let us just go through the issues, ending with the budget issues, which are still being wrangled about even as we visit on the floor this afternoon.

A Patients' Bill of Rights. I think if we look at issues that enjoy very broad support across the country, and indeed, a very significant bipartisan support in this Chamber, it would be the drive to give health insurance policyholders greater protections that their medical care decisions will be made between the doctor and themselves, not by some intervening HMO official.

That seemed to be a very clear-cut issue. After significant discussion in this Chamber there was a vote, and it was a strong bipartisan vote to give patients meaningful protections relative to their HMOs. Unfortunately, we saw the Speaker turn around and do everything possible to sabotage that bill in the conference committee, refusing to appoint to the conference committee even those who had been supportive of the legislation; in fact, sandbagging, so this bill which enjoyed the strong vote out of the House was doomed to failure in conference committee. The result, of course: no legislation on the Patients' Bill of Rights.

Mr. Speaker, we started the year with a very, or actually at the end of the school year we had the terrible tragedy of Littleton. It drew our attention to certain essential gun safety actions, very measured but prudent steps we could have taken: child safety locks; dealing with the gun show loophole, making the sale of guns at a gun show context somewhat similar to

what it would be under a licensed dealer, be it a retail vendor, a hardware store, or what have you.

Again, there was broad national support for those measures, and yet, it was stymied within the Chamber and no further effort to bring it forward, even though the Speaker in this instance, unlike the Patients' Bill of Rights, said he did intend to have a response move forward; ultimately sabotaged by his own people, and nothing happening on the gun safety issues.

An issue that I have seen coming on and coming on very strong is the need to address the soaring cost of prescription drug medications. That is especially true, and certainly it had been my hope that this would be the Congress where we could take steps forward to address this issue in one of two ways. I think the best way to address it would be to fold in some type of prescription drug coverage in the Medicare program. I hoped that that could be achieved.

In the alternative, in the event that questions about the financing of that would prove too tough to deal with, we could address pricing differentials, because it is very clear that right now the drug companies are selling below cost to their favorite customers, like the HMOs or Federal agencies, and coming back and having people paying these prescription drugs out of pocket.

Our seniors on fixed incomes so often need these prescription medications for their very health maintenance, and unfortunately, this is going to be a Congress leaving town without having done one thing relative to prescription drug needs of our seniors. I just think that is what has become another in a long string of failures.

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We are heading into an election year. We had a chance to address campaign finance reform. No campaign finance reform coming out of this Congress. Another in a long litany of failures.

In addition, one of the things that I had hoped we could really achieve, especially in this situation, would be to strengthen the Social Security Trust Fund, extend the life of its solvency. Move now to address the needs of baby boomers in retirement. We had the plan. We had the opportunity. Unfortunately, not one hour on the floor of this House has a measure been discussed to lengthen the life of the Social Security trust fund.

We did see, I will say with Social Security, I think, some very clever sleight-of-hand by the majority. They tried to deflect the discussion from the Social Security Trust Fund and its long-term solvency to whether or not funds from the Social Security revenues were being spent on the funding of government. All of their argument did not have anything to do with strengthening Social Security. None of their arguments go to lengthen the life of the trust fund so much as one day. But they drove the point: The Democrats were going to raid Social Security for wild spending programs, and they were going to put a stop to it.

Mr. Speaker, we know the score, and I have got the score revealed here on this chart. This is from the Congressional Budget Office. About $14 billion in general fund surplus to support additional spending. And now we know that even as the deal is being put together on the final spending of this Congress, we are going to be into the Social Security program at least $17 billion and, quite potentially, much larger than that. So although they did not lengthen the life of the trust fund one day, they spoke a lot about not spending any of the Social Security surplus. The Congressional Budget Office makes it very clear, Social Security money is being spent under their budget plan.

I think, in total this constitutes really an abysmal year in terms of lack of action on the one hand coupled with action that is not helpful on the other hand. I would hope that next year we could put forward a much better record of accomplishment for the American people. Because in the end, I think a congressional session like this should not be about setting up the next election. The elections are about having us work together, putting aside the overheated, overblown campaign rhetoric and getting into the Chamber and rolling up our sleeves, bridging our differences and forcing solutions for the American people. That is what they expect out of Congress.

So perhaps, and I would have to say there is some unlikeliness to this, but even though the 2000 elections are going to be looming large next year, it would be my hope the majority leadership would concentrate on the task at hand and that is doing the people's business. Let the 2000 elections take care of themselves. I yield back to the gentleman.

Mr. PALLONE. Mr. Speaker, I thank the gentleman. I just wanted to say with regard to the remarks that the gentleman from North Dakota made, there is no question that we have to put on the pressure with this Republican Majority when we come back to try to deal with this unfinished agenda.

The one thing I wanted to mention very briefly is that we have already put in place a rule to bring up a discharge petition on the price discrimination and the prescription drug benefit. We have one bill that would basically deal with the price discrimination by putting in place a Federal remedy, and another that would provide for a prescription drug benefit under Medicare. We are going to make sure when we come back that we get the petition signed and that we force that issue to the floor, which we have had to do with every one of these issues, unfortunately. Take that extraordinary means of a discharge petition, which should not be the case, but unfortunately that is what is necessary to get the Republican leadership to move in the House on every one of these issues. HMO reform, campaign finance reform, gun safety, every one that we could mention we have had to go that route.

Ms. SANCHEZ. Mr. Speaker, I would agree with the gentleman. We have had various petitions and, hopefully, there will be another way when we return in January to try to get the prescription drug issue to the floor.

I just want to wrap up my comments with respect to what the gentleman from North Dakota said about Social Security. Let us face it. Next year is going to be a very difficult election year with control of the House, in particular, up for grabs. I think it will be very difficult to move legislation through. This would have been really the ideal year to take a look at the Social Security issue and shoring it up.

Why? Because we have the time to do it. Because we have a surplus for the first time to be able to take a look at where the monies are spent. And because there are still inequities. Just looking at the 2013 year where we will have the switch over and there will be a deficit fund gathering for Social Security. But there are still inequities in the program that we have, like the notch babies. All of these issues. They do not affect a lot of the population, but they affect people who have been working very hard all of their lives and somehow along the line got something done, a law passed here that was against them for really no reason.

We really need to take a look at this restructure of Social Security, make sure that it is solvent, make sure that we are putting the monies aside today for tomorrow when we will need them. And it is a shame that this Congress was unable or unwilling, that the leadership in this House, the Republican leadership, was unwilling to address the Social Security reform issue.

Mr. Speaker, with that I yield back to the gentleman from New Jersey.

Mr. PALLONE. Mr. Speaker, I appreciate the gentlewoman from California bringing that up, because I guess we can take some solace in the fact that at least we stopped this tax break for the wealthy and for the corporate interests. Because if that had passed and the President had signed it, then there would not even be the money available in the surplus as it grows over the next few years to even address the Social Security and the Medicare prescription drug issue. So I guess we have to kind of be happy for small victories, so to speak. At least that did not happen. I agree completely.

The President started out the year in his State of the Union address last year saying he wanted 1999 to be the year when we addressed the solvency of Social Security and Medicare. Basically, the Republican leadership made that impossible, but we just have to try and work harder next year. We are going to be down here on the floor every day in January and February making the point that these issues, this unfinished agenda, have to be addressed.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 80. Joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

The message also announced that pursuant to Public Law 105–277, the Chair, on behalf of the majority leader, announces the appointment of Deborah C. Ball, of Georgia, to serve as a member of the Parents Advisory Council on Youth Drug Abuse for a three-year term.

ISSUES, NOT SOLUTIONS

The SPEAKER pro tempore (Mr. NUSSLE). Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes.

Mr. TANCREDO. Mr. Speaker, I must say that I had originally requested only 5 minutes, but a number of things have happened in the last several hours that have forced me to come back and request more time to address the issues that I wanted to bring to the attention of the body today.

Certainly, some of the things that have been discussed by previous speakers here lead me to take the floor today and to do so for at least some more time than 5 minutes.

When I was in high school, our class used to have the task at the end of the year of coming up with a motto, among other things, to attach to ourselves for the rest of eternity and it would always be placed in the little book, the annual. It would say the class motto was such and such for this. Mr. Speaker, I have a suggestion after listening to the discussion for the last hour. I have a suggestion of what our colleagues on the other side of the aisle might use for their class motto this session, and it would be this: ''Issues, not solutions.''

Mr. Speaker, let me just suggest that as the class motto for the Democrats of the 106th Congress. That their real purpose is to have an issue to run on and to avoid the possibility of achieving a solution in this body at all costs.

Now, I say that recognizing that it is certainly not a revelation. I bring to the body that this is the strategy that the Democrats are employing. I say that because the minority leader has said that. The gentleman from Missouri (Mr. GEPHARDT) has indicated in articles that I have read, and certainly have been brought to the attention on the floor in the past, that it is his purpose to try and present as many obstacles as he possibly can to the accomplishment of the goals established by the majority in the area of education reform, in the area of tax reform, in any area important to the people of the country, there they would be.

It is not surprising, therefore, when we look at the majority responsibility of the Congress, that is the passage of 13 appropriations bills, that when we look at how that eventually got done, it got done without the help of our Members on the other side. Without the help of any of them. Maybe three or four at a time would come on board, but almost always it was the Republicans in the Congress that had to carry the load because everybody over there was going to play hard ball because they want issues, not solutions.

The last thing they want, in fact, is a solution to the problem. So much rhetoric has been devoted to the Social Security issue. I am so glad to hear that at least there is a concern on the other side with regard to Social Security and, in fact, holding it sacrosanct, because that is a very interesting thing. We, in fact, passed a law, passed a bill out of this House. It went over to the other side and that law was designed to, in fact, codify this idea of holding Social Security sacrosanct. Not using it for the general fund. Something that we even hear the President saying that he agrees to.

But what has happened, Mr. Speaker, I ask? Where is that bill? And why is it not now part of the solution to the Social Security issue?

Well, of course, it is because the Senate Democrats have had a filibuster. The issue has been brought forward five times at least in the Senate, and each time it has been filibustered by the Democrats and essentially killed.

So where is the desire for the solution here? It is not their desire. It is, in fact, to maintain an issue to go into the next campaign with.

Beyond that, when the discussion resolves to the next stage, and that is the fix for Social Security, where is the President's plan for that? Has anyone heard of the President's plan? I certainly have not. I recognize fully well that the continuation of the Social Security system is in great, great jeopardy; and we must do something to change that. And I do not even suggest for a moment that not spending Social Security funds for general fund purposes will solve the Social Security problem. It will not. It does, in fact, however, slow the growth of government quite dramatically and makes us a little more honest to our constituents. Those two things are pretty good things in and of themselves.

But if, in fact, there is such a desire to fix Social Security, then of course we should hear something out of the White House about how we should go about doing that. That would be nice. That would be good. But we have not. Why have we not heard that, Mr. Speaker? Let me suggest the reason is because it does not fit the motto. The motto is, remember: ''Issues, not solutions.''

COLUMBINE HIGH SCHOOL AND GUN CONTROL

Mr. TANCREDO. Mr. Speaker, let me go on to the purpose of my original request for this time to speak. It is my understanding that today a group of Members of this body held a press conference in which they unveiled a clock of sorts. And this clock, I am told, has recorded the amount of time, minutes and hours and days, since the event at Columbine High School. And it is meant, I suppose, well, I know it is meant as a political gag in order to try and embarrass the Congress for not having, quote, moved ahead on gun legislation.

Mr. Speaker, I can understand the desire on the part of a lot of people, especially as we move to the very end of the session, to grasp at straws to do the most outrageous things in order to try to get the attention of the general public and in order to try and score some sort of political advantage.

1545

But I must say, Mr. Speaker, as the Representative from Columbine, from that area, the school is half a mile from my home, and my neighbors have children there, and we suffered through this event together.

I must tell my colleagues, Mr. Speaker, that to have this kind of political shenanigan pulled at this late date to try and remind us of when Columbine occurred, let me tell my colleagues, Mr. Speaker, there is not a parent in my district, there is not a parent of a single child who was murdered at that school or injured in that school who needs to be reminded of when that happened.

There is not a single living soul in my district that needs to be told when that occurred, how long ago, because it is etched indelibly in our memories and in my mind.

To suggest that any action taken subsequent to that time by this Congress could possibly have changed the situation there is, of course, both ludicrous and hypocritical. It is especially hypocritical, Mr. Speaker, because of course this Congress did attempt to address the issue of gun safety.

There was a bill, Mr. Speaker. There was a bill. It made it to the floor. H.R. 2122. Now, maybe it was not a perfect piece of legislation. There were certainly things about it that I had concerns about. But let me just go it just to remind all of us what exactly it was that we were talking about in that particular piece of legislation.

Under current law, background checks are not conducted at gun shows concerning transactions by private vendors but, instead, are only required of Federal licensees. This allows for a loophole of sorts in the acquisition of firearms.

There was an amendment proposed as a matter of fact by a Democrat, by the gentleman from Michigan (Mr. DINGELL). That amendment I believe was the most accommodating option, both in keeping guns out of the hands of the criminals and in protecting the rights of gun owners across the country. Certainly it was controversial. There were many people in my own district, certainly people in my own constituency that said it still went too far. As a

matter of fact, I was the only Member in my delegation to vote for this. It was, in fact, the best possible option of all the options I think we had available to us.

By the way, the Dingell amendment would have, in fact, closed that loophole, would have required someone that was a private vendor to do background checks on people purchasing guns.

The argument revolved around the length of time that would be allowed for these checks to be completed and that sort of thing, and those were arguable points. I will not say that they were not. It was not, as I say, a perfect bill. But it was a Democrat amendment that achieved about 45 or 50 Democrats in its support originally, and then it became part of the bill.

The next amendment dealt with large capacity devices. They prohibited the manufacture of large capacity clips, ammunition clips. Another one prevented juveniles from possessing semiautomatic assault weapons. Another one made it mandatory to provide trigger locks and safety devices when guns were purchased.

Another amendment qualified current and former law enforcement officers to carry a concealed weapon whereby allowing them to continue to serve our communities as safety personnel. In a way, this is something that my friends on the other side have been pushing for all the time, that 100,000 cops. Well, this is a way of putting a lot of police on the beat. These are retired former law enforcement police officers who could be carrying weapons and protecting the community.

Another amendment in that particular bill said that, when guns were pawned for more than a year, they would not be returned to their owner until they pass an NIC background check.

This amendment makes sure that, during periods when the firearm is under the possession of the pawn shop, that the original owner does not undergo circumstances which would hinder them from possessing the firearm. Likewise, it allows for checks to be done on the pawned weapon so as to make sure it has not been stolen.

Then the juvenile Brady part where the amendment would prohibit persons who commit violent acts of juvenile delinquency from possessing firearms as adults.

All right. Those are the parts of the bill, the most significant parts of the bill, H.R. 2122, that came to this floor.

After a great deal of debate after originally supporting that, my colleagues remember what happened. My colleagues may recall, Mr. Speaker, how that all played out. I often think of that cartoon, the Peanuts cartoon, and that character when Lucy is holding the ball that Charlie is coming to kick. Just as he gets there, she pulls it away, and he falls back. That is in a way what the Democrats did with that bill.

They put this bill out there. The Dingell amendment was part of it. We assumed, of course, that we would get some support, although it may not have been perfect, because when was the last perfect piece of legislation that passed this body. Every piece of legislation is made up of compromises on both sides of the issue. Certainly it was not perfect for me. But I also knew that it was going to be the best chance we had of getting this kind of legislation out of this Congress. So did the other side, and that is my point. They also knew that that was the best chance we had.

So what happened, Mr. Speaker, after all the rhetoric about gun legislation, and I asked the people across the street holding press conferences and unveiling these clocks, telling us how long it has been, and people holding up replicas of tombstones saying ''rest in peace gun control measures,'' I want to ask them where they were on the day that H.R. 2122 came to the floor.

I will tell my colleagues what happened when that bill came to the floor. It failed. It failed with 198 Democrats voting no, 81 Republicans voting no. Let me say that again. The chart depicts this: 198 Democrat no votes, 81 Republican no votes. The final vote, 147 aye, 280 no. The 147 broke down in the following manner: Republicans, 137; Democrats 10.

Now, I do not know, I have heard of awards that are given annually, maybe monthly, or something by various members for the pork of the week award. There are all these things that are picked out, and people, individuals get sometimes these awards that are not really all that much appreciated.

I am not sure, but perhaps we should come up with a chutzpah award because I cannot think of a better word, a fine Jewish word to explain what we are talking about here when somebody can actually stand up here in this body and tell us that we have prevented the movement of this kind of legislation of gun control legislation when this is the fact of the matter: 198 Democrat noes. 198. Republican noes, 81.

Who stopped it? Why did they stop it, Mr. Speaker? The answer I believe is the answer I gave at the beginning. It is the motto of the Democratic class of 1999 in the House of Representatives. The motto is: ''Issues, not solutions. We want problems to carry forward.''

Mr. Speaker, I received just a little bit before I came over here a communication from Mr. William Maloney. Mr. Maloney is the Colorado Commissioner of Education. This is not a political position. He is appointed by an elected board. It was a communication that I did not prompt, I did not request, and it is in response to the events, I hate to even characterize it as a press conference, because a press conference would indicate that there was something newsworthy about it, but it was the event to which I referred earlier, this thing where they unveiled this clock that is supposed to remind us all how long it has been since Columbine.

Mr. Maloney puts it very, very clearly and very succinctly and articulately. Remember, Mr. Maloney is the Commissioner of Education in Colorado. It is a nonpartisan position. He says the following about their antics, and I will say antics rather than activities:

''We would deeply regret that anyone would address the Columbine tragedy without any consultation with those who were most deeply involved. To do so in a simplistic fashion is to disrespect the full dimension of this tragedy and the diverse and earnest efforts being made to deal with it.''

Mr. Speaker, I suppose I cannot say much more than that, and perhaps do not need to. I hope the point has been made. Issues, issues, not solutions. Certainly not everything that has been proposed, not just on gun legislation, but anything else, not everything would have completely solved these things, but many would have come close, Mr. Speaker, if there would have truly been that bipartisan desire to get the job done.

There is plenty of partisan wrangling that goes on during the course of one session of Congress. Even though I am a freshman, I am certainly well aware of that. To a large extent, I think it is fine, healthy, and appropriate.

We have, of course, very legitimate clashes of ideas that are articulated on the floor of this House. We disagree on the size and scope of government. That disagreement, that very basic disagreement that usually separates the two sides plays itself out in many interesting ways.

I will never forget the day here on the floor of the House when the final vote was taken on the tax relief measure. I was proud to be a Republican, perhaps more so than any other time since I have been here in the past 11 months, because we were actually doing something that was very, very characteristic, I thought, of Republican principles.

So it is absolutely appropriate for us to be divided on those issues, have battles on those issues, fight it out on this floor, go to a vote, everybody doing what they truly believe in their heart of hearts should be done because of their commitment to what is good for the country.

Mr. Speaker, sometimes other things happen, other things happen here, and decisions are made and events occur that really are not based on those heartfelt opinions and ideas. It is based on sheer, pure politics. I would say to my colleagues that when we look at the issues as we approach the next election, be very, very, very discerning. Mr. Speaker, be discerning and try to determine whether or not they are being brought to us for purely political reasons or because in fact there is concern about the way they would have affected the outcome of America.

Mr. Speaker, I yield to the gentleman from Colorado Springs, Colorado (Mr. HEFLEY).

Mr. HEFLEY. Mr. Speaker, I appreciate the gentleman from Colorado for yielding. I have to admit to the gentleman from Colorado (Mr. TANCREDO) that I was not back in my office hanging on every one of his words. But when I realized he was doing this special order, I hoped he was doing it in reaction to the news conference which was held earlier today, the made-for-TV political news conference that was held earlier today. I wanted to come over and just visit with him a little bit about this thing.

Columbine for the gentleman from Colorado (Mr. TANCREDO) particularly more than anyone else in this chamber, for him particularly, was a hard-hitting experience. Because this was in his district. But it adjoins my district. I have some addresses that are Columbine addresses.

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And I do not know of any tragedy like this that has hit me so hard in a long, long time. It was a terrible tragedy to the folks that experienced it and to all of us in Colorado and, I hope, across the country.

The day after this tragedy, this tragedy I believe occurred on a Tuesday, on Wednesday the chairman of the Democratic National Committee from this House was standing before his colleagues in his conference saying this is a great political issue for us, a great political issue for us, and we need to flood the Congress with gun control bills because the Republicans will vote against them and this will be a great issue for us in the next election.

I was appalled. I was offended, I was disgusted that someone would jump in and make political hay when my heart was broken. We had had a terrible tragedy, and this was going on.

I also noticed that as we went through the debate and discussion about gun control after that, because they did exactly that, flooded the Congress with gun control bills; and as I looked at each one of those, it was my opinion that not a single one of them, had they been law prior to Columbine, would have altered the Columbine experience one iota. I think there were 18, 20, 21 laws violated there already. None of these new laws would have done anything. None of the laws that they were talking about at that news conference in the basement of this Capitol would have done one thing to alter the Columbine experience or to prevent an additional Columbine experience.

One thing that I think might help prevent something like that is if we would enforce the gun control laws which are on the books right now. And the gentleman has probably said all this, and better than I can, but if we would enforce the laws that are on the books right now, which this Justice Department has had a dismal record of enforcing the gun laws that are on the books, absolute dismal record. And in an instant or two that I am aware of, where a U.S. attorney or assistant U.S. attorney has taken it into his own hands to be strict in his enforcement of gun law violations, the gun crime rates have dropped like a rock.

But the Justice Department does not like that. In one case they were even trying to get a U.S. attorney fired because he was enforcing the gun laws too strictly. Now, what can I assume from that? All I can assume from that is if we actually did enforce the laws on the books, and if it did reduce gun crime, then there would not be the motivation to accomplish their goal, which is to take away private ownership of guns in America. I do think that is this administration's goal.

So we do not want to reduce the rate of crime with guns, because if we did that, then they would not have that argument. That is appalling as well. We need to enforce the laws that are on the books and stop making phony political hay out of one of the worst tragedies that has occurred in this country in a long, long time.

I thank the gentleman for having this special order and giving me an opportunity to express, too emotionally, but I feel emotional about it, some of my feelings about this situation.

Mr. TANCREDO. Well, Mr. Speaker, I thank the gentleman for his comments; and I certainly and completely understand the degree of emotion that is connected with making them because I assure the gentleman that I empathize in that regard.

I do not think, in fact I know, that there has been no more difficult issue with which I have had to try to deal than the issue of Columbine High School, not just from the standpoint of the pure politics of it, the issues of gun control and the rest, but the neighbors that I see when I go home every weekend and the children that I see and the concerns I have, Mr. Speaker.

And just perhaps for a moment, if I could be allowed, I would reference those concerns and ask for the prayers of America to be directed to the parents and to the children who are still suffering to this day. We are seeing every time when I go home this subject being brought up, and the papers play it up, and there are some very good things, positive things that are happening in terms of children being healed, children coming out of the hospital who are now walking, these kids that were so terribly wounded in this. Then we will have another setback, and we had one not too long ago, when a mother of one of the students took her own life.

And it is so hard for us to understand. We think about how much pain any community, any family can deal with or can endure. How much can we endure? And I look at those students, as I say, those children who are recuperating, and I thank God for their recuperation. The physical signs of healing are there. Their scars are healing and we can see that, and that is good and as it should be. But, Mr. Speaker, what we cannot see are those scars that do not manifest themselves on the outside of the body. They are the scars in the mind and in the heart and on the soul, and they do not heal as quickly as the scars on the outside.

We do not see people coming out of the hospital being welcomed home with flowers and friends. We do not see how they live through the agony of this thing and are tormented by the thought of Columbine over and over again. And fear, fear in their hearts, fear of going to school, fear on the part of parents in taking their children to school, because they do not know what is going to happen and because they feel totally helpless. These are the things with which we are still dealing.

And I can tell my colleagues, my friends who had this press conference giving us the clock, they do not have to tell me when this happened. I know exactly when it happened, and so do those parents. And what they have done today does not help the healing. In fact, Mr. Speaker, one might even suggest that it digs deeper at the wound. And that is why I do have emotion in my voice; and I am filled with emotion about this, because this is not just a typical political debate or fight we are having here. These are about real people whose hearts have been broken, and it disgusts me to think that they are being used as pawns in this political battle.

But that is the only way I can see it right now. Because, Mr. Speaker, we could have had at least attempts at solutions. Although I was the only one, as I say, that voted for the bill, I know my colleague did not vote for the bill that I referred to, I was the only one from Colorado to have done so, and I know in my heart that that bill would not have changed anything had it been in place, I understand full well that there is really so little, in fact, we can do.

But what little we can do to have somebody then stand up later on and blame us, blame this side for not having moved this process along, when as anyone can see, 191 Democrat noes on the bill to 80 Republican. It was not us. But even had this passed, we would not be safe in our schools, we would not be safe on our streets. Much, much more has to occur.

And in a way, my fear with this particular piece of legislation, and all the others that were suggested, I had this great fear in my heart that if we had passed them, that in fact people would have walked away from the table thinking, oh, good, now we have done something to stop violence.

And here is another aspect of this, Mr. Speaker, that I failed to bring out. Just the other day, in Decatur, Illinois, when there was an act of violence that, thank God, did not end up with someone being killed, but it was a very, very harsh violent act committed by several students, what did we hear in

this House about that? Would Jesse Jackson, who has now involved himself in this whole thing, would he have been there if one of those students had been carrying a gun, even if no one had been hurt? I think not.

So is the real issue school violence? Are we really worried about juvenile violence? Are we trying to do something about violence, or are we just trying to look at the political advantage we can get out of the ''gun issue ''? How come there has not been an outrage voiced in this House about Jesse Jackson's involvement in this thing and his attempt to intimidate the school board to put these kids back in school when they did the absolute right thing in throwing those kids out of school.

If I had had time, Mr. Speaker, we are at the closing minutes of this session, perhaps days, I do not know how long we have, but I know it is not going to be too long, but if I had had the time, I would have issued a resolution commending the school board for their actions. Because, of course, that is the kind of thing that can help us avoid the next Columbine tragedy, the absolute avoidance, the zero tolerance policy for any sort of violence on a school campus or at a school event. In this case it was at a game.

I do not know if my colleagues saw the videotape of this, but I can assure them that this was not just a couple of school bullies roughing up some of their classmates. These were very violent young men. And as I say, I thank God they did not have a gun or some other weapon, and I thank God today that there was not even severe damage done even without the use of a firearm. But the fact is that there should have been just as much outrage expressed in this House at any attempt to quiet that school district or to intimidate that school district into putting those kids back in school. But no, we have not heard a word about that.

Well, I would tell my colleagues they did exactly the right thing, and I commend the school board for it and I hope they stick to their guns and do not be bullied by Jesse Jackson. They did what is right. They should keep those kids out of that school. Those are the things that can help us, Mr. Speaker, those and hundreds of people, thousands of people, millions of people around this country changing their own hearts, connecting back with their own families, thinking more about how they raise their own children, and what can be done not just maybe for our children but for our Nation's children and becoming a community again.

All these things matter more than this bill would have ever mattered, but it was a stab at it anyway. It was killed by Democrats because they want issues not solutions.

OPTIMISTIC ABOUT SECOND SESSION OF 106TH CONGRESS

The SPEAKER pro tempore (Mr. EWING). Under the Speaker's announced policy of January 6, 1999, the gentleman from New York (Mr. OWENS) is recognized for 60 minutes.

Mr. OWENS. Mr. Speaker, I appreciate the emotion of the previous candidate, the previous speaker, and I think that it is altogether fitting that we not come to the floor and waste the time of anybody unless we do feel strongly about what we have to say, and I certainly feel strongly about the remarks I intend to make at this point.

We are nearing the end of a session, it is a matter of hours now, and I think all of us feel very strongly about what was or was not accomplished during this first session of the 106th Congress. I think we should look forward to the second session of the 106th Congress with optimism. I am optimistic about the second session of the 106th Congress, and I am going to talk about the reasons why I am optimistic.

I regret greatly the fact that we have not dealt with very crucial issues. We did not even put the minimum wage increase on the floor for a discussion. We refused to have a dialogue and to share with the American people the concerns of many of us that in a time of unprecedented prosperity, when great amounts of money are being made by the top 5 percent of the population, the population with the income in the top 5 percent, we are not willing to give an increase of $1 an hour over a 2-year period to the people who are at the very bottom earning a minimum wage. I regret that greatly.

I regret the fact that we have not done an HMO patients' bill of rights.

I regret the fact we have not dealt with campaign finance reform. This House at least passed a bill, and the other body did not deal with it.

I regret the fact that we are still refusing to come to grips with the magnitude of the problem with education. Everybody talks about education, but we have just been allowed to play around at the fringes by the Republican majority this year.

We did at least deal with reauthorizing Title I, which is the most stable Federal participation in the elementary and secondary education process. We did at least tinker around with that.

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We tried to make it worse by reducing the amount of funds being directed to poorest children. There are some problems there. But at least we put it on the table, we brought it to the floor, and we dealt with it. We have not dealt with school construction. We have not dealt with the magnitude of a kingpin problem.

If we do not deal with the physical infrastructure of the public education system, we are sending a message that we really do not care about the system. All the other things we do will not matter if the physical infrastructure cannot carry out the task that we have set for our public education system.

But I am optimistic about that. I am optimistic about the fact that we will come to grips with the problem of school construction and the large amounts of resources that are going to be needed for that. The fact it is going to require billions and billions of dollars is no reason to back away from it. Because we are able to come up with billions of dollars for an interstate highway system and the continuation of the highway program.

We authorized $218 billion in the last session of the 105th Congress. We saw the problem as being big. And despite the fact that nobody wants to be tagged with the label of being a big spender, that highway bill certainly spent large amounts of money to deal with a monumental problem.

We should look forward to the second session of the 106th Congress with optimism. Because the fact is that the public out there clearly has made it obvious what their priorities are. And eventually the Republican majority is going to respond to what the public is saying through the polls and through the focus groups and understand that next year's election cannot go forward with a record of ignoring what people are saying over and over again about education, about Patients' Bill of Rights, about the minimum wage. All these things have to be dealt with.

I am optimistic about the year 2000, our first year of the 21st century and the second session of the 106th Congress. I am optimistic about it because of the fact that it is a presidential election year.

Presidential elections are always pregnant with surprises. I am optimistic that we are going to have some positive surprises. We can have negative surprises, too. We do not want another presidential election year where a Willie Horton commercial surfaced and the whole spirit of that Willie Horton commercial pervades during the campaign and the electorate is treated to an appeal to go down to the lowest common denominator and racism becomes an overriding factor in the election.

Or the election that Ronald Reagan kicked off at Philadelphia, Mississippi. When Ronald Reagan ran for President, he went to Philadelphia, Mississippi, the place where three civil rights workers had been slain; and he kicked off his campaign there sending a message, which later was communicated in terms of the new position of the Republican party.

They abandoned the civil rights partnership that they had up to that time with the Democrats, and they became the party which promoted anti-affirmative action and a whole series of things that led downhill, to the point where when Ronald Reagan left office and George Bush became President, there was a burning of churches throughout the South.

We had generated that kind of spirit at the time. I hope that we do not have those kinds of surprises. I hope that we will be able to not spend all the time fighting a rear-guard action, a defensive action, and can focus on positive

matters. We could have some positive surprises. We could have some positive surprises which create a dialogue in this election which allows American people to really take a hard look at where we are now and where we can go in the 21st century.

The first year of the 21st century can be seen as a gateway into a new way of governing, a new way of dealing with the problems, an intellectual and mental opportunity to set our sights differently; and it could end up with some real positive achievements as a result.

First of all, I want a positive and adequate response to the number one concern of the American people. And that is education. We want a real adequate response, not a tempered nickel-and-dime response.

The response has to include not only the obvious problems that we need with respect to more funds for more teachers, more funds to deal with computers, but also the tremendous amount of funding that we need in order to deal with infrastructure problems, the construction repair, modernization, making schools more secure, et cetera.

The polls indicate a demand for this kind of action, and we are going to have to respond. There can be some other positive surprises that are taken which redound to the credit of the whole process and the American people could benefit.

Every presidential candidate, and there are more of them now, and as we get more presidential candidates, then we have more ideas introduced. I do not think that this is a bad thing. I think each presidential candidate may be good for one idea.

I want to disclose the fact right away that I am an early AL GORE supporter. I am not going to hide that from people listening. But I think that the other candidates can have some good ideas.

I think Mr. Buchanan is a candidate I can never live with because Mr. Buchanan has declared that American should be a white Christian country, which means that he really does not think there is a place solidly for me and my children and my grandchildren; and he says a lot of other things that I could never agree with.

But Mr. Buchanan should be applauded for his idea on trade, that this American Nation occupy a kingpin position, where we can almost dictate the terms for world trade, has given in over and over and over again to demands and rules that tie the hands of American workers.

We have negotiated our trade policies for the benefit of their top 5 percent, the top income bracket. They have done very well on the kinds of things we have negotiated with world trade.

Now we have a new agreement with China, which compounds the problem and we go on into the same abyss. I cannot agree more wholeheartedly than any Buchanan supporter with that particular aspect of his platform that trade is a bit of a sell-out for the American worker and we must do something to stop that. He has that one good idea. I would like to identify with that.

I would like to identify with Mr. Bradley's proposal that the Federal Government should be about doing things that are big and all encompassing. That certainly is something I would like to see Mr. Bradley develop in more detail.

I do not want a health care plan of the kind that he proposes where he wants to get rid of Medicaid. I think that is ridiculous. That is being big and stupid. That is being big and destructive. This is a big idea that could really cause a lot of suffering among people who are on the very bottom and among many of my constituents.

If you get rid of Medicaid in the process of trying to improve health care, you are going backwards and not forward. So I do not agree on that with Mr. Bradley.

But I hope he has some proposals on school construction and what the Federal roles should be in education, which are comparable to the role that they would be playing in a thing as important as education. I hope that Mr. Bradley will challenge the other candidates to come forward with big ideas.

We had a big idea when we decided to build the Transcontinental Railroad. The Federal Government built the Transcontinental Railroad, not private industry. We subsidized it. It was a big idea when we decided to create the land grant colleges and universities. Big idea. The Federal Government pushed that and created it. Big idea with the GI bill that offered education to every returning GI after World War II. Those big ideas paid off.

Medicaid was a big idea. Social Security was a big idea. All these big ideas, by the way, have been pushed and sponsored mostly by Democrats. And Democrats again should step up and provide the big idea at present.

We have to look at the school construction problem as being in the same category as the Transcontinental Railroad, as the interstate highway. We have to move in that way.

Mr. GORE, of course, has many ideas that I identify with. Mr. GORE has been there as we have had this transition of our government taking a very active role in the transition of our society into a sort of cyber-civilization, a new kind of civilization based on the Internet and computer and all the things related to that; and they have made proposals that have been very worthwhile for education and for our school system. I would like to see that continue.

And even bigger things should be made to happen by a person with Mr. GORE's background and experience and record. The track record is that the E-rate, which provides a 90 percent discount to the poorest schools for telecommunication services, was a product of this administration, which Mr. GORE is part of. The whole wiring of the schools and certain technology, literacy programs, have all come out of this administration that Mr. GORE has been a part of. We want to continue that kind of massive transformation of education and of society in general.

So I was talking about positive surprises that we may see in this election year, new kinds of activities to create a more dynamic dialogue, new ideas. And I have covered Mr. Buchanan, Mr. Bradley, Mr. GORE. And finally we come to Donald Trump, who recently made his entry into the presidential race.

I want to applaud Mr. Trump for producing an idea. I certainly am still a GORE supporter, but Mr. Trump has an idea which deserves examination. Mr. Trump has an idea which really is a blockbuster, it is revolutionary, it is sweeping, and it deserves to be considered.

Mr. Trump's idea is not so authentic that I can say that nobody else has thought about it at all, but he goes much further than most of us have gone. Certainly his idea that we should have a greater amount of tax on the richest Americans. Mr. Trump wants to impose a tax on the people who have assets above $10 million.

Now, stop and think how many people do you know would be affected by that kind of tax. He wants to tax only people who have assets above $10 million, and he wants to tax them one time at a rate of 14.5 percent and use the money realized from that tax to pay off the national debt. And then he wants to take the money that was being used every year to pay the national debt and funnel that into the system to cover the needs of Social Security; and there would be additional money left over, of course, for the safety net, Medicare, schools, education.

It is an idea which is quite broad and sweeping and has received quite a bit of ridicule by the people who have reacted immediately. However, before we dismiss it as being ridiculous, I think we ought to take a hard look at it.

I certainly find that it is compatible with a bill that I introduced a few months ago, H.R. 1099, a bill to amend the Internal Revenue Code of 1986 to provide more revenue for the Social Security system by imposing a tax on certain unearned income and to provide tax relief for more than 80 million individuals and families who pay more in Social Security than they pay in income taxes.

Now, I did not go as far as Mr. Trump did. Mr. Trump wants to tax unearned income assets. He wants to tax them far more broadly than I have proposed. And he wants to do that in order to get rid of the national debt.

I only propose a slight increase in taxes of people who have great assets, unearned income; and I wanted enough to be able to have that 80 million group of individuals and families who are paying now more Social Security tax than they are paying in income taxes.

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Over the last two decades, the biggest percentage jump in taxes has been

the payroll tax. The Social Security tax, the Medicare tax, combined, they have created a larger percentage increase in taxes than income taxes have increased. That means that the people at the very bottom who have no choice but to pay the payroll taxes are paying a greater percentage now than they were paying 20 years ago. They got the biggest percentage increase. We need to have some relief for those people.

That was my concern when I introduced H.R. 1099. I said the way to deal with that is to tax the unearned income, the assets of the richest people in order to get enough money to provide the relief for the poorest people. Mr. Trump says he wants to provide relief for the middle-income people as well. If you have a 14.5 percent tax on the assets of all people who have more than $10 million in assets, his economists calculate that would be enough to pay off the national debt. And once the national debt is paid off, you can use the interest we pay each year on the national debt in order to certainly make Social Security more secure and also to provide additional money for the safety net programs, including education and Medicare.

He wants to demand some things for that. He wants to get rid of the estate tax and do a few other things. But one should not lightly dismiss his proposal. Some people have said already, why do 14.5 percent one time? If it is a good idea, maybe you could do it over a 10-year period less, and it would not be such a shock to the economy. That makes sense. But the principle is established. The principle he is establishing is that the richest people in America can afford to come to the aid of the economy and the country and set a whole new standard, a whole new pattern for the way we deal with the budgeting in America. It is as revolutionary almost as Thomas Jefferson. The King of England thought Thomas Jefferson was a nut when he proposed that all men are created equal, that that was ridiculous. The one time that Thomas Jefferson had a chance to have an audience with the King of England, the King of England turned his back on Jefferson. He would not even talk to him. That revolutionary idea that all men are created equal was considered ridiculous in 1776. Now Trump says all rich people should step forward, and he is rich himself. He says that he is worth $5 billion, that his assets total $5 billion. He says that he would have to pay almost $700 million in this new tax that he proposes. And he is willing to do it. He says there are many other rich people who could do it, too, and never know that they lost that amount of money. They would never know it is gone.

I heard on a talk show in New York City yesterday, a couple of other rich people called in and said that they do not mind some version of this, they would not mind paying more taxes if it will help provide for decent health services and decent educational services. It is something that the rich can ponder. They would be indeed history-making. Never before in the history of mankind have those with wealth and means come forward and said, we will make a revolution from the top, from the top we will begin to deal with a problem of the redistribution of the tax burden. We always talked about the redistribution of the wealth and it would scare the hell out of people. They say you are a Communist if you talk about redistribution of wealth too loudly. But here is a rich man who says, let us redistribute the tax burden, let us have the people who are mega-millionaires and billionaires, making so much money now that it is hard for us to comprehend.

What is Bill Gates worth? Every day it jumps by billions. At the end of last year, I heard he was worth $40 billion. But he agreed to give away $40 billion a few months ago. He must be worth $60 billion now, some people estimated yesterday in the talk show. I do not know. I doubt if he knows. Because of the nature of wealth creation, it is not dependent on oil in the earth, the number of barrels that can be pumped, it is not dependent on mining gold, it is dependent on intellectual capital, people buying intellectual products, his software, his various other ventures. It is mushrooming all the time. Of course if you get a trade agreement with China, with more than 1 billion customers out there, a certain percentage of those are middle-class, well-educated, they are going to use computers too, and software, et cetera, et cetera. There is no end, it is infinite, the possible wealth of Bill Gates and the people in the various information technology industries, Cisco, ITT, it goes on and on. Wealth being created on a scale that we cannot even comprehend. If we are at this point in history accumulating wealth at that scale and most of the wealth, a large percentage of it is redounding to the United States population, 1 percent, 5 percent, the people at the very top, then is it not in order to stop and think about the fact that these people can never spend it, that it would be no harm to them to pay a greater percentage of this money than they now pay in taxes?

The Roman Empire at the point when its armies were bringing in large amounts of booty, large amounts of treasures were won by war, violence. They brought back the treasures, they made Rome rich beyond anybody's comprehension at that time. The Roman Empire leaders decreed that all the citizens of Rome should be paid. Because they had so much money, they got rid of all the taxes and they said they should be paid a certain amount of money every year, every citizen. They had that much money. And the citizens of Rome were defined in a small category. As soon as they started that policy, all the suburban Romans and all the rural Romans and everybody nearby moved into Rome. Of course it went bankrupt. It was a policy that was doomed to failure because if you define citizens of Rome as the people who live there, more people are going to come in to live there, and the booty, the treasures that they brought back from their violent conquests was not infinite. There was not a Bill Gates Windows 95, Windows 98 and other software products which as long as there are human brains and there are human brains out there working together, they will keep producing intellectual products for sale. There is a limit to how much violent conquest can produce. So the Roman policy failed. But it was a revolutionary kind of policy, to think that the treasury of a government is so great that we will give every citizen some part of it.

What Donald Trump is saying now is that we have such prosperity now and the people in his class, the billionaires and the mega-millionaires, are making so much money until they would not really miss it if you were to tax them 14.5 percent of their assets and get rid of the national debt overnight and use that interest you pay on the national debt for other things.

I think you can see now that an idea like that arouses great optimism in me. I am optimistic if that is going to be interjected into the debate in this presidential election. All we have been hearing so far about taxes is the flat tax, and everybody that I know, every honest economist has said that that is a Steve Forbes rip-off, that the flat tax will produce definitely more money for the people who have the most money already. Unfortunately, the other candidates have not talked loudly about taxes at all because the word ''tax'' is something we politicians try to avoid. Just by itself the word ''tax'' arouses great animosity among voters. Here is a man who announced his candidacy by talking about taxes. I think it is so significant that it should not be ignored. We should use it as a key for a new kind of discussion. It should set the tone for a new kind of discussion.

Mr. Speaker, I am going to submit for the RECORD the article that appeared in the New York Times on November 10 which discussed Mr. Trump's launching his presidential career by proposing a new tax. I am going to just read a few excerpts from it before I submit it. This is an article by Adam Nagourney on November 10, 1999, in the New York Times:

''Trump, describing the first proposal of his exploratory presidential campaign, said the government should impose a one-time 14.25 percent tax on the assets of individuals and trusts worth $10 million or more. That would raise $5.7 trillion, he said, enough to pay off the national debt in a single year. And eliminating the debt, Trump explained, would save the Nation $200 billion in annual interest payments, money that he said could be used for tax cuts and ensuring the stability of the Social Security system.

''The New York developer chose an unusual forum to unveil what he describes as a policy cornerstone of his

prospective campaign: a rolling series of radio and television interviews.'' In a rolling series, he will deal with these proposals again and again.

''Trump's plan met a response that ranged from incredulity to ridicule from a number of economists Tuesday. They suggested that a 14.25 percent tax would be impossible to get through a Republican-controlled Congress that has previously championed a $792 billion tax cut this year. Beyond that, they said that even if it passed, it would be problematic to measure net worth and then to tax it.''

And on and on it goes. There could be many objections made to this proposal. Mr. Trump said himself that his own net worth is $5 billion and that under his plan, he would owe $750 million in taxes in this one year. But he would profit, it says in parentheses, because a part of his plan calls for a repeal of the 55 percent estate tax. I mean, there are some pieces in there where you are going to be trading off for this plan.

Now, why am I trumpeting it here and do I think it could ever occur? I do not think so, but why not a modified version of this? Why not take a hard look at the assets of the billionaires and the mega-millionaires? I think Germany already has an asset tax, an asset tax of, I think, 1 percent. So an asset tax is not out of the question. But can we change the dialogue? The dialogue now says we will never have universal health care. We cannot even have a decent patients' bill of rights because it costs too much money. The dialogue now says we can never have all the money we need for education. Even the improvement of education in small ways costs so much money that we are retreating from that. They wanted to move away from the President's proposal to give more teachers for the classrooms and to bring down the ratio of children in the classroom to the teacher. After agreeing to that last year, they now want to bring it down very low, and with the recent proposals that have been discussed in these budget negotiations I understand have been concluded, they will honor the pledge and we will have that program restored at a slight increase, $1.3 billion I hear instead of $1.2 billion but they are going to have a proviso that allows them to take part of the money and do other things with it.

Mr. Speaker, $1.3 billion is a lot of money. I do not take lightly sums of money when they get to the million dollar mark. It is hard for me to conceive of a million dollars. I am the son of a poor factory worker who all his life worked for minimum wages. So it is all important. It is all big. But when you look at the needs that are there and you look at the needs that are there in education in modern terms, 50 years ago we would not think of spending $3.5 billion on an aircraft carrier. Fifty years ago nobody would have thought of an F–22 system, a series of planes that would cost billions and billions of dollars, or a B–1 bomber. You would not have 50 years ago talked about being able to conceive of a CIA, a Central Intelligence Agency which costs $30 billion a year to run. So in modern terms to spend $110 billion over a 10-year period to build schools is conservative, not radical. We need that kind of money. And if we happen to get that kind of money by having new taxes, the only taxes we should think about are taxes on the people who can afford to pay more taxes.

I am optimistic that the debate cannot be avoided. I am optimistic about the fact that each presidential candidate's campaign will have to step up to the plate and talk in new terms about the way we fund our government and offer new kinds of excuses about not being able to provide a decent health care system as well as a decent education system.

I include the entirety of this article for the RECORD, Mr. Speaker.

[From the New York Times, Nov. 10, 1999]

TRUMP PROPOSES CLEARING NATION'S DEBT AT EXPENSE OF THE RICH

(By Adam Nagourney)

Preparing to embark on his first trip as a prospective candidate for president, Donald J. Trump Tuesday presented a plan that he said would pay off the national debt, bolster Social Security and slash taxes by billions of dollars. Trump promised to accomplish all this at no cost to ordinary Americans, by forcing the rich to pay for it.

Trump, describing the first proposal of his exploratory presidential campaign, said the government should impose a one-time 14.25 percent tax on the assets of individuals and trusts worth $10 million or more. That would raise $5.7 trillion, he said, enough to pay off the national debt in a single year. And eliminating the debt, Trump explained, would save the nation $200 billion in annual interest payments, money that he said could be used for tax cuts and ensuring the stability of the Social Security system.

The New York developer chose an unusual forum to unveil what he described as a policy cornerstone of his prospective campaign: a rolling series of radio and television interviews. The proposal comes a week before Trump is to fly to Florida for a series of campaign-style events in Miami,the first of three such trips planned for the next month.

''The phones are going off the hook,'' Trump reported, as he combined a discussion of his economic ideas with a description of what he described as the public's giddy reaction to his foray into economic policy-making. ''I've never seen anything like this. Do you make Page 1 with this one?''

As a matter of politics, Trump's proposal—simple in its concept and framed in populist terms—seems aimed directly at the people who have supported the Reform Party since Ross Perot first called it to arms with, among other things, a call to wipe out the national debt. Trump, should he run, said he would seek to become the Reform Party's candidate for president.

It also had the advantage of lessening any liability Trump might believe he could suffer because of his own reputation as a man of wealth. The developer put his own net worth at $5 billion, and said that under his plan, he would owe $750 million in taxes (though his estate would ultimately profit if another part of Trump's plan were enacted: the repeal of the 55 percent estate tax).

Trump's plan met a response that ranged from incredulity to ridicule from a number of economists Tuesday. They suggested that a 14.25 percent tax would be impossible to get through a Republican-controlled Congress that championed a $792 billion tax cut this year. Beyond that, they said that even if it passed it would be problematic to measure net worth and then to tax it.

''I don't think the plan makes much economic sense,'' said Stephen Moore, director of fiscal policy studies at the libertarian Cato Institute. ''The fact is that most people's wealth that has been built up over 10, 20 or 50 years is wealth that has already been taxed.''

Trump's main opponent for the Reform Party nomination, Patrick J. Buchanan, offered a harsher assessment of Trump's plan. ''This is serious wacko stuff,'' Buchanan said by telephone from Albany.

Buchanan predicted that Trump's plan would cause the wealthy to move their holdings beyond the reach of the Internal Revenue Service. ''I can't think of a better idea to cause capital flight out of the United States,'' Buchanan said.

Trump said he had come up with the idea on his own and worked out its details with some private economists. He declined to name them.

He rejected criticism of his idea, demanding: ''Where is Gore's plan? Where is Bradley's plan? Where is Bush's plan? They don't exist.''

Still, it was clear that some parts of Trump's proposal remained unformed. For example, of the $200 billion in interest costs that would be saved, he said he would apply half to the Social Security system and the rest to tax reduction.

Trump said that $20 billion of that would pay for eliminating the inheritance tax. Asked how he would allocate the rest, he responded: ''All different taxes across the board. That would be determined and worked out.''

I also want to just backtrack a minute and say as we close out this session, I talked about a number of things that I wish we had covered that we did not cover.

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I was delighted when this morning I saw them put on the calendar a bill which dealt with something which I was concerned with some time ago and never saw any action on. Suddenly I got a notice that we had put H.Con.Res. 128 on the calendar, and that is a resolution to express the sense of Congress regarding treatment of religious minorities in Iran, particularly Members of the Jewish community.

Now, I said to my staff, I want to go over and speak on that. I have been waiting for that. Back in August, on August 28, I read an article in the paper and it talked about the fact that 13 Jews would not be tried in Iran as spies for Israel, and I talked to some people on the Committee on International Relations, and they said yes, we are going to bring up a resolution to deal with that, and it never happened.

In August of this year, we were still very much preoccupied, of course, with Kosovo and ethnic cleansing. One article I read, not the one I read in the paper, but a larger article in a magazine, it talked about the fact that in Iran and Iraq and the Arab countries, there was massive removal of Jewish communities going on for the last 25

years. Large numbers of Jews in large Jewish communities in these countries had been moved. Nobody ever brought forth an international outcry about ethnic cleansing, but ethnic cleansing of that kind has been going on for a long time. Now we only have tiny Jewish communities, very small amounts of Jews still in countries like Iran and Iraq, and here is a situation where a small group has been singled out for persecution.

On August 28, the article reads as follows: ''Iran's courts are prepared to try 13 Iranian Jews on charges of spying for Israel. Israel has repeatedly denied any link to the 13 who face a near certain death sentence if convicted under a 1996 law punishing spies for Israel or the United States.'' The case took on a new gravity after an official was quoted as saying ''the accused belong to a spy network directly linked to Israel and that they were spying for the United States.'' Quote, ''This regime was definitely involved in the spying,'' end of quote, an unidentified official said in today's issue of the conservative Tehran Times, which is close to Iran judiciary and intelligence services.

The newspaper said the official had also alleged that the 13 were spying for the United States. The official was also quoted as saying ''an unspecified number of Muslims had also been arrested in connection with the case. The charges mean that the defendants are likely to be tried in one of Iran's hardline revolutionary courts.''

That was August 28 of this year. Today we put on the calendar a resolution regarding the treatment of religious minorities in Iran, because I hear that those 13 are still awaiting trial and the trial will take place soon. I do not know why we took that off the calendar. It is very important now because this week we have had to see the phenomenon of the joyous approval of an agreement with China, World Trade Organization agreement; China is going to be admitted to the World Trade Organization, and all of the persecutions of the Chinese Communist government and all of the things that they have done, suddenly they have been pushed in the background.

Mr. Speaker, I would hate to see the day arrive when we are going to allow Iran to join the World Trade Organization and we are going to negotiate a trade agreement with Iran and not deal with all of these problems.

Today there is an article in The New York Times about the wartime accounts found in Swiss banks. Instead of them being a small amount that Swiss banks agreed to, they said they only had 755 accounts of Jews who were killed in the Holocaust; yet it turns out that they have 45,000, 45,000 accounts that they now admit were accounts of the Jews in the Holocaust. Are we going to talk about prosecutors and Swiss bankers at the world court tribunal the way we are considering the prosecution of people who are responsible for the massacres in Kosovo and Bosnia?

Mr. Speaker, I just think that as we close out, there should be room on the calendar, and I hope that if there is going to be any more business unrelated to the budget, but certainly we will bring back that resolution as we close out and let the world know that the ethnic cleansing, we do not have to send bombers and we did not send bombers a long time ago to bomb Iran and we have not advocated that activity and I certainly do not propose that we do that, but our moral authority should be brought to bear another kind of ethnic cleansing that Jews have been doing in all of these Arab countries, especially in Iran, and now the continuation of it in such a bold way certainly ought to be brought to the attention of the American people and the Congress ought to weigh in and give its own moral opinion.

Mr. Speaker, I want to continue the train of thought that I set forth before that we are closing out the first session of the 106th Congress with great disappointment, but I am optimistic that the second session will be very productive, because I think the stage for a second session which is more productive will be set by the presidential debates and the presidential contests, as well as the contest for a new Congress. I do not want to imply that I do not think that the contest to elect a new Congress is less important than the presidential election.

We intend to have a Democratic majority, and that Democratic majority will be based on the fact that the people look at the lack of achievements of the first session of the 106th Congress and begin to demand a change and vote for a change.

It is certainly of great need in my district, New York City. It seems that the newspapers and the powerful people that control decision-making have suddenly discovered that the board of education in our city is on the verge of collapse, and that education, the educational deficiencies that we have talked about for many years are true.

All of this is being brought to a head by a class action suit that is now going forward in the Federal court at 60 Center Street in New York. The Federal court is hearing a case brought by a group called the Campaign for Fiscal Equity, and the case is being brought against the State of New York because the conditions in the city schools are partially that way because of the lack of fair State aid, or fair distribution of State aid.

New York City, with 38 percent of the children in the State, receives only 35 percent of the State aid money; and that is a great improvement over the way it was 5 years ago. Over the years, the gap has closed. There was one point where we received far less in State aid where communities outside of New York City and upstate received a far greater percentage of State aid per pupil. The court case, the plaintiffs are charging, and rightly so, that we do not get enough money to live up to the requirement of the State constitution that all children be educated adequately. We need more money in order to provide adequate education.

They have gone further and said that the schools that are suffering either in New York City or in the big city of Buffalo, big cities like Buffalo and Syracuse are in some of the suburban schools. Those schools are all schools that have minority youngsters, either African American youngsters or Hispanic youngsters, so that there is a racial component. The suit is charging two things, not only that the State has failed to provide the funds necessary for an adequate education for all children, but the State is also discriminating, because the pattern is that the places that are getting less money per pupil, per child, happen to be places where we have concentrations of minorities.

Now, that court suit has generated more attention from the press to the great problems that exist in New York City schools. As a result, one day last week we had the New York Post carry articles about the fact that the cafeterias of certain schools in the poorest areas had rats and roaches, signs of rats and roaches in the cafeteria. The same day there was a big article in the Daily News about the fact that in those same schools where the minorities are concentrated and of course youngsters are concentrated, up to half of the teachers are not certified to teach. Where we need the best teachers we have the worst teachers because of the problem of the lack of certification.

The problem of certification of teachers goes on as being discussed, and I welcome that discussion in the newspapers. We cannot really take full advantage of the President's fight that I think now has been won, the battle has been won, to provide more teachers to the classroom who are qualified if we do not have certified teachers. So it is imperative that the unfinished business of this Congress be followed through next year by providing more funds and more programs to generate more teachers. We have to have a greater pool of teachers because we are in a situation now where because there is a great shortage of teachers, the best teachers, the teachers who passed the tests and are certified, they leave New York City and go to the suburbs, and we are left with those who are unqualified and are not certified in large numbers.

This is just one of the many problems. The New York Times has an editorial which talks about the bidding for teachers.

Now, am I laying this problem solely on the doorstep of the Federal Government? No, I am not. But bidding for qualified teachers requires more funding. Most of that funding would not come from the Federal Government. So I would like to add that it is very important for the Federal Government to

continue its role as a stimulus. The Federal Government's role in education is a very small one proportionally. We only provide 6 or 7 percent of the total education funds in this Nation, and that includes higher education. So the other 93 percent of the funding for education comes from the States and from the local governments.

We must set standards for the States and local governments in certain critical areas and force them to spend more of their money on education. In my own City of New York, last year they had a surplus of $2 billion, more revenue was collected, $2 billion more than was spent. But the mayor of the city and the city council has to bear part of the blame for this also, chose not to spend a single dime on education. We cannot blame the Federal Government for that.

These problems that are being unearthed with respect to lack of certified teachers, poor conditions in the cafeterias, et cetera, they must be approached from the city level as well, and the State level; the State Government had a $2 billion surplus also.

These are very prosperous times, and we had surpluses. The New York State legislature, both the legislature and the assembly, passed a bill to spend $500 million to repair schools, for schools that need repair most. There are schools that still have coal-burning furnaces; there are schools that have asbestos problems; schools that have lead in the pipes. They wanted to deal with some of those problems, but the Republican governor vetoed a bill to provide $500,000 for that.

So we cannot blame it totally on the Federal Government, but the example has to be set by the Federal Government. The role of the Federal Government in education, as small as it is, has been a very positive one because they have stimulated new standards at the State level, new kinds of competencies. We never had State education plans before the Federal Government got involved under Lyndon Johnson. We never had standards, discussions about standards in curriculum. There are a whole set of positive things that have happened in education as a result of Federal leadership. Federal leadership provided the impetus, and that is as important as any other thing that the Federal Government does.

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If we make them, expose them to their own constituencies, the States and cities will spend more money for education, but we can only do that if the Federal government takes a greater initiative.

I have always said that at the dawn of the 21st century we should see ourselves as creating a new cyber civilization. That cyber civilization demands that there be more brain power. Brains are going to drive the next century. Everybody agrees on that, and if that is the case, we should give our highest priority to the development. No individuals in America should be left in a situation where they do not have the fullest opportunity to develop their brain power.

To do this, we need to launch a highly visible effort to revamp the infrastructure of the school systems of America. H.R. 3071, a bill I have introduced which calls for spending $110 billion over a 10-year period, is the kind of adequate response that we need to the problem of decaying infrastructure.

Me and my colleagues who were here 2 hours ago speaking on the floor talked about the atrocities with respect to overcrowding in their schools across the country. We can only deal with that if we have a massive Federal intervention which, in addition to providing the funds needed to build some schools, would stimulate the States and cities to also participate.

I am optimistic about next year. For those people who called me and said, well, they are closing out the year and you have no money for construction, are you not sad, no. I never expected this year to end with new money for construction. Even H.R. 1660, offered by the gentleman from New York (Mr. RANGEL), which all members of the Democratic Caucus support and we have been pushing, even that token response was not allowed on the floor.

I am not surprised. Next year the Republican majority will have to respond. Next year the candidates for president will have to respond. The American people want and demand that our education systems be revamped. We have to start with a substantial action like school construction and repair, and new school security.

Mr. Speaker, I yield to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, I thank the gentleman from New York for yielding to me.

Mr. Speaker, I wanted to call attention. Earlier this afternoon there were speakers on the floor who challenged a press conference that was held this morning. I wanted to, and my colleague, the gentlewoman from New York (Mrs. MCCARTHY), wanted to try to set the record straight on this press conference.

In fact, there were several of the Democratic women who today unveiled a sad symbol of this Congress' inaction on the very important issue of gun safety, gun safety legislation. The Columbine clock was unveiled. It ticks off the days, the hours, the minutes, the seconds since the Columbine tragedy, which was at 1:30 p.m. on April 12, 211 days ago, 211 days and 3 hours.

It represents the inaction of this Congress on an issue of absolute importance to American families, to their families and to their children.

Since April 20, many of my colleagues, many of the Democratic women in this House of Representatives, have worked hard to address the issue of gun safety and gun violence in a very thorough and thoughtful way, but for the last 7 months the Republican leadership has consistently obstructed every single attempt to pass meaningful gun safety measures in this body.

This is done so despite overwhelming support among mothers, fathers, sisters, brothers, aunts, uncles, grandmothers across this great country of ours to pass sensible measures: child safety locks, closing the loophole on background checks at gun shows, banning the importation of the high capacity ammunition clips.

This is legislation that was passed in the Senate, a bipartisan piece of legislation, a compromise piece of legislation. We are asking that the Conference Committee on Juvenile Justice which takes up the issue of gun safety please meet, do something, respond to the will of the people in this country. In fact, it is a conference committee that has met one time, one time; no debate, no discussion, no clarity of thought on what direction we take on gun safety measures in this country.

No one here is grandstanding. No one here is saying, let us not have a piece of legislation because what we want to do is to keep this issue around. That is not why we were sent here. We were sent here to do the people's business in the people's House.

Every single day 13 children die from gunfire in this country. It is wrong. That is why we had the clock, as a way to say the days, the hours, the seconds, the minutes are being ticked off and our kids are dying. Guns are getting into the hands of criminals and children. It is wrong.

If we are not going to do anything about it in this final day, these final days of the 106th session, we commit to the American public that we will spend every single day, minute, hour, and second of the next year of this session working hard to pass gun safety legislation in this country to protect our families and protect our children.

Mr. OWENS. Mr. Speaker, I am optimistic about gun safety passing, and it is because of the gentlewomen here.

Mr. Speaker, I yield to the gentlewoman from New York (Mrs. MCCARTHY).

Mrs. MCCARTHY of New York. Mr. Speaker, hopefully we will bring this issue up next year and work for it and get it passed.

Mr. Speaker, I also want to address some of the things said earlier in this Chamber and try and set the record straight. Number one, there is an awful lot of us that do not want this to be a political issue.

I personally do not think it should be a political issue. To me, it is not a Republican or a Democratic issue, it is the issue of the American people. That is why we had the clock, the Columbine clock, to remind people, because there has unfortunately been that terrible incident that woke up the American people to the gun violence that we sit here and talk about.

I of all people certainly do know what it is to remember the violence in

this country. In a couple of weeks, it will be the 6th year anniversary of the Long Island Railroad Massacre, where my husband was killed and a number of my neighbors were killed, and my son was injured, and an awful lot of people were injured on that.

We do not want the American people to forget the pain that is left with so many victims, so we here in Congress are trying to stop future pain to our children and to American citizens.

It can be taken off the table as far as a political issue. Let us all meet together at a conference. That is all we have been asking for. We are hearing this and that. I am on the conferees, and we have not met.

I have to tell the Members, if the NRA amendment had passed in this House, it was more than just being imperfect, it was dangerous. If the NRA amendment had been law over the first 6 months of 1999, 17,000 people who were stopped by our current background check system would now be armed. In fact, if the 24-hour policy had been in effect, we know of cases where murderers, rapists, and kidnappers would be walking around with guns.

This has nothing to do with second amendment rights, this has to do with keeping guns out of the hands of criminals. That is what we are supposed to do. But fortunately, and I will say this, Republicans and Democrats did work together, and together we prevented the NRA amendment from becoming law.

I think that is important here, because when we speak to the people, the American people, and it does not matter whether they are Republicans or Democrats, they want something done. That is what this House is supposed to be doing.

That is why we had the Columbine clock, to remind the American people that we still have time to do something before we leave. I know there are many of us that are willing to work through Thanksgiving, through Christmas, to make sure that our citizens are safe.

We have all tried to work in a bipartisan manner. We certainly have had people on both sides of the aisle support my amendment, which would have closed the gun show loophole, made sure that criminals and especially children do not get their hands on guns. I think that is what we have to do.

We should have passed safety reform in this Congress, real gun safety reform that keeps the guns out of the hands of felons. That is what we did not do in this Congress, and I am sorry for that, because each day that we have not done something we continue to lose victims across this country. We continue to see too much pain. That is not what this country is about.

I thank the gentleman from New York (Mr. OWENS) and I thank my colleague, the gentlewoman from Connecticut (Ms. DELAURO), for letting us answer these questions.

Mr. OWENS. Mr. Speaker, I thank my colleagues for joining me.

RECESS

The SPEAKER pro tempore (Mr. EWING). Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 10 minutes p.m.), the House stood in recess subject to the call of the Chair.

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AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 11 o'clock and 2 minutes p.m.

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

Mr. ARMEY submitted the following conference report and statement on the bill (H.R. 1180) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes:

CONFERENCE REPORT (H. REPT. 106–478)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1180), to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Ticket to Work and Work Incentives Improvement Act of 1999''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.

TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 101. Establishment of the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Elimination of Work Disincentives

Sec. 111. Work activity standard as a basis for review of an individual's disabled status.
Sec. 112. Expedited reinstatement of disability benefits.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 121. Work incentives outreach program.
Sec. 122. State grants for work incentives assistance to disabled beneficiaries.

TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 201. Expanding State options under the medicaid program for workers with disabilities.
Sec. 202. Extending medicare coverage for OASDI disability benefit recipients.
Sec. 203. Grants to develop and establish State infrastructures to support working individuals with disabilities.
Sec. 204. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.
Sec. 205. Election by disabled beneficiaries to suspend medigap insurance when covered under a group health plan.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Extension of disability insurance program demonstration project authority.
Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings.
Sec. 303. Studies and reports.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Sec. 401. Technical amendments relating to drug addicts and alcoholics.
Sec. 402. Treatment of prisoners.
Sec. 403. Revocation by members of the clergy of exemption from social security coverage.
Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.
Sec. 405. Authorization for State to permit annual wage reports.
Sec. 406. Assessment on attorneys who receive their fees via the Social Security Administration.
Sec. 407. Extension of authority of State medicaid fraud control units.
Sec. 408. Climate database modernization.
Sec. 409. Special allowance adjustment for student loans.
Sec. 410. Schedule for payments under SSI state supplementation agreements.
Sec. 411. Bonus commodities.
Sec. 412. Simplification of definition of foster child under EIC.
Sec. 413. Delay of effective date of organ procurement and transplantation network final rule.

TITLE V—TAX RELIEF EXTENSION ACT OF 1999

Sec. 500. Short title of title.

Subtitle A—Extensions

Sec. 501. Allowance of nonrefundable personal credits against regular and minimum tax liability.
Sec. 502. Research credit.
Sec. 503. Subpart F exemption for active financing income.
Sec. 504. Taxable income limit on percentage depletion for marginal production.
Sec. 505. Work opportunity credit and welfare-to-work credit.
Sec. 506. Employer-provided educational assistance.
Sec. 507. Extension and modification of credit for producing electricity from certain renewable resources.
Sec. 508. Extension of duty-free treatment under Generalized System of Preferences.
Sec. 509. Extension of credit for holders of qualified zone academy bonds.
Sec. 510. Extension of first-time homebuyer credit for District of Columbia.
Sec. 511. Extension of expensing of environmental remediation costs.

Sec. 512. Temporary increase in amount of rum excise tax covered over to Puerto Rico and Virgin Islands.

Subtitle B—Other Time-Sensitive Provisions

Sec. 521. Advance pricing agreements treated as confidential taxpayer information.
Sec. 522. Authority to postpone certain tax-related deadlines by reason of Y2K failures.
Sec. 523. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines.
Sec. 524. Delay in effective date of requirement for approved diesel or kerosene terminals.
Sec. 525. Production flexibility contract payments.

Subtitle C—Revenue Offsets

PART I—GENERAL PROVISIONS

Sec. 531. Modification of estimated tax safe harbor.
Sec. 532. Clarification of tax treatment of income and loss on derivatives.
Sec. 533. Expansion of reporting of cancellation of indebtedness income.
Sec. 534. Limitation on conversion of character of income from constructive ownership transactions.
Sec. 535. Treatment of excess pension assets used for retiree health benefits.
Sec. 536. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 537. Denial of charitable contribution deduction for transfers associated with split-dollar insurance arrangements.
Sec. 538. Distributions by a partnership to a corporate partner of stock in another corporation.

PART II—PROVISIONS RELATING TO REAL ESTATE INVESTMENT TRUSTS

SUBPART A—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

Sec. 541. Modifications to asset diversification test.
Sec. 542. Treatment of income and services provided by taxable REIT subsidiaries.
Sec. 543. Taxable REIT subsidiary.
Sec. 544. Limitation on earnings stripping.
Sec. 545. 100 percent tax on improperly allocated amounts.
Sec. 546. Effective date.
Sec. 547. Study relating to taxable REIT subsidiaries.

SUBPART B—HEALTH CARE REITS

Sec. 551. Health care REITs.

SUBPART C—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

Sec. 556. Conformity with regulated investment company rules.

SUBPART D—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

Sec. 561. Clarification of exception for independent operators.

SUBPART E—MODIFICATION OF EARNINGS AND PROFITS RULES

Sec. 566. Modification of earnings and profits rules.

SUBPART F—MODIFICATION OF ESTIMATED TAX RULES

Sec. 571. Modification of estimated tax rules for closely held real estate investment trusts.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress makes the following findings:

(1) It is the policy of the United States to provide assistance to individuals with disabilities to lead productive work lives.

(2) Health care is important to all Americans.

(3) Health care is particularly important to individuals with disabilities and special health care needs who often cannot afford the insurance available to them through the private market, are uninsurable by the plans available in the private sector, and are at great risk of incurring very high and economically devastating health care costs.

(4) Americans with significant disabilities often are unable to obtain health care insurance that provides coverage of the services and supports that enable them to live independently and enter or rejoin the workforce. Personal assistance services (such as attendant services, personal assistance with transportation to and from work, reader services, job coaches, and related assistance) remove many of the barriers between significant disability and work. Coverage for such services, as well as for prescription drugs, durable medical equipment, and basic health care are powerful and proven tools for individuals with significant disabilities to obtain and retain employment.

(5) For individuals with disabilities, the fear of losing health care and related services is one of the greatest barriers keeping the individuals from maximizing their employment, earning potential, and independence.

(6) Social Security Disability Insurance and Supplemental Security Income beneficiaries risk losing medicare or medicaid coverage that is linked to their cash benefits, a risk that is an equal, or greater, work disincentive than the loss of cash benefits associated with working.

(7) Individuals with disabilities have greater opportunities for employment than ever before, aided by important public policy initiatives such as the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), advancements in public understanding of disability, and innovations in assistive technology, medical treatment, and rehabilitation.

(8) Despite such historic opportunities and the desire of millions of disability recipients to work and support themselves, fewer than one-half of one percent of Social Security Disability Insurance and Supplemental Security Income beneficiaries leave the disability rolls and return to work.

(9) In addition to the fear of loss of health care coverage, beneficiaries cite financial disincentives to work and earn income and lack of adequate employment training and placement services as barriers to employment.

(10) Eliminating such barriers to work by creating financial incentives to work and by providing individuals with disabilities real choice in obtaining the services and technology they need to find, enter, and maintain employment can greatly improve their short and long-term financial independence and personal well-being.

(11) In addition to the enormous advantages such changes promise for individuals with disabilities, redesigning government programs to help individuals with disabilities return to work may result in significant savings and extend the life of the Social Security Disability Insurance Trust Fund.

(12) If only an additional one-half of one percent of the current Social Security Disability Insurance and Supplemental Security Income recipients were to cease receiving benefits as a result of employment, the savings to the Social Security Trust Funds and to the Treasury in cash assistance would total $3,500,000,000 over the worklife of such individuals, far exceeding the cost of providing incentives and services needed to assist them in entering work and achieving financial independence to the best of their abilities.

(b) PURPOSES.—The purposes of this Act are as follows:

(1) To provide health care and employment preparation and placement services to individuals with disabilities that will enable those individuals to reduce their dependency on cash benefit programs.

(2) To encourage States to adopt the option of allowing individuals with disabilities to purchase medicaid coverage that is necessary to enable such individuals to maintain employment.

(3) To provide individuals with disabilities the option of maintaining medicare coverage while working.

(4) To establish a return to work ticket program that will allow individuals with disabilities to seek the services necessary to obtain and retain employment and reduce their dependency on cash benefit programs.

TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

SEC. 101. ESTABLISHMENT OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by adding at the end the following new section:

''THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

''SEC. 1148. (a) IN GENERAL.—The Commissioner shall establish a Ticket to Work and Self-Sufficiency Program, under which a disabled beneficiary may use a ticket to work and self-sufficiency issued by the Commissioner in accordance with this section to obtain employment services, vocational rehabilitation services, or other support services from an employment network which is of the beneficiary's choice and which is willing to provide such services to such beneficiary.

''(b) TICKET SYSTEM.—

''(1) DISTRIBUTION OF TICKETS.—The Commissioner may issue a ticket to work and self-sufficiency to disabled beneficiaries for participation in the Program.

''(2) ASSIGNMENT OF TICKETS.—A disabled beneficiary holding a ticket to work and self-sufficiency may assign the ticket to any employment network of the beneficiary's choice which is serving under the Program and is willing to accept the assignment.

''(3) TICKET TERMS.—A ticket issued under paragraph (1) shall consist of a document which evidences the Commissioner's agreement to pay (as provided in paragraph (4)) an employment network, which is serving under the Program and to which such ticket is assigned by the beneficiary, for such employment services, vocational rehabilitation services, and other support services as the employment network may provide to the beneficiary.

''(4) PAYMENTS TO EMPLOYMENT NETWORKS.—The Commissioner shall pay an employment network under the Program in accordance with the outcome payment system under subsection (h)(2) or under the outcome-milestone payment system under subsection (h)(3) (whichever is elected pursuant to subsection (h)(1)). An employment network may not request or receive compensation for such services from the beneficiary.

''(c) STATE PARTICIPATION.—

''(1) IN GENERAL.—Each State agency administering or supervising the administration of the State plan approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) may elect to participate in the Program as an employment network with respect to a disabled beneficiary. If the State agency does elect to participate in the Program, the State agency also shall elect to be paid under the outcome payment system or the outcome-milestone payment system in accordance with subsection (h)(1). With respect to a disabled beneficiary that the State agency does not elect to have participate in the Program, the State agency shall be paid for services provided to that beneficiary under the system for payment applicable under section 222(d) and subsections (d) and (e) of section 1615. The Commissioner shall provide for periodic opportunities for exercising such elections.

''(2) EFFECT OF PARTICIPATION BY STATE AGENCY.—

''(A) STATE AGENCIES PARTICIPATING.—In any case in which a State agency described in paragraph (1) elects under that paragraph to participate in the Program, the employment services, vocational rehabilitation services, and other support services which, upon assignment of tickets to work and self-sufficiency, are provided to disabled beneficiaries by the State agency acting as an employment network shall be governed by plans for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

''(B) STATE AGENCIES ADMINISTERING MATERNAL AND CHILD HEALTH SERVICES PROGRAMS.—Subparagraph (A) shall not apply with respect to any State agency administering a program under title V of this Act.

''(3) AGREEMENTS BETWEEN STATE AGENCIES AND EMPLOYMENT NETWORKS.—State agencies and employment networks shall enter into agreements regarding the conditions under which services will be provided when an individual is referred by an employment network to a State agency for services. The Commissioner shall establish by regulations the timeframe within which such agreements must be entered into and the mechanisms for dispute resolution between State agencies and employment networks with respect to such agreements.

''(d) RESPONSIBILITIES OF THE COMMISSIONER.—

''(1) SELECTION AND QUALIFICATIONS OF PROGRAM MANAGERS.—The Commissioner shall enter into agreements with 1 or more organizations in the private or public sector for service as a program manager to assist the Commissioner in administering the Program. Any such program manager shall be selected by means of a competitive bidding process, from among organizations in the private or public sector with available expertise and experience in the field of vocational rehabilitation or employment services.

''(2) TENURE, RENEWAL, AND EARLY TERMINATION.—Each agreement entered into under paragraph (1) shall provide for early termination upon failure to meet performance standards which shall be specified in the agreement and which shall be weighted to take into account any performance in prior terms. Such performance standards shall include—

''(A) measures for ease of access by beneficiaries to services; and

''(B) measures for determining the extent to which failures in obtaining services for beneficiaries fall within acceptable parameters, as determined by the Commissioner.

''(3) PRECLUSION FROM DIRECT PARTICIPATION IN DELIVERY OF SERVICES IN OWN SERVICE AREA.—Agreements under paragraph (1) shall preclude—

''(A) direct participation by a program manager in the delivery of employment services, vocational rehabilitation services, or other support services to beneficiaries in the service area covered by the program manager's agreement; and

''(B) the holding by a program manager of a financial interest in an employment network or service provider which provides services in a geographic area covered under the program manager's agreement.

''(4) SELECTION OF EMPLOYMENT NETWORKS.—

''(A) IN GENERAL.—The Commissioner shall select and enter into agreements with employment networks for service under the Program. Such employment networks shall be in addition to State agencies serving as employment networks pursuant to elections under subsection (c).

''(B) ALTERNATE PARTICIPANTS.—In any State where the Program is being implemented, the Commissioner shall enter into an agreement with any alternate participant that is operating under the authority of section 222(d)(2) in the State as of the date of the enactment of this section and chooses to serve as an employment network under the Program.

''(5) TERMINATION OF AGREEMENTS WITH EMPLOYMENT NETWORKS.—The Commissioner shall terminate agreements with employment networks for inadequate performance, as determined by the Commissioner.

''(6) QUALITY ASSURANCE.—The Commissioner shall provide for such periodic reviews as are necessary to provide for effective quality assurance in the provision of services by employment networks. The Commissioner shall solicit and consider the views of consumers and the program manager under which the employment networks serve and shall consult with providers of services to develop performance measurements. The Commissioner shall ensure that the results of the periodic reviews are made available to beneficiaries who are prospective service recipients as they select employment networks. The Commissioner shall ensure that the periodic surveys of beneficiaries receiving services under the Program are designed to measure customer service satisfaction.

''(7) DISPUTE RESOLUTION.—The Commissioner shall provide for a mechanism for resolving disputes between beneficiaries and employment networks, between program managers and employment networks, and between program managers and providers of services. The Commissioner shall afford a party to such a dispute a reasonable opportunity for a full and fair review of the matter in dispute.

''(e) PROGRAM MANAGERS.—

''(1) IN GENERAL.—A program manager shall conduct tasks appropriate to assist the Commissioner in carrying out the Commissioner's duties in administering the Program.

''(2) RECRUITMENT OF EMPLOYMENT NETWORKS.—A program manager shall recruit, and recommend for selection by the Commissioner, employment networks for service under the Program. The program manager shall carry out such recruitment and provide such recommendations, and shall monitor all employment networks serving in the Program in the geographic area covered under the program manager's agreement, to the extent necessary and appropriate to ensure that adequate choices of services are made available to beneficiaries. Employment networks may serve under the Program only pursuant to an agreement entered into with the Commissioner under the Program incorporating the applicable provisions of this section and regulations thereunder, and the program manager shall provide and maintain assurances to the Commissioner that payment by the Commissioner to employment networks pursuant to this section is warranted based on compliance by such employment networks with the terms of such agreement and this section. The program manager shall not impose numerical limits on the number of employment networks to be recommended pursuant to this paragraph.

''(3) FACILITATION OF ACCESS BY BENEFICIARIES TO EMPLOYMENT NETWORKS.—A program manager shall facilitate access by beneficiaries to employment networks. The program manager shall ensure that each beneficiary is allowed changes in employment networks without being deemed to have rejected services under the Program. When such a change occurs, the program manager shall reassign the ticket based on the choice of the beneficiary. Upon the request of the employment network, the program manager shall make a determination of the allocation of the outcome or milestone-outcome payments based on the services provided by each employment network. The program manager shall establish and maintain lists of employment networks available to beneficiaries and shall make such lists generally available to the public. The program manager shall ensure that all information provided to disabled beneficiaries pursuant to this paragraph is provided in accessible formats.

''(4) ENSURING AVAILABILITY OF ADEQUATE SERVICES.—The program manager shall ensure that employment services, vocational rehabilitation services, and other support services are provided to beneficiaries throughout the geographic area covered under the program manager's agreement, including rural areas.

''(5) REASONABLE ACCESS TO SERVICES.—The program manager shall take such measures as are necessary to ensure that sufficient employment networks are available and that each beneficiary receiving services under the Program has reasonable access to employment services, vocational rehabilitation services, and other support services. Services provided under the Program may include case management, work incentives planning, supported employment, career planning, career plan development, vocational assessment, job training, placement, follow-up services, and such other services as may be specified by the Commissioner under the Program. The program manager shall ensure that such services are available in each service area.

''(f) EMPLOYMENT NETWORKS.—

''(1) QUALIFICATIONS FOR EMPLOYMENT NETWORKS.—

''(A) IN GENERAL.—Each employment network serving under the Program shall consist of an agency or instrumentality of a State (or a political subdivision thereof) or a private entity, that assumes responsibility for the coordination and delivery of services under the Program to individuals assigning to the employment network tickets to work and self-sufficiency issued under subsection (b).

''(B) ONE-STOP DELIVERY SYSTEMS.—An employment network serving under the Program may consist of a one-stop delivery system established under subtitle B of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2811 et seq.).

''(C) COMPLIANCE WITH SELECTION CRITERIA.—No employment network may serve under the Program unless it meets and maintains compliance with both general selection criteria (such as professional and educational qualifications, where applicable) and specific selection criteria (such as substantial expertise and experience in providing relevant employment services and supports).

''(D) SINGLE OR ASSOCIATED PROVIDERS ALLOWED.—An employment network shall consist of either a single provider of such services or of an association of such providers organized so as to combine their resources into a single entity. An employment network may meet the requirements of subsection (e)(4) by providing services directly, or by entering into agreements with other individuals or entities providing appropriate employment services, vocational rehabilitation services, or other support services.

''(2) REQUIREMENTS RELATING TO PROVISION OF SERVICES.—Each employment network serving under the Program shall be required under the terms of its agreement with the Commissioner to—

''(A) serve prescribed service areas; and

''(B) take such measures as are necessary to ensure that employment services, vocational rehabilitation services, and other support services provided under the Program by, or under agreements entered into with, the employment network are provided under appropriate individual work plans that meet the requirements of subsection (g).

''(3) ANNUAL FINANCIAL REPORTING.—Each employment network shall meet financial reporting requirements as prescribed by the Commissioner.

''(4) PERIODIC OUTCOMES REPORTING.—Each employment network shall prepare periodic reports, on at least an annual basis, itemizing for the covered period specific outcomes achieved with respect to specific services provided by the employment network. Such reports shall conform to a national model prescribed under this section. Each employment network shall provide a copy of the latest report issued by the employment network pursuant to this paragraph to each beneficiary upon enrollment under the Program for services to be received through such employment network. Upon issuance of each report to each beneficiary, a copy of the report shall be maintained in the files of the employment network. The program manager shall ensure that copies of all such reports issued under

this paragraph are made available to the public under reasonable terms.

''(g) INDIVIDUAL WORK PLANS.—

''(1) REQUIREMENTS.—Each employment network shall—

''(A) take such measures as are necessary to ensure that employment services, vocational rehabilitation services, and other support services provided under the Program by, or under agreements entered into with, the employment network are provided under appropriate individual work plans that meet the requirements of subparagraph (C);

''(B) develop and implement each such individual work plan, in partnership with each beneficiary receiving such services, in a manner that affords such beneficiary the opportunity to exercise informed choice in selecting an employment goal and specific services needed to achieve that employment goal;

''(C) ensure that each individual work plan includes at least—

''(i) a statement of the vocational goal developed with the beneficiary, including, as appropriate, goals for earnings and job advancement;

''(ii) a statement of the services and supports that have been deemed necessary for the beneficiary to accomplish that goal;

''(iii) a statement of any terms and conditions related to the provision of such services and supports; and

''(iv) a statement of understanding regarding the beneficiary's rights under the Program (such as the right to retrieve the ticket to work and self-sufficiency if the beneficiary is dissatisfied with the services being provided by the employment network) and remedies available to the individual, including information on the availability of advocacy services and assistance in resolving disputes through the State grant program authorized under section 1150;

''(D) provide a beneficiary the opportunity to amend the individual work plan if a change in circumstances necessitates a change in the plan; and

''(E) make each beneficiary's individual work plan available to the beneficiary in, as appropriate, an accessible format chosen by the beneficiary.

''(2) EFFECTIVE UPON WRITTEN APPROVAL.—A beneficiary's individual work plan shall take effect upon written approval by the beneficiary or a representative of the beneficiary and a representative of the employment network that, in providing such written approval, acknowledges assignment of the beneficiary's ticket to work and self-sufficiency.

''(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

''(1) ELECTION OF PAYMENT SYSTEM BY EMPLOYMENT NETWORKS.—

''(A) IN GENERAL.—The Program shall provide for payment authorized by the Commissioner to employment networks under either an outcome payment system or an outcome-milestone payment system. Each employment network shall elect which payment system will be utilized by the employment network, and, for such period of time as such election remains in effect, the payment system so elected shall be utilized exclusively in connection with such employment network (except as provided in subparagraph (B)).

''(B) NO CHANGE IN METHOD OF PAYMENT FOR BENEFICIARIES WITH TICKETS ALREADY ASSIGNED TO THE EMPLOYMENT NETWORKS.—Any election of a payment system by an employment network that would result in a change in the method of payment to the employment network for services provided to a beneficiary who is receiving services from the employment network at the time of the election shall not be effective with respect to payment for services provided to that beneficiary and the method of payment previously selected shall continue to apply with respect to such services.

''(2) OUTCOME PAYMENT SYSTEM.—

''(A) IN GENERAL.—The outcome payment system shall consist of a payment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this paragraph.

''(B) PAYMENTS MADE DURING OUTCOME PAYMENT PERIOD.—The outcome payment system shall provide for a schedule of payments to an employment network, in connection with each individual who is a beneficiary, for each month, during the individual's outcome payment period, for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable to such individual because of work or earnings.

''(C) COMPUTATION OF PAYMENTS TO EMPLOYMENT NETWORK.—The payment schedule of the outcome payment system shall be designed so that—

''(i) the payment for each month during the outcome payment period for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable is equal to a fixed percentage of the payment calculation base for the calendar year in which such month occurs; and

''(ii) such fixed percentage is set at a percentage which does not exceed 40 percent.

''(3) OUTCOME-MILESTONE PAYMENT SYSTEM.—

''(A) IN GENERAL.—The outcome-milestone payment system shall consist of a payment structure governing employment networks electing such system under paragraph (1)(A) which meets the requirements of this paragraph.

''(B) EARLY PAYMENTS UPON ATTAINMENT OF MILESTONES IN ADVANCE OF OUTCOME PAYMENT PERIODS.—The outcome-milestone payment system shall provide for 1 or more milestones, with respect to beneficiaries receiving services from an employment network under the Program, that are directed toward the goal of permanent employment. Such milestones shall form a part of a payment structure that provides, in addition to payments made during outcome payment periods, payments made prior to outcome payment periods in amounts based on the attainment of such milestones.

''(C) LIMITATION ON TOTAL PAYMENTS TO EMPLOYMENT NETWORK.—The payment schedule of the outcome milestone payment system shall be designed so that the total of the payments to the employment network with respect to each beneficiary is less than, on a net present value basis (using an interest rate determined by the Commissioner that appropriately reflects the cost of funds faced by providers), the total amount to which payments to the employment network with respect to the beneficiary would be limited if the employment network were paid under the outcome payment system.

''(4) DEFINITIONS.—In this subsection:

''(A) PAYMENT CALCULATION BASE.—The term 'payment calculation base' means, for any calendar year—

''(i) in connection with a title II disability beneficiary, the average disability insurance benefit payable under section 223 for all beneficiaries for months during the preceding calendar year; and

''(ii) in connection with a title XVI disability beneficiary (who is not concurrently a title II disability beneficiary), the average payment of supplemental security income benefits based on disability payable under title XVI (excluding State supplementation) for months during the preceding calendar year to all beneficiaries who have attained 18 years of age but have not attained 65 years of age.

''(B) OUTCOME PAYMENT PERIOD.—The term 'outcome payment period' means, in connection with any individual who had assigned a ticket to work and self-sufficiency to an employment network under the Program, a period—

''(i) beginning with the first month, ending after the date on which such ticket was assigned to the employment network, for which benefits (described in paragraphs (3) and (4) of subsection (k)) are not payable to such individual by reason of engagement in substantial gainful activity or by reason of earnings from work activity; and

''(ii) ending with the 60th month (consecutive or otherwise), ending after such date, for which such benefits are not payable to such individual by reason of engagement in substantial gainful activity or by reason of earnings from work activity.

''(5) PERIODIC REVIEW AND ALTERATIONS OF PRESCRIBED SCHEDULES.—

''(A) PERCENTAGES AND PERIODS.—The Commissioner shall periodically review the percentage specified in paragraph (2)(C), the total payments permissible under paragraph (3)(C), and the period of time specified in paragraph (4)(B) to determine whether such percentages, such permissible payments, and such period provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, while providing for appropriate economies. The Commissioner may alter such percentage, such total permissible payments, or such period of time to the extent that the Commissioner determines, on the basis of the Commissioner's review under this paragraph, that such an alteration would better provide the incentive and economies described in the preceding sentence.

''(B) NUMBER AND AMOUNTS OF MILESTONE PAYMENTS.—The Commissioner shall periodically review the number and amounts of milestone payments established by the Commissioner pursuant to this section to determine whether they provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, taking into account information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, and other reliable sources. The Commissioner may from time to time alter the number and amounts of milestone payments initially established by the Commissioner pursuant to this section to the extent that the Commissioner determines that such an alteration would allow an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Such alteration shall be based on information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, or other reliable sources.

''(C) REPORT ON THE ADEQUACY OF INCENTIVES.—The Commissioner shall submit to the Congress not later than 36 months after the date of the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999 a report with recommendations for a method or methods to adjust payment rates under subparagraphs (A) and (B), that would ensure adequate incentives for the provision of services by employment networks of—

''(i) individuals with a need for ongoing support and services;

''(ii) individuals with a need for high-cost accommodations;

''(iii) individuals who earn a subminimum wage; and

''(iv) individuals who work and receive partial cash benefits.

The Commissioner shall consult with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 during the development and evaluation of the study. The Commissioner shall implement the necessary adjusted payment rates prior to full implementation of the Ticket to Work and Self-Sufficiency Program.

''(i) SUSPENSION OF DISABILITY REVIEWS.—During any period for which an individual is using, as defined by the Commissioner, a ticket to work and self-sufficiency issued under this section, the Commissioner (and any applicable State agency) may not initiate a continuing disability review or other review under section 221 of whether the individual is or is not under a disability or a review under title XVI similar to any such review under section 221.

''(j) AUTHORIZATIONS.—

''(1) PAYMENTS TO EMPLOYMENT NETWORKS.—

''(A) TITLE II DISABILITY BENEFICIARIES.—There are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund each fiscal year such sums as may be necessary to make payments to employment networks under this section. Money paid from the Trust Funds under this section with respect to title II disability beneficiaries who are entitled to benefits under section 223 or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such beneficiaries, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this section shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund.

''(B) TITLE XVI DISABILITY BENEFICIARIES.—Amounts authorized to be appropriated to the Social Security Administration under section 1601 (as in effect pursuant to the amendments made by section 301 of the Social Security Amendments of 1972) shall include amounts necessary to carry out the provisions of this section with respect to title XVI disability beneficiaries.

''(2) ADMINISTRATIVE EXPENSES.—The costs of administering this section (other than payments to employment networks) shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among such amounts as appropriate.

''(k) DEFINITIONS.—In this section:

''(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner of Social Security.

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means a title II disability beneficiary or a title XVI disability beneficiary.

''(3) TITLE II DISABILITY BENEFICIARY.—The term 'title II disability beneficiary' means an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual's disability (as defined in section 223(d)). An individual is a title II disability beneficiary for each month for which such individual is entitled to such benefits.

''(4) TITLE XVI DISABILITY BENEFICIARY.—The term 'title XVI disability beneficiary' means an individual eligible for supplemental security income benefits under title XVI on the basis of blindness (within the meaning of section 1614(a)(2)) or disability (within the meaning of section 1614(a)(3)). An individual is a title XVI disability beneficiary for each month for which such individual is eligible for such benefits.

''(5) SUPPLEMENTAL SECURITY INCOME BENEFIT.—The term 'supplemental security income benefit under title XVI' means a cash benefit under section 1611 or 1619(a), and does not include a State supplementary payment, administered federally or otherwise.

''(l) REGULATIONS.—Not later than 1 year after the date of the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999, the Commissioner shall prescribe such regulations as are necessary to carry out the provisions of this section.''.

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE II.—

(A) Section 221(i) of the Social Security Act (42 U.S.C. 421(i)) is amended by adding at the end the following new paragraph:

''(5) For suspension of reviews under this subsection in the case of an individual using a ticket to work and self-sufficiency, see section 1148(i).''.

(B) Section 222(a) of such Act (42 U.S.C. 422(a)) is repealed.

(C) Section 222(b) of such Act (42 U.S.C. 422(b)) is repealed.

(D) Section 225(b)(1) of such Act (42 U.S.C. 425(b)(1)) is amended by striking ''a program of vocational rehabilitation services'' and inserting ''a program consisting of the Ticket to Work and Self-Sufficiency Program under section 1148 or another program of vocational rehabilitation services, employment services, or other support services''.

(2) AMENDMENTS TO TITLE XVI.—

(A) Section 1615(a) of such Act (42 U.S.C. 1382d(a)) is amended to read as follows:

''SEC. 1615. (a) In the case of any blind or disabled individual who—

''(1) has not attained age 16; and

''(2) with respect to whom benefits are paid under this title,

the Commissioner of Social Security shall make provision for referral of such individual to the appropriate State agency administering the State program under title V.''.

(B) Section 1615(c) of such Act (42 U.S.C. 1382d(c)) is repealed.

(C) Section 1631(a)(6)(A) of such Act (42 U.S.C. 1383(a)(6)(A)) is amended by striking ''a program of vocational rehabilitation services'' and inserting ''a program consisting of the Ticket to Work and Self-Sufficiency Program under section 1148 or another program of vocational rehabilitation services, employment services, or other support services''.

(D) Section 1633(c) of such Act (42 U.S.C. 1383b(c)) is amended—

(i) by inserting ''(1)'' after ''(c)''; and

(ii) by adding at the end the following new paragraph:

''(2) For suspension of continuing disability reviews and other reviews under this title similar to reviews under section 221 in the case of an individual using a ticket to work and self-sufficiency, see section 1148(i).''.

(c) EFFECTIVE DATE.—Subject to subsection (d), the amendments made by subsections (a) and (b) shall take effect with the first month following 1 year after the date of the enactment of this Act.

(d) GRADUATED IMPLEMENTATION OF PROGRAM.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall commence implementation of the amendments made by this section (other than paragraphs (1)(C) and (2)(B) of subsection (b)) in graduated phases at phase-in sites selected by the Commissioner. Such phase-in sites shall be selected so as to ensure, prior to full implementation of the Ticket to Work and Self-Sufficiency Program, the development and refinement of referral processes, payment systems, computer linkages, management information systems, and administrative processes necessary to provide for full implementation of such amendments. Subsection (c) shall apply with respect to paragraphs (1)(C) and (2)(B) of subsection (b) without regard to this subsection.

(2) REQUIREMENTS.—Implementation of the Program at each phase-in site shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration, so as to ensure that the most efficacious methods are determined and in place for full implementation of the Program on a timely basis.

(3) FULL IMPLEMENTATION.—The Commissioner shall ensure that ability to provide tickets and services to individuals under the Program exists in every State as soon as practicable on or after the effective date specified in subsection (c) but not later than 3 years after such date.

(4) ONGOING EVALUATION OF PROGRAM.—

(A) IN GENERAL.—The Commissioner shall provide for independent evaluations to assess the effectiveness of the activities carried out under this section and the amendments made thereby. Such evaluations shall address the cost-effectiveness of such activities, as well as the effects of this section and the amendments made thereby on work outcomes for beneficiaries receiving tickets to work and self-sufficiency under the Program.

(B) CONSULTATION.—Evaluations shall be conducted under this paragraph after receiving relevant advice from experts in the fields of disability, vocational rehabilitation, and program evaluation and individuals using tickets to work and self-sufficiency under the Program and in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of this Act, the Comptroller General of the United States, other agencies of the Federal Government, and private organizations with appropriate expertise.

(C) METHODOLOGY.—

(i) IMPLEMENTATION.—The Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of this Act, shall ensure that plans for evaluations and data collection methods under the Program are appropriately designed to obtain detailed employment information.

(ii) SPECIFIC MATTERS TO BE ADDRESSED.—Each such evaluation shall address (but is not limited to)—

(I) the annual cost (including net cost) of the Program and the annual cost (including net cost) that would have been incurred in the absence of the Program;

(II) the determinants of return to work, including the characteristics of beneficiaries in receipt of tickets under the Program;

(III) the types of employment services, vocational rehabilitation services, and other support services furnished to beneficiaries in receipt of tickets under the Program who return to work and to those who do not return to work;

(IV) the duration of employment services, vocational rehabilitation services, and other support services furnished to beneficiaries in receipt of tickets under the Program who return to work and the duration of such services furnished to those who do not return to work and the cost to employment networks of furnishing such services;

(V) the employment outcomes, including wages, occupations, benefits, and hours worked, of beneficiaries who return to work after receiving tickets under the Program and those who return to work without receiving such tickets;

(VI) the characteristics of individuals in possession of tickets under the Program who are not accepted for services and, to the extent reasonably determinable, the reasons for which such beneficiaries were not accepted for services;

(VII) the characteristics of providers whose services are provided within an employment network under the Program;

(VIII) the extent (if any) to which employment networks display a greater willingness to provide services to beneficiaries with a range of disabilities;

(IX) the characteristics (including employment outcomes) of those beneficiaries who receive services under the outcome payment system and of those beneficiaries who receive services under the outcome-milestone payment system;

(X) measures of satisfaction among beneficiaries in receipt of tickets under the Program; and

(XI) reasons for (including comments solicited from beneficiaries regarding) their choice not to use their tickets or their inability to return to work despite the use of their tickets.

(D) PERIODIC EVALUATION REPORTS.—Following the close of the third and fifth fiscal years ending after the effective date under subsection (c), and prior to the close of the seventh fiscal year ending after such date, the Commissioner shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report containing the Commissioner's evaluation of the progress of activities conducted under the provisions of this section and the amendments made thereby. Each such report shall set forth the Commissioner's evaluation of the extent to which the Program has been successful and the Commissioner's conclusions on whether or how

the Program should be modified. Each such report shall include such data, findings, materials, and recommendations as the Commissioner may consider appropriate.

(5) EXTENT OF STATE'S RIGHT OF FIRST REFUSAL IN ADVANCE OF FULL IMPLEMENTATION OF AMENDMENTS IN SUCH STATE.—

(A) IN GENERAL.—In the case of any State in which the amendments made by subsection (a) have not been fully implemented pursuant to this subsection, the Commissioner shall determine by regulation the extent to which—

(i) the requirement under section 222(a) of the Social Security Act (42 U.S.C. 422(a)) for prompt referrals to a State agency; and

(ii) the authority of the Commissioner under section 222(d)(2) of such Act (42 U.S.C. 422(d)(2)) to provide vocational rehabilitation services in such State by agreement or contract with other public or private agencies, organizations, institutions, or individuals,

shall apply in such State.

(B) EXISTING AGREEMENTS.—Nothing in subparagraph (A) or the amendments made by subsection (a) shall be construed to limit, impede, or otherwise affect any agreement entered into pursuant to section 222(d)(2) of the Social Security Act (42 U.S.C. 422(d)(2)) before the date of the enactment of this Act with respect to services provided pursuant to such agreement to beneficiaries receiving services under such agreement as of such date, except with respect to services (if any) to be provided after 3 years after the effective date provided in subsection (c).

(e) SPECIFIC REGULATIONS REQUIRED.—

(1) IN GENERAL.—The Commissioner of Social Security shall prescribe such regulations as are necessary to implement the amendments made by this section.

(2) SPECIFIC MATTERS TO BE INCLUDED IN REGULATIONS.—The matters which shall be addressed in such regulations shall include—

(A) the form and manner in which tickets to work and self-sufficiency may be distributed to beneficiaries pursuant to section 1148(b)(1) of the Social Security Act;

(B) the format and wording of such tickets, which shall incorporate by reference any contractual terms governing service by employment networks under the Program;

(C) the form and manner in which State agencies may elect participation in the Ticket to Work and Self-Sufficiency Program pursuant to section 1148(c)(1) of such Act and provision for periodic opportunities for exercising such elections;

(D) the status of State agencies under section 1148(c)(1) of such Act at the time that State agencies exercise elections under that section;

(E) the terms of agreements to be entered into with program managers pursuant to section 1148(d) of such Act, including—

(i) the terms by which program managers are precluded from direct participation in the delivery of services pursuant to section 1148(d)(3) of such Act;

(ii) standards which must be met by quality assurance measures referred to in paragraph (6) of section 1148(d) of such Act and methods of recruitment of employment networks utilized pursuant to paragraph (2) of section 1148(e) of such Act; and

(iii) the format under which dispute resolution will operate under section 1148(d)(7) of such Act;

(F) the terms of agreements to be entered into with employment networks pursuant to section 1148(d)(4) of such Act, including—

(i) the manner in which service areas are specified pursuant to section 1148(f)(2)(A) of such Act;

(ii) the general selection criteria and the specific selection criteria which are applicable to employment networks under section 1148(f)(1)(C) of such Act in selecting service providers;

(iii) specific requirements relating to annual financial reporting by employment networks pursuant to section 1148(f)(3) of such Act; and

(iv) the national model to which periodic outcomes reporting by employment networks must conform under section 1148(f)(4) of such Act;

(G) standards which must be met by individual work plans pursuant to section 1148(g) of such Act;

(H) standards which must be met by payment systems required under section 1148(h) of such Act, including—

(i) the form and manner in which elections by employment networks of payment systems are to be exercised pursuant to section 1148(h)(1)(A) of such Act;

(ii) the terms which must be met by an outcome payment system under section 1148(h)(2) of such Act;

(iii) the terms which must be met by an outcome-milestone payment system under section 1148(h)(3) of such Act;

(iv) any revision of the percentage specified in paragraph (2)(C) of section 1148(h) of such Act or the period of time specified in paragraph (4)(B) of such section 1148(h) of such Act; and

(v) annual oversight procedures for such systems; and

(I) procedures for effective oversight of the Program by the Commissioner of Social Security, including periodic reviews and reporting requirements.

(f) THE TICKET TO WORK AND WORK INCENTIVES ADVISORY PANEL.—

(1) ESTABLISHMENT.—There is established within the Social Security Administration a panel to be known as the ''Ticket to Work and Work Incentives Advisory Panel'' (in this subsection referred to as the ''Panel'').

(2) DUTIES OF PANEL.—It shall be the duty of the Panel to—

(A) advise the President, the Congress, and the Commissioner of Social Security on issues related to work incentives programs, planning, and assistance for individuals with disabilities, including work incentive provisions under titles II, XI, XVI, XVIII, and XIX of the Social Security Act (42 U.S.C. 401 et seq., 1301 et seq., 1381 et seq., 1395 et seq., 1396 et seq.); and

(B) with respect to the Ticket to Work and Self-Sufficiency Program established under section 1148 of such Act—

(i) advise the Commissioner of Social Security with respect to establishing phase-in sites for such Program and fully implementing the Program thereafter, the refinement of access of disabled beneficiaries to employment networks, payment systems, and management information systems, and advise the Commissioner whether such measures are being taken to the extent necessary to ensure the success of the Program;

(ii) advise the Commissioner regarding the most effective designs for research and demonstration projects associated with the Program or conducted pursuant to section 302 of this Act;

(iii) advise the Commissioner on the development of performance measurements relating to quality assurance under section 1148(d)(6) of the Social Security Act; and

(iv) furnish progress reports on the Program to the Commissioner and each House of Congress.

(3) MEMBERSHIP.—

(A) NUMBER AND APPOINTMENT.—The Panel shall be composed of 12 members as follows:

(i) 4 members appointed by the President, not more than 2 of whom may be of the same political party;

(ii) 2 members appointed by the Speaker of the House of Representatives, in consultation with the Chairman of the Committee on Ways and Means of the House of Representatives;

(iii) 2 members appointed by the minority leader of the House of Representatives, in consultation with the ranking member of the Committee on Ways and Means of the House of Representatives;

(iv) 2 members appointed by the majority leader of the Senate, in consultation with the Chairman of the Committee on Finance of the Senate; and

(v) 2 members appointed by the minority leader of the Senate, in consultation with the ranking member of the Committee on Finance of the Senate.

(B) REPRESENTATION.—

(i) IN GENERAL.—The members appointed under subparagraph (A) shall have experience or expert knowledge as a recipient, provider, employer, or employee in the fields of, or related to, employment services, vocational rehabilitation services, and other support services.

(ii) REQUIREMENT.—At least one-half of the members appointed under subparagraph (A) shall be individuals with disabilities, or representatives of individuals with disabilities, with consideration given to current or former title II disability beneficiaries or title XVI disability beneficiaries (as such terms are defined in section 1148(k) of the Social Security Act (as added by subsection (a)).

(C) TERMS.—

(i) IN GENERAL.—Each member shall be appointed for a term of 4 years (or, if less, for the remaining life of the Panel), except as provided in clauses (ii) and (iii). The initial members shall be appointed not later than 90 days after the date of the enactment of this Act.

(ii) TERMS OF INITIAL APPOINTEES.—Of the members first appointed under each clause of subparagraph (A), as designated by the appointing authority for each such clause—

(I) one-half of such members shall be appointed for a term of 2 years; and

(II) the remaining members shall be appointed for a term of 4 years.

(iii) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Panel shall be filled in the manner in which the original appointment was made.

(D) BASIC PAY.—Members shall each be paid at a rate, and in a manner, that is consistent with guidelines established under section 7 of the Federal Advisory Committee Act (5 U.S.C. App.).

(E) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(F) QUORUM.—8 members of the Panel shall constitute a quorum but a lesser number may hold hearings.

(G) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the President. The term of office of the Chairperson shall be 4 years.

(H) MEETINGS.—The Panel shall meet at least quarterly and at other times at the call of the Chairperson or a majority of its members.

(4) DIRECTOR AND STAFF OF PANEL; EXPERTS AND CONSULTANTS.—

(A) DIRECTOR.—The Panel shall have a Director who shall be appointed by the Chairperson, and paid at a rate, and in a manner, that is consistent with guidelines established under section 7 of the Federal Advisory Committee Act (5 U.S.C. App.).

(B) STAFF.—Subject to rules prescribed by the Commissioner of Social Security, the Director may appoint and fix the pay of additional personnel as the Director considers appropriate.

(C) EXPERTS AND CONSULTANTS.—Subject to rules prescribed by the Commissioner of Social Security, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(D) STAFF OF FEDERAL AGENCIES.—Upon request of the Panel, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Panel to assist it in carrying out its duties under this Act.

(5) POWERS OF PANEL.—

(A) HEARINGS AND SESSIONS.—The Panel may, for the purpose of carrying out its duties under

this subsection, hold such hearings, sit and act at such times and places, and take such testimony and evidence as the Panel considers appropriate.

(B) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Panel may, if authorized by the Panel, take any action which the Panel is authorized to take by this section.

(C) MAILS.—The Panel may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(6) REPORTS.—

(A) INTERIM REPORTS.—The Panel shall submit to the President and the Congress interim reports at least annually.

(B) FINAL REPORT.—The Panel shall transmit a final report to the President and the Congress not later than eight years after the date of the enactment of this Act. The final report shall contain a detailed statement of the findings and conclusions of the Panel, together with its recommendations for legislation and administrative actions which the Panel considers appropriate.

(7) TERMINATION.—The Panel shall terminate 30 days after the date of the submission of its final report under paragraph (6)(B).

(8) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the general fund of the Treasury, as appropriate, such sums as are necessary to carry out this subsection.

Subtitle B—Elimination of Work Disincentives

SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR REVIEW OF AN INDIVIDUAL'S DISABLED STATUS.

(a) IN GENERAL.—Section 221 of the Social Security Act (42 U.S.C. 421) is amended by adding at the end the following new subsection:

''(m)(1) In any case where an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual's disability (as defined in section 223(d)) has received such benefits for at least 24 months—

''(A) no continuing disability review conducted by the Commissioner may be scheduled for the individual solely as a result of the individual's work activity;

''(B) no work activity engaged in by the individual may be used as evidence that the individual is no longer disabled; and

''(C) no cessation of work activity by the individual may give rise to a presumption that the individual is unable to engage in work.

''(2) An individual to which paragraph (1) applies shall continue to be subject to—

''(A) continuing disability reviews on a regularly scheduled basis that is not triggered by work; and

''(B) termination of benefits under this title in the event that the individual has earnings that exceed the level of earnings established by the Commissioner to represent substantial gainful activity.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2002.

SEC. 112. EXPEDITED REINSTATEMENT OF DISABILITY BENEFITS.

(a) OASDI BENEFITS.—Section 223 of the Social Security Act (42 U.S.C. 423) is amended—

(1) by redesignating subsection (i) as subsection (j); and

(2) by inserting after subsection (h) the following new subsection:

''Reinstatement of Entitlement

''(i)(1)(A) Entitlement to benefits described in subparagraph (B)(i)(I) shall be reinstated in any case where the Commissioner determines that an individual described in subparagraph (B) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in subparagraph (C). Reinstatement of such entitlement shall be in accordance with the terms of this subsection.

''(B) An individual is described in this subparagraph if—

''(i) prior to the month in which the individual files a request for reinstatement—

''(I) the individual was entitled to benefits under this section or section 202 on the basis of disability pursuant to an application filed therefor; and

''(II) such entitlement terminated due to the performance of substantial gainful activity;

''(ii) the individual is under a disability and the physical or mental impairment that is the basis for the finding of disability is the same as (or related to) the physical or mental impairment that was the basis for the finding of disability that gave rise to the entitlement described in clause (i); and

''(iii) the individual's disability renders the individual unable to perform substantial gainful activity.

''(C)(i) Except as provided in clause (ii), the period prescribed in this subparagraph with respect to an individual is 60 consecutive months beginning with the month following the most recent month for which the individual was entitled to a benefit described in subparagraph (B)(i)(I) prior to the entitlement termination described in subparagraph (B)(i)(II).

''(ii) In the case of an individual who fails to file a reinstatement request within the period prescribed in clause (i), the Commissioner may extend the period if the Commissioner determines that the individual had good cause for the failure to so file.

''(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.

''(ii) A request for reinstatement shall include express declarations by the individual that the individual meets the requirements specified in clauses (ii) and (iii) of paragraph (1)(B).

''(B) A request for reinstatement filed in accordance with subparagraph (A) may constitute an application for benefits in the case of any individual who the Commissioner determines is not entitled to reinstated benefits under this subsection.

''(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of subsection (f) shall apply.

''(4)(A)(i) Subject to clause (ii), entitlement to benefits reinstated under this subsection shall commence with the benefit payable for the month in which a request for reinstatement is filed.

''(ii) An individual whose entitlement to a benefit for any month would have been reinstated under this subsection had the individual filed a request for reinstatement before the end of such month shall be entitled to such benefit for such month if such request for reinstatement is filed before the end of the twelfth month immediately succeeding such month.

''(B)(i) Subject to clauses (ii) and (iii), the amount of the benefit payable for any month pursuant to the reinstatement of entitlement under this subsection shall be determined in accordance with the provisions of this title.

''(ii) For purposes of computing the primary insurance amount of an individual whose entitlement to benefits under this section is reinstated under this subsection, the date of onset of the individual's disability shall be the date of onset used in determining the individual's most recent period of disability arising in connection with such benefits payable on the basis of an application.

''(iii) Benefits under this section or section 202 payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (2) shall be reduced by the amount of any provisional benefit paid to such individual for such month under paragraph (7).

''(C) No benefit shall be payable pursuant to an entitlement reinstated under this subsection to an individual for any month in which the individual engages in substantial gainful activity.

''(D) The entitlement of any individual that is reinstated under this subsection shall end with the benefits payable for the month preceding whichever of the following months is the earliest:

''(i) The month in which the individual dies.

''(ii) The month in which the individual attains retirement age.

''(iii) The third month following the month in which the individual's disability ceases.

''(5) Whenever an individual's entitlement to benefits under this section is reinstated under this subsection, entitlement to benefits payable on the basis of such individual's wages and self-employment income may be reinstated with respect to any person previously entitled to such benefits on the basis of an application if the Commissioner determines that such person satisfies all the requirements for entitlement to such benefits except requirements related to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated entitlement of any such person to the same extent that they apply to the reinstated entitlement of such individual.

''(6) An individual to whom benefits are payable under this section or section 202 pursuant to a reinstatement of entitlement under this subsection for 24 months (whether or not consecutive) shall, with respect to benefits so payable after such twenty-fourth month, be deemed for purposes of paragraph (1)(B)(i)(I) and the determination, if appropriate, of the termination month in accordance with subsection (a)(1) of this section, or subsection (d)(1), (e)(1), or (f)(1) of section 202, to be entitled to such benefits on the basis of an application filed therefor.

''(7)(A) An individual described in paragraph (1)(B) who files a request for reinstatement in accordance with the provisions of paragraph (2)(A) shall be entitled to provisional benefits payable in accordance with this paragraph, unless the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration under paragraph (2)(A)(ii) is false. Any such determination by the Commissioner shall be final and not subject to review under subsection (b) or (g) of section 205.

''(B) The amount of a provisional benefit for a month shall equal the amount of the last monthly benefit payable to the individual under this title on the basis of an application increased by an amount equal to the amount, if any, by which such last monthly benefit would have been increased as a result of the operation of section 215(i).

''(C)(i) Provisional benefits shall begin with the month in which a request for reinstatement is filed in accordance with paragraph (2)(A).

''(ii) Provisional benefits shall end with the earliest of—

''(I) the month in which the Commissioner makes a determination regarding the individual's entitlement to reinstated benefits;

''(II) the fifth month following the month described in clause (i);

''(III) the month in which the individual performs substantial gainful activity; or

''(IV) the month in which the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration made in accordance with paragraph (2)(A)(ii) is false.

''(D) In any case in which the Commissioner determines that an individual is not entitled to reinstated benefits, any provisional benefits paid to the individual under this paragraph shall not be subject to recovery as an overpayment unless the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (1)(B).''.

(b) SSI BENEFITS.—

(1) IN GENERAL.—Section 1631 of the Social Security Act (42 U.S.C. 1383) is amended by adding at the end the following new subsection:

''Reinstatement of Eligibility on the Basis of Blindness or Disability

''(p)(1)(A) Eligibility for benefits under this title shall be reinstated in any case where the

Commissioner determines that an individual described in subparagraph (B) has filed a request for reinstatement meeting the requirements of paragraph (2)(A) during the period prescribed in subparagraph (C). Reinstatement of eligibility shall be in accordance with the terms of this subsection.

''(B) An individual is described in this subparagraph if—

''(i) prior to the month in which the individual files a request for reinstatement—

''(I) the individual was eligible for benefits under this title on the basis of blindness or disability pursuant to an application filed therefor; and

''(II) the individual thereafter was ineligible for such benefits due to earned income (or earned and unearned income) for a period of 12 or more consecutive months;

''(ii) the individual is blind or disabled and the physical or mental impairment that is the basis for the finding of blindness or disability is the same as (or related to) the physical or mental impairment that was the basis for the finding of blindness or disability that gave rise to the eligibility described in clause (i);

''(iii) the individual's blindness or disability renders the individual unable to perform substantial gainful activity; and

''(iv) the individual satisfies the nonmedical requirements for eligibility for benefits under this title.

''(C)(i) Except as provided in clause (ii), the period prescribed in this subparagraph with respect to an individual is 60 consecutive months beginning with the month following the most recent month for which the individual was eligible for a benefit under this title (including section 1619) prior to the period of ineligibility described in subparagraph (B)(i)(II).

''(ii) In the case of an individual who fails to file a reinstatement request within the period prescribed in clause (i), the Commissioner may extend the period if the Commissioner determines that the individual had good cause for the failure to so file.

''(2)(A)(i) A request for reinstatement shall be filed in such form, and containing such information, as the Commissioner may prescribe.

''(ii) A request for reinstatement shall include express declarations by the individual that the individual meets the requirements specified in clauses (ii) through (iv) of paragraph (1)(B).

''(B) A request for reinstatement filed in accordance with subparagraph (A) may constitute an application for benefits in the case of any individual who the Commissioner determines is not eligible for reinstated benefits under this subsection.

''(3) In determining whether an individual meets the requirements of paragraph (1)(B)(ii), the provisions of section 1614(a)(4) shall apply.

''(4)(A) Eligibility for benefits reinstated under this subsection shall commence with the benefit payable for the month following the month in which a request for reinstatement is filed.

''(B)(i) Subject to clause (ii), the amount of the benefit payable for any month pursuant to the reinstatement of eligibility under this subsection shall be determined in accordance with the provisions of this title.

''(ii) The benefit under this title payable for any month pursuant to a request for reinstatement filed in accordance with paragraph (2) shall be reduced by the amount of any provisional benefit paid to such individual for such month under paragraph (7).

''(C) Except as otherwise provided in this subsection, eligibility for benefits under this title reinstated pursuant to a request filed under paragraph (2) shall be subject to the same terms and conditions as eligibility established pursuant to an application filed therefor.

''(5) Whenever an individual's eligibility for benefits under this title is reinstated under this subsection, eligibility for such benefits shall be reinstated with respect to the individual's spouse if such spouse was previously an eligible spouse of the individual under this title and the Commissioner determines that such spouse satisfies all the requirements for eligibility for such benefits except requirements related to the filing of an application. The provisions of paragraph (4) shall apply to the reinstated eligibility of the spouse to the same extent that they apply to the reinstated eligibility of such individual.

''(6) An individual to whom benefits are payable under this title pursuant to a reinstatement of eligibility under this subsection for twenty-four months (whether or not consecutive) shall, with respect to benefits so payable after such twenty-fourth month, be deemed for purposes of paragraph (1)(B)(i)(I) to be eligible for such benefits on the basis of an application filed therefor.

''(7)(A) An individual described in paragraph (1)(B) who files a request for reinstatement in accordance with the provisions of paragraph (2)(A) shall be eligible for provisional benefits payable in accordance with this paragraph, unless the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration under paragraph (2)(A)(ii) is false. Any such determination by the Commissioner shall be final and not subject to review under paragraph (1) or (3) of subsection (c).

''(B)(i) Except as otherwise provided in clause (ii), the amount of a provisional benefit for a month shall equal the amount of the monthly benefit that would be payable to an eligible individual under this title with the same kind and amount of income.

''(ii) If the individual has a spouse who was previously an eligible spouse of the individual under this title and the Commissioner determines that such spouse satisfies all the requirements of section 1614(b) except requirements related to the filing of an application, the amount of a provisional benefit for a month shall equal the amount of the monthly benefit that would be payable to an eligible individual and eligible spouse under this title with the same kind and amount of income.

''(C)(i) Provisional benefits shall begin with the month following the month in which a request for reinstatement is filed in accordance with paragraph (2)(A).

''(ii) Provisional benefits shall end with the earliest of—

''(I) the month in which the Commissioner makes a determination regarding the individual's eligibility for reinstated benefits;

''(II) the fifth month following the month for which provisional benefits are first payable under clause (i); or

''(III) the month in which the Commissioner determines that the individual does not meet the requirements of paragraph (1)(B)(i) or that the individual's declaration made in accordance with paragraph (2)(A)(ii) is false.

''(D) In any case in which the Commissioner determines that an individual is not eligible for reinstated benefits, any provisional benefits paid to the individual under this paragraph shall not be subject to recovery as an overpayment unless the Commissioner determines that the individual knew or should have known that the individual did not meet the requirements of paragraph (1)(B).

''(8) For purposes of this subsection other than paragraph (7), the term 'benefits under this title' includes State supplementary payments made pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93–66.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1631(j)(1) of such Act (42 U.S.C. 1383(j)(1)) is amended by striking the period and inserting '', or has filed a request for reinstatement of eligibility under subsection (p)(2) and been determined to be eligible for reinstatement.''.

(B) Section 1631(j)(2)(A)(i)(I) of such Act (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by inserting ''(other than pursuant to a request for reinstatement under subsection (p))'' after ''eligible''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(2) LIMITATION.—No benefit shall be payable under title II or XVI on the basis of a request for reinstatement filed under section 223(i) or 1631(p) of the Social Security Act (42 U.S.C. 423(i), 1383(p)) before the effective date described in paragraph (1).

Subtitle C—Work Incentives Planning, Assistance, and Outreach

SEC. 121. WORK INCENTIVES OUTREACH PROGRAM.

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.), as amended by section 101 of this Act, is amended by adding after section 1148 the following new section:

''WORK INCENTIVES OUTREACH PROGRAM

''SEC. 1149. (a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, shall establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to disabled beneficiaries on work incentives programs and issues related to such programs.

''(2) GRANTS, COOPERATIVE AGREEMENTS, CONTRACTS, AND OUTREACH.—Under the program established under this section, the Commissioner shall—

''(A) establish a competitive program of grants, cooperative agreements, or contracts to provide benefits planning and assistance, including information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

''(B) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries (and to the families of such beneficiaries) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist disabled beneficiaries to work, including—

''(i) preparing and disseminating information explaining such programs; and

''(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;

''(C) establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to—

''(i) disabled beneficiaries;

''(ii) benefit applicants under titles II and XVI; and

''(iii) individuals or entities awarded grants under subparagraphs (A) or (B); and

''(D) provide—

''(i) training for work incentives specialists and individuals providing planning assistance described in subparagraph (C); and

''(ii) technical assistance to organizations and entities that are designed to encourage disabled beneficiaries to return to work.

''(3) COORDINATION WITH OTHER PROGRAMS.—The responsibilities of the Commissioner established under this section shall be coordinated

with other public and private programs that provide information and assistance regarding rehabilitation services and independent living supports and benefits planning for disabled beneficiaries including the program under section 1619, the plans for achieving self-support program (PASS), and any other Federal or State work incentives programs that are designed to assist disabled beneficiaries, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, transition services (as defined in, and provided in accordance with, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), a one-stop delivery system established under subtitle B of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2811 et seq.), and other services.

''(b) CONDITIONS.—

''(1) SELECTION OF ENTITIES.—

''(A) APPLICATION.—An entity shall submit an application for a grant, cooperative agreement, or contract to provide benefits planning and assistance to the Commissioner at such time, in such manner, and containing such information as the Commissioner may determine is necessary to meet the requirements of this section.

''(B) STATEWIDENESS.—The Commissioner shall ensure that the planning, assistance, and information described in paragraph (2) shall be available on a statewide basis.

''(C) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

''(i) IN GENERAL.—The Commissioner may award a grant, cooperative agreement, or contract under this section to a State or a private agency or organization (other than Social Security Administration Field Offices and the State agency administering the State medicaid program under title XIX, including any agency or entity described in clause (ii), that the Commissioner determines is qualified to provide the planning, assistance, and information described in paragraph (2)).

''(ii) AGENCIES AND ENTITIES DESCRIBED.—The agencies and entities described in this clause are the following:

''(I) Any public or private agency or organization (including Centers for Independent Living established under title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.), protection and advocacy organizations, client assistance programs established in accordance with section 112 of the Rehabilitation Act of 1973 (29 U.S.C. 732), and State Developmental Disabilities Councils established in accordance with section 124 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024)) that the Commissioner determines satisfies the requirements of this section.

''(II) The State agency administering the State program funded under part A of title IV.

''(D) EXCLUSION FOR CONFLICT OF INTEREST.—The Commissioner may not award a grant, cooperative agreement, or contract under this section to any entity that the Commissioner determines would have a conflict of interest if the entity were to receive a grant, cooperative agreement, or contract under this section.

''(2) SERVICES PROVIDED.—A recipient of a grant, cooperative agreement, or contract to provide benefits planning and assistance shall select individuals who will act as planners and provide information, guidance, and planning to disabled beneficiaries on the—

''(A) availability and interrelation of any Federal or State work incentives programs designed to assist disabled beneficiaries that the individual may be eligible to participate in;

''(B) adequacy of any health benefits coverage that may be offered by an employer of the individual and the extent to which other health benefits coverage may be available to the individual; and

''(C) availability of protection and advocacy services for disabled beneficiaries and how to access such services.

''(3) AMOUNT OF GRANTS, COOPERATIVE AGREEMENTS, OR CONTRACTS.—

''(A) BASED ON POPULATION OF DISABLED BENEFICIARIES.—Subject to subparagraph (B), the Commissioner shall award a grant, cooperative agreement, or contract under this section to an entity based on the percentage of the population of the State where the entity is located who are disabled beneficiaries.

''(B) LIMITATIONS.—

''(i) PER GRANT.—No entity shall receive a grant, cooperative agreement, or contract under this section for a fiscal year that is less than $50,000 or more than $300,000.

''(ii) TOTAL AMOUNT FOR ALL GRANTS, COOPERATIVE AGREEMENTS, AND CONTRACTS.—The total amount of all grants, cooperative agreements, and contracts awarded under this section for a fiscal year may not exceed $23,000,000.

''(4) ALLOCATION OF COSTS.—The costs of carrying out this section shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

''(c) DEFINITIONS.—In this section:

''(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner of Social Security.

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' has the meaning given that term in section 1148(k)(2).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $23,000,000 for each of the fiscal years 2000 through 2004.''.

SEC. 122. STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES.

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.), as amended by section 121 of this Act, is amended by adding after section 1149 the following new section:

''STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO DISABLED BENEFICIARIES

''SEC. 1150. (a) IN GENERAL.—Subject to subsection (c), the Commissioner may make payments in each State to the protection and advocacy system established pursuant to part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) for the purpose of providing services to disabled beneficiaries.

''(b) SERVICES PROVIDED.—Services provided to disabled beneficiaries pursuant to a payment made under this section may include—

''(1) information and advice about obtaining vocational rehabilitation and employment services; and

''(2) advocacy or other services that a disabled beneficiary may need to secure or regain gainful employment.

''(c) APPLICATION.—In order to receive payments under this section, a protection and advocacy system shall submit an application to the Commissioner, at such time, in such form and manner, and accompanied by such information and assurances as the Commissioner may require.

''(d) AMOUNT OF PAYMENTS.—

''(1) IN GENERAL.—Subject to the amount appropriated for a fiscal year for making payments under this section, a protection and advocacy system shall not be paid an amount that is less than—

''(A) in the case of a protection and advocacy system located in a State (including the District of Columbia and Puerto Rico) other than Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the greater of—

''(i) $100,000; or

''(ii) ⅓ of 1 percent of the amount available for payments under this section; and

''(B) in the case of a protection and advocacy system located in Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, $50,000.

''(2) INFLATION ADJUSTMENT.—For each fiscal year in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section in the preceding fiscal year, the Commissioner shall increase each minimum payment under subparagraphs (A) and (B) of paragraph (1) by a percentage equal to the percentage increase in the total amount so appropriated to carry out this section.

''(e) ANNUAL REPORT.—Each protection and advocacy system that receives a payment under this section shall submit an annual report to the Commissioner and the Ticket to Work and Work Incentives Advisory Panel established under section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 on the services provided to individuals by the system.

''(f) FUNDING.—

''(1) ALLOCATION OF PAYMENTS.—Payments under this section shall be made from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

''(2) CARRYOVER.—Any amounts allotted for payment to a protection and advocacy system under this section for a fiscal year shall remain available for payment to or on behalf of the protection and advocacy system until the end of the succeeding fiscal year.

''(g) DEFINITIONS.—In this section:

''(1) COMMISSIONER.—The term 'Commissioner' means the Commissioner of Social Security.

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' has the meaning given that term in section 1148(k)(2).

''(3) PROTECTION AND ADVOCACY SYSTEM.—The term 'protection and advocacy system' means a protection and advocacy system established pursuant to part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.).

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $7,000,000 for each of the fiscal years 2000 through 2004.''.

TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

SEC. 201. EXPANDING STATE OPTIONS UNDER THE MEDICAID PROGRAM FOR WORKERS WITH DISABILITIES.

(a) IN GENERAL.—

(1) STATE OPTION TO ELIMINATE INCOME, ASSETS, AND RESOURCE LIMITATIONS FOR WORKERS WITH DISABILITIES BUYING INTO MEDICAID.—Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

(A) in subclause (XIII), by striking ''or'' at the end;

(B) in subclause (XIV), by adding ''or'' at the end; and

(C) by adding at the end the following new subclause:

''(XV) who, but for earnings in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income, who is at least 16, but less than 65, years of age, and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish;''.

(2) STATE OPTION TO PROVIDE OPPORTUNITY FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY TO BUY INTO MEDICAID.—

(A) ELIGIBILITY.—Section 1902(a)(10) (A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by paragraph (1), is amended—

(i) in subclause (XIV), by striking ''or'' at the end;

(ii) in subclause (XV), by adding ''or'' at the end; and

(iii) by adding at the end the following new subclause:

''(XVI) who are employed individuals with a medically improved disability described in section 1905(v)(1) and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may

establish, but only if the State provides medical assistance to individuals described in subclause (XV);''.

(B) DEFINITION OF EMPLOYED INDIVIDUALS WITH A MEDICALLY IMPROVED DISABILITY.—Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended by adding at the end the following new subsection:

''(v)(1) The term 'employed individual with a medically improved disability' means an individual who—

''(A) is at least 16, but less than 65, years of age;

''(B) is employed (as defined in paragraph (2));

''(C) ceases to be eligible for medical assistance under section 1902(a)(10)(A)(ii)(XV) because the individual, by reason of medical improvement, is determined at the time of a regularly scheduled continuing disability review to no longer be eligible for benefits under section 223(d) or 1614(a)(3); and

''(D) continues to have a severe medically determinable impairment, as determined under regulations of the Secretary.

''(2) For purposes of paragraph (1), an individual is considered to be 'employed' if the individual—

''(A) is earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and working at least 40 hours per month; or

''(B) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined by the State and approved by the Secretary.''.

(C) CONFORMING AMENDMENT.—Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended in the matter preceding paragraph (1)—

(i) in clause (x), by striking ''or'' at the end;

(ii) in clause (xi), by adding ''or'' at the end; and

(iii) by inserting after clause (xi), the following new clause:

''(xii) employed individuals with a medically improved disability (as defined in subsection (v)),''.

(3) STATE AUTHORITY TO IMPOSE INCOME-RELATED PREMIUMS AND COST-SHARING.—Section 1916 of such Act (42 U.S.C. 1396o) is amended—

(A) in subsection (a), by striking ''The State plan'' and inserting ''Subject to subsection (g), the State plan''; and

(B) by adding at the end the following new subsection:

''(g) With respect to individuals provided medical assistance only under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii)—

''(1) a State may (in a uniform manner for individuals described in either such subclause)—

''(A) require such individuals to pay premiums or other cost-sharing charges set on a sliding scale based on income that the State may determine; and

''(B) require payment of 100 percent of such premiums for such year in the case of such an individual who has income for a year that exceeds 250 percent of the income official poverty line (referred to in subsection (c)(1)) applicable to a family of the size involved, except that in the case of such an individual who has income for a year that does not exceed 450 percent of such poverty line, such requirement may only apply to the extent such premiums do not exceed 7.5 percent of such income; and

''(2) such State shall require payment of 100 percent of such premiums for a year by such an individual whose adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) for such year exceeds $75,000, except that a State may choose to subsidize such premiums by using State funds which may not be federally matched under this title.

In the case of any calendar year beginning after 2000, the dollar amount specified in paragraph (2) shall be increased in accordance with the provisions of section 215(i)(2)(A)(ii).''.

(4) PROHIBITION AGAINST SUPPLANTATION OF STATE FUNDS AND STATE FAILURE TO MAINTAIN EFFORT.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended—

(A) by striking the period at the end of paragraph (19) and inserting ''; or''; and

(B) by inserting after such paragraph the following new paragraph:

''(20) with respect to amounts expended for medical assistance provided to an individual described in subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii) for a fiscal year unless the State demonstrates to the satisfaction of the Secretary that the level of State funds expended for such fiscal year for programs to enable working individuals with disabilities to work (other than for such medical assistance) is not less than the level expended for such programs during the most recent State fiscal year ending before the date of the enactment of this paragraph.''.

(b) CONFORMING AMENDMENTS.—Section 1903(f)(4) of the Social Security Act (42 U.S.C. 1396b(f)(4) is amended in the matter preceding subparagraph (A) by inserting ''1902(a)(10)(A)(ii)(XV), 1902(a)(10)(A)(ii)(XVI),'' before ''1905(p)(1)''.

(c) GAO REPORT.—Not later than 3 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress regarding the amendments made by this section that examines—

(1) the extent to which higher health care costs for individuals with disabilities at higher income levels deter employment or progress in employment;

(2) whether such individuals have health insurance coverage or could benefit from the State option established under such amendments to provide a medicaid buy-in; and

(3) how the States are exercising such option, including—

(A) how such States are exercising the flexibility afforded them with regard to income disregards;

(B) what income and premium levels have been set;

(C) the degree to which States are subsidizing premiums above the dollar amount specified in section 1916(g)(2) of the Social Security Act (42 U.S.C. 1396o(g)(2)); and

(D) the extent to which there exists any crowd-out effect.

(d) EFFECTIVE DATE.—The amendments made by this section apply to medical assistance for items and services furnished on or after October 1, 2000.

SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI DISABILITY BENEFIT RECIPIENTS.

(a) IN GENERAL.—The next to last sentence of section 226(b) of the Social Security Act (42 U.S.C. 426) is amended by striking ''24'' and inserting ''78''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective on and after October 1, 2000.

(c) GAO REPORT.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress that—

(1) examines the effectiveness and cost of the amendment made by subsection (a);

(2) examines the necessity and effectiveness of providing continuation of medicare coverage under section 226(b) of the Social Security Act (42 U.S.C. 426(b)) to individuals whose annual income exceeds the contribution and benefit base (as determined under section 230 of such Act (42 U.S.C. 430));

(3) examines the viability of providing the continuation of medicare coverage under such section 226(b) based on a sliding scale premium for individuals whose annual income exceeds such contribution and benefit base;

(4) examines the viability of providing the continuation of medicare coverage under such section 226(b) based on a premium buy-in by the beneficiary's employer in lieu of coverage under private health insurance;

(5) examines the interrelation between the use of the continuation of medicare coverage under such section 226(b) and the use of private health insurance coverage by individuals during the extended period; and

(6) recommends such legislative or administrative changes relating to the continuation of medicare coverage for recipients of social security disability benefits as the Comptroller General determines are appropriate.

SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE INFRASTRUCTURES TO SUPPORT WORKING INDIVIDUALS WITH DISABILITIES.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall award grants described in subsection (b) to States to support the design, establishment, and operation of State infrastructures that provide items and services to support working individuals with disabilities.

(2) APPLICATION.—In order to be eligible for an award of a grant under this section, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary shall require.

(3) DEFINITION OF STATE.—In this section, the term ''State'' means each of the 50 States, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(b) GRANTS FOR INFRASTRUCTURE AND OUTREACH.—

(1) IN GENERAL.—Out of the funds appropriated under subsection (e), the Secretary shall award grants to States to—

(A) support the establishment, implementation, and operation of the State infrastructures described in subsection (a); and

(B) conduct outreach campaigns regarding the existence of such infrastructures.

(2) ELIGIBILITY FOR GRANTS.—

(A) IN GENERAL.—No State may receive a grant under this subsection unless the State demonstrates to the satisfaction of the Secretary that the State makes personal assistance services available under the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) to the extent necessary to enable individuals with disabilities to remain employed, including individuals described in section 1902(a)(10)(A)(ii)(XIII) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)) if the State has elected to provide medical assistance under such plan to such individuals.

(B) DEFINITIONS.—In this section:

(i) EMPLOYED.—The term ''employed'' means—

(I) earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and working at least 40 hours per month; or

(II) being engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined and approved by the Secretary.

(ii) PERSONAL ASSISTANCE SERVICES.—The term ''personal assistance services'' means a range of services, provided by 1 or more persons, designed to assist an individual with a disability to perform daily activities on and off the job that the individual would typically perform if the individual did not have a disability. Such services shall be designed to increase the individual's control in life and ability to perform everyday activities on or off the job.

(3) DETERMINATION OF AWARDS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall develop a methodology for awarding grants to States under this section for a fiscal year in a manner that—

(i) rewards States for their efforts in encouraging individuals described in paragraph (2)(A) to be employed; and

(ii) does not provide a State that has not elected to provide medical assistance under title XIX of the Social Security Act to individuals described in section 1902(a)(10)(A)(ii)(XIII) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)) with proportionally more funds for a fiscal year than a State that has exercised such election.

(B) AWARD LIMITS.—

(i) MINIMUM AWARDS.—

(I) IN GENERAL.—Subject to subclause (II), no State with an approved application under this section shall receive a grant for a fiscal year that is less than $500,000.

(II) PRO RATA REDUCTIONS.—If the funds appropriated under subsection (e) for a fiscal year are not sufficient to pay each State with an application approved under this section the minimum amount described in subclause (I), the Secretary shall pay each such State an amount equal to the pro rata share of the amount made available.

(ii) MAXIMUM AWARDS.—

(I) STATES THAT ELECTED OPTIONAL MEDICAID ELIGIBILITY.—No State that has an application that has been approved under this section and that has elected to provide medical assistance under title XIX of the Social Security Act to individuals described in section 1902(a)(10)(A)(ii)(XIII) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)) shall receive a grant for a fiscal year that exceeds 10 percent of the total expenditures by the State (including the reimbursed Federal share of such expenditures) for medical assistance provided under such title for such individuals, as estimated by the State and approved by the Secretary.

(II) OTHER STATES.—The Secretary shall determine, consistent with the limit described in subclause (I), a maximum award limit for a grant for a fiscal year for a State that has an application that has been approved under this section but that has not elected to provide medical assistance under title XIX of the Social Security Act to individuals described in section 1902(a)(10)(A)(ii)(XIII) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

(c) AVAILABILITY OF FUNDS.—

(1) FUNDS AWARDED TO STATES.—Funds awarded to a State under a grant made under this section for a fiscal year shall remain available until expended.

(2) FUNDS NOT AWARDED TO STATES.—Funds not awarded to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for awarding by the Secretary.

(d) ANNUAL REPORT.—A State that is awarded a grant under this section shall submit an annual report to the Secretary on the use of funds provided under the grant. Each report shall include the percentage increase in the number of title II disability beneficiaries, as defined in section 1148(k)(3) of the Social Security Act (as added by section 101(a) of this Act) in the State, and title XVI disability beneficiaries, as defined in section 1148(k)(4) of the Social Security Act (as so added) in the State who return to work.

(e) APPROPRIATION.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to make grants under this section—

(A) for fiscal year 2001, $20,000,000;

(B) for fiscal year 2002, $25,000,000;

(C) for fiscal year 2003, $30,000,000;

(D) for fiscal year 2004, $35,000,000;

(E) for fiscal year 2005, $40,000,000; and

(F) for each of fiscal years 2006 through 2011, the amount appropriated for the preceding fiscal year increased by the percentage increase (if any) in the Consumer Price Index for All Urban Consumers (United States city average) for the preceding fiscal year.

(2) BUDGET AUTHORITY.—This subsection constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under paragraph (1).

(f) RECOMMENDATION.—Not later than October 1, 2010, the Secretary, in consultation with the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of this Act, shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the grant program established under this section should be continued after fiscal year 2011.

SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE MEDICAID PROGRAM OF WORKERS WITH POTENTIALLY SEVERE DISABILITIES.

(a) STATE APPLICATION.—A State may apply to the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') for approval of a demonstration project (in this section referred to as a ''demonstration project'') under which up to a specified maximum number of individuals who are workers with a potentially severe disability (as defined in subsection (b)(1)) are provided medical assistance equal to—

(1) that provided under section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) to individuals described in section 1902(a)(10)(A)(ii)(XIII) of that Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)); or

(2) in the case of a State that has not elected to provide medical assistance under that section to such individuals, such medical assistance as the Secretary determines is an appropriate equivalent to the medical assistance described in paragraph (1).

(b) WORKER WITH A POTENTIALLY SEVERE DISABILITY DEFINED.—For purposes of this section—

(1) IN GENERAL.—The term ''worker with a potentially severe disability'' means, with respect to a demonstration project, an individual who—

(A) is at least 16, but less than 65, years of age;

(B) has a specific physical or mental impairment that, as defined by the State under the demonstration project, is reasonably expected, but for the receipt of items and services described in section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)), to become blind or disabled (as defined under section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a))); and

(C) is employed (as defined in paragraph (2)).

(2) DEFINITION OF EMPLOYED.—An individual is considered to be ''employed'' if the individual—

(A) is earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and working at least 40 hours per month; or

(B) is engaged in a work effort that meets substantial and reasonable threshold criteria for hours of work, wages, or other measures, as defined under the demonstration project and approved by the Secretary.

(c) APPROVAL OF DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—Subject to paragraph (3), the Secretary shall approve applications under subsection (a) that meet the requirements of paragraph (2) and such additional terms and conditions as the Secretary may require. The Secretary may waive the requirement of section 1902(a)(1) of the Social Security Act (42 U.S.C. 1396a(a)(1)) to allow for sub-State demonstrations.

(2) TERMS AND CONDITIONS OF DEMONSTRATION PROJECTS.—The Secretary may not approve a demonstration project under this section unless the State provides assurances satisfactory to the Secretary that the following conditions are or will be met:

(A) MAINTENANCE OF STATE EFFORT.—Federal funds paid to a State pursuant to this section must be used to supplement, but not supplant, the level of State funds expended for workers with potentially severe disabilities under programs in effect for such individuals at the time the demonstration project is approved under this section.

(B) INDEPENDENT EVALUATION.—The State provides for an independent evaluation of the project.

(3) LIMITATIONS ON FEDERAL FUNDING.—

(A) APPROPRIATION.—

(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this section—

(I) $42,000,000 for each of fiscal years 2001 through 2004, and

(II) $41,000,000 for each of fiscal years 2005 and 2006.

(ii) BUDGET AUTHORITY.—Clause (i) constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under clause (i).

(B) LIMITATION ON PAYMENTS.—In no case may—

(i) the aggregate amount of payments made by the Secretary to States under this section exceed $250,000,000;

(ii) the aggregate amount of payments made by the Secretary to States for administrative expenses relating to annual reports required under subsection (d) exceed $2,000,000 of such $250,000,000; or

(iii) payments be provided by the Secretary for a fiscal year after fiscal year 2009.

(C) FUNDS ALLOCATED TO STATES.—The Secretary shall allocate funds to States based on their applications and the availability of funds. Funds allocated to a State under a grant made under this section for a fiscal year shall remain available until expended.

(D) FUNDS NOT ALLOCATED TO STATES.—Funds not allocated to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for allocation by the Secretary using the allocation formula established under this section.

(E) PAYMENTS TO STATES.—The Secretary shall pay to each State with a demonstration project approved under this section, from its allocation under subparagraph (C), an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1395d(b)) of expenditures in the quarter for medical assistance provided to workers with a potentially severe disability.

(d) ANNUAL REPORT.—A State with a demonstration project approved under this section shall submit an annual report to the Secretary on the use of funds provided under the grant. Each report shall include enrollment and financial statistics on—

(1) the total population of workers with potentially severe disabilities served by the demonstration project; and

(2) each population of such workers with a specific physical or mental impairment described in subsection (b)(1)(B) served by such project.

(e) RECOMMENDATION.—Not later than October 1, 2004, the Secretary shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the demonstration project established under this section should be continued after fiscal year 2006.

(f) STATE DEFINED.—In this section, the term ''State'' has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUSPEND MEDIGAP INSURANCE WHEN COVERED UNDER A GROUP HEALTH PLAN.

(a) IN GENERAL.—Section 1882(q) of the Social Security Act (42 U.S.C. 1395ss(q)) is amended—

(1) in paragraph (5)(C), by inserting ''or paragraph (6)'' after ''this paragraph''; and

(2) by adding at the end the following new paragraph:

''(6) Each medicare supplemental policy shall provide that benefits and premiums under the

policy shall be suspended at the request of the policyholder if the policyholder is entitled to benefits under section 226(b) and is covered under a group health plan (as defined in section 1862(b)(1)(A)(v)). If such suspension occurs and if the policyholder or certificate holder loses coverage under the group health plan, such policy shall be automatically reinstituted (effective as of the date of such loss of coverage) under terms described in subsection (n)(6)(A)(ii) as of the loss of such coverage if the policyholder provides notice of loss of such coverage within 90 days after the date of such loss.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply with respect to requests made after the date of the enactment of this Act.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

SEC. 301. EXTENSION OF DISABILITY INSURANCE PROGRAM DEMONSTRATION PROJECT AUTHORITY.

(a) EXTENSION OF AUTHORITY.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended by adding at the end the following new section:

''DEMONSTRATION PROJECT AUTHORITY

''SEC. 234. (a) AUTHORITY.—

''(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the 'Commissioner') shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of—

''(A) various alternative methods of treating the work activity of individuals entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual's disability (as defined in section 223(d)), including such methods as a reduction in benefits based on earnings, designed to encourage the return to work of such individuals;

''(B) altering other limitations and conditions applicable to such individuals (including lengthening the trial work period (as defined in section 222(c)), altering the 24-month waiting period for hospital insurance benefits under section 226, altering the manner in which the program under this title is administered, earlier referral of such individuals for rehabilitation, and greater use of employers and others to develop, perform, and otherwise stimulate new forms of rehabilitation); and

''(C) implementing sliding scale benefit offsets using variations in—

''(i) the amount of the offset as a proportion of earned income;

''(ii) the duration of the offset period; and

''(iii) the method of determining the amount of income earned by such individuals,

to the end that savings will accrue to the Trust Funds, or to otherwise promote the objectives or facilitate the administration of this title.

''(2) AUTHORITY FOR EXPANSION OF SCOPE.—The Commissioner may expand the scope of any such experiment or demonstration project to include any group of applicants for benefits under the program established under this title with impairments that reasonably may be presumed to be disabling for purposes of such demonstration project, and may limit any such demonstration project to any such group of applicants, subject to the terms of such demonstration project which shall define the extent of any such presumption.

''(b) REQUIREMENTS.—The experiments and demonstration projects developed under subsection (a) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods under consideration while giving assurance that the results derived from the experiments and projects will obtain generally in the operation of the disability insurance program under this title without committing such program to the adoption of any particular system either locally or nationally.

''(c) AUTHORITY TO WAIVE COMPLIANCE WITH BENEFITS REQUIREMENTS.—In the case of any experiment or demonstration project conducted under subsection (a), the Commissioner may waive compliance with the benefit requirements of this title and the requirements of section 1148 as they relate to the program established under this title, and the Secretary may (upon the request of the Commissioner) waive compliance with the benefits requirements of title XVIII, insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such experiment or project shall be actually placed in operation unless at least 90 days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such experiments and demonstration projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

''(d) REPORTS.—

''(1) INTERIM REPORTS.—On or before June 9 of each year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate an annual interim report on the progress of the experiments and demonstration projects carried out under this subsection together with any related data and materials that the Commissioner may consider appropriate.

''(2) TERMINATION AND FINAL REPORT.—The authority under the preceding provisions of this section (including any waiver granted pursuant to subsection (c)) shall terminate 5 years after the date of the enactment of this Act. Not later than 90 days after the termination of any experiment or demonstration project carried out under this section, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate a final report with respect to that experiment or demonstration project.''.

(b) CONFORMING AMENDMENTS; TRANSFER OF PRIOR AUTHORITY.—

(1) CONFORMING AMENDMENTS.—

(A) REPEAL OF PRIOR AUTHORITY.—Paragraphs (1) through (4) of subsection (a) and subsection (c) of section 505 of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) are repealed.

(B) CONFORMING AMENDMENT REGARDING FUNDING.—Section 201(k) of the Social Security Act (42 U.S.C. 401(k)) is amended by striking ''section 505(a) of the Social Security Disability Amendments of 1980'' and inserting ''section 234''.

(2) TRANSFER OF PRIOR AUTHORITY.—With respect to any experiment or demonstration project being conducted under section 505(a) of the Social Security Disability Amendments of 1980 (42 U.S.C. 1310 note) as of the date of the enactment of this Act, the authority to conduct such experiment or demonstration project (including the terms and conditions applicable to the experiment or demonstration project) shall be treated as if that authority (and such terms and conditions) had been established under section 234 of the Social Security Act, as added by subsection (a).

SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

(a) AUTHORITY.—The Commissioner of Social Security shall conduct demonstration projects for the purpose of evaluating, through the collection of data, a program for title II disability beneficiaries (as defined in section 1148(k)(3) of the Social Security Act) under which benefits payable under section 223 of such Act, or under section 202 of such Act based on the beneficiary's disability, are reduced by $1 for each $2 of the beneficiary's earnings that is above a level to be determined by the Commissioner. Such projects shall be conducted at a number of localities which the Commissioner shall determine is sufficient to adequately evaluate the appropriateness of national implementation of such a program. Such projects shall identify reductions in Federal expenditures that may result from the permanent implementation of such a program.

(b) SCOPE AND SCALE AND MATTERS TO BE DETERMINED.—

(1) IN GENERAL.—The demonstration projects developed under subsection (a) shall be of sufficient duration, shall be of sufficient scope, and shall be carried out on a wide enough scale to permit a thorough evaluation of the project to determine—

(A) the effects, if any, of induced entry into the project and reduced exit from the project;

(B) the extent, if any, to which the project being tested is affected by whether it is in operation in a locality within an area under the administration of the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act; and

(C) the savings that accrue to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and other Federal programs under the project being tested.

The Commissioner shall take into account advice provided by the Ticket to Work and Work Incentives Advisory Panel pursuant to section 101(f)(2)(B)(ii) of this Act.

(2) ADDITIONAL MATTERS.—The Commissioner shall also determine with respect to each project—

(A) the annual cost (including net cost) of the project and the annual cost (including net cost) that would have been incurred in the absence of the project;

(B) the determinants of return to work, including the characteristics of the beneficiaries who participate in the project; and

(C) the employment outcomes, including wages, occupations, benefits, and hours worked, of beneficiaries who return to work as a result of participation in the project.

The Commissioner may include within the matters evaluated under the project the merits of trial work periods and periods of extended eligibility.

(c) WAIVERS.—The Commissioner may waive compliance with the benefit provisions of title II of the Social Security Act (42 U.S.C. 401 et seq.), and the Secretary of Health and Human Services may waive compliance with the benefit requirements of title XVIII of such Act (42 U.S.C. 1395 et seq.), insofar as is necessary for a thorough evaluation of the alternative methods under consideration. No such project shall be actually placed in operation unless at least 90 days prior thereto a written report, prepared for purposes of notification and information only and containing a full and complete description thereof, has been transmitted by the Commissioner to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate. Periodic reports on the progress of such projects shall be submitted by the Commissioner to such committees. When appropriate, such reports shall include detailed recommendations for changes in administration or law, or both, to carry out the objectives stated in subsection (a).

(d) INTERIM REPORTS.—Not later than 2 years after the date of the enactment of this Act, and annually thereafter, the Commissioner of Social Security shall submit to the Congress an interim report on the progress of the demonstration projects carried out under this subsection together with any related data and materials that the Commissioner of Social Security may consider appropriate.

(e) FINAL REPORT.—The Commissioner of Social Security shall submit to the Congress a final report with respect to all demonstration projects carried out under this section not later than 1 year after their completion.

(f) EXPENDITURES.—Expenditures made for demonstration projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, to the extent provided in advance in appropriation Acts.

SEC. 303. STUDIES AND REPORTS.

(a) STUDY BY GENERAL ACCOUNTING OFFICE OF EXISTING DISABILITY-RELATED EMPLOYMENT INCENTIVES.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study to assess existing tax credits and other disability-related employment incentives under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and other Federal laws. In such study, the Comptroller General shall specifically address the extent to which such credits and other incentives would encourage employers to hire and retain individuals with disabilities.

(2) REPORT.—Not later than 3 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(b) STUDY BY GENERAL ACCOUNTING OFFICE OF EXISTING COORDINATION OF THE DI AND SSI PROGRAMS AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAVING CONCURRENT ENTITLEMENT.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study to evaluate the coordination under current law of the disability insurance program under title II of the Social Security Act (42 U.S.C. 401 et seq.) and the supplemental security income program under title XVI of such Act (42 U.S.C. 1381 et seq.), as such programs relate to individuals entering or leaving concurrent entitlement under such programs. In such study, the Comptroller General shall specifically address the effectiveness of work incentives under such programs with respect to such individuals and the effectiveness of coverage of such individuals under titles XVIII and XIX of such Act (42 U.S.C. 1395 et seq., 1396 et seq.).

(2) REPORT.—Not later than 3 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(c) STUDY BY GENERAL ACCOUNTING OFFICE OF THE IMPACT OF THE SUBSTANTIAL GAINFUL ACTIVITY LIMIT ON RETURN TO WORK.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study of the substantial gainful activity level applicable as of that date to recipients of benefits under section 223 of the Social Security Act (42 U.S.C. 423) and under section 202 of such Act (42 U.S.C. 402) on the basis of a recipient having a disability, and the effect of such level as a disincentive for those recipients to return to work. In the study, the Comptroller General also shall address the merits of increasing the substantial gainful activity level applicable to such recipients of benefits and the rationale for not yearly indexing that level to inflation.

(2) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

(d) REPORT ON DISREGARDS UNDER THE DI AND SSI PROGRAMS.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that—

(1) identifies all income, assets, and resource disregards (imposed under statutory or regulatory authority) that are applicable to individuals receiving benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.);

(2) with respect to each such disregard—

(A) specifies the most recent statutory or regulatory modification of the disregard; and

(B) recommends whether further statutory or regulatory modification of the disregard would be appropriate; and

(3) with respect to the disregard described in section 1612(b)(7) of such Act (42 U.S.C. 1382a(b)(7)) (relating to grants, scholarships, or fellowships received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution)—

(A) identifies the number of individuals receiving benefits under title XVI of such Act (42 U.S.C. 1381 et seq.) who have attained age 22 and have not had any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution excluded from their income in accordance with that section;

(B) recommends whether the age at which such grants, scholarships, or fellowships are excluded from income for purposes of determining eligibility under title XVI of such Act (42 U.S.C. 1381 et seq.) should be increased to age 25; and

(C) recommends whether such disregard should be expanded to include any such grant, scholarship, or fellowship received for use in paying the cost of room and board at any such institution.

(e) STUDY BY THE GENERAL ACCOUNTING OFFICE OF SOCIAL SECURITY ADMINISTRATION'S DISABILITY INSURANCE PROGRAM DEMONSTRATION AUTHORITY.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study to assess the results of the Social Security Administration's efforts to conduct disability demonstrations authorized under prior law as well as under section 234 of the Social Security Act (as added by section 301 of this Act).

(2) REPORT.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the Comptroller General's study conducted pursuant to this section, together with a recommendation as to whether the demonstration authority authorized under section 234 of the Social Security Act (as added by section 301 of this Act) should be made permanent.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG ADDICTS AND ALCOHOLICS.

(a) CLARIFICATION RELATING TO THE EFFECTIVE DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended—

(1) in subparagraph (A), by striking ''by the Commissioner of Social Security'' and ''by the Commissioner''; and

(2) by adding at the end the following new subparagraph:

''(D) For purposes of this paragraph, an individual's claim, with respect to benefits under title II based on disability, which has been denied in whole before the date of the enactment of this Act, may not be considered to be finally adjudicated before such date if, on or after such date—

''(i) there is pending a request for either administrative or judicial review with respect to such claim; or

''(ii) there is pending, with respect to such claim, a readjudication by the Commissioner of Social Security pursuant to relief in a class action or implementation by the Commissioner of a court remand order.

''(E) Notwithstanding the provisions of this paragraph, with respect to any individual for whom the Commissioner of Social Security does not perform the entitlement redetermination before the date prescribed in subparagraph (C), the Commissioner shall perform such entitlement redetermination in lieu of a continuing disability review whenever the Commissioner determines that the individual's entitlement is subject to redetermination based on the preceding provisions of this paragraph, and the provisions of section 223(f) shall not apply to such redetermination.''.

(b) CORRECTION TO EFFECTIVE DATE OF PROVISIONS CONCERNING REPRESENTATIVE PAYEES AND TREATMENT REFERRALS OF SOCIAL SECURITY BENEFICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—Section 105(a)(5)(B) of the Contract with America Advancement Act of 1996 (42 U.S.C. 405 note) is amended to read as follows:

''(B) The amendments made by paragraphs (2) and (3) shall take effect on July 1, 1996, with respect to any individual—

''(i) whose claim for benefits is finally adjudicated on or after the date of the enactment of this Act; or

''(ii) whose entitlement to benefits is based upon an entitlement redetermination made pursuant to subparagraph (C).''.

(c) EFFECTIVE DATES.—The amendments made by this section shall take effect as if included in the enactment of section 105 of the Contract with America Advancement Act of 1996 (Public Law 104–121; 110 Stat. 852 et seq.).

SEC. 402. TREATMENT OF PRISONERS.

(a) IMPLEMENTATION OF PROHIBITION AGAINST PAYMENT OF TITLE II BENEFITS TO PRISONERS.—

(1) IN GENERAL.—Section 202(x)(3) of the Social Security Act (42 U.S.C. 402(x)(3)) is amended—

(A) by inserting ''(A)'' after ''(3)''; and

(B) by adding at the end the following new subparagraph:

''(B)(i) The Commissioner shall enter into an agreement under this subparagraph with any interested State or local institution comprising a jail, prison, penal institution, or correctional facility, or comprising any other institution a purpose of which is to confine individuals as described in paragraph (1)(A)(ii). Under such agreement—

''(I) the institution shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, Social Security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other

identifying information concerning the individuals confined in the institution as the Commissioner may require for the purpose of carrying out paragraph (1) and other provisions of this title; and

''(II) the Commissioner shall pay to the institution, with respect to information described in subclause (I) concerning each individual who is confined therein as described in paragraph (1)(A), who receives a benefit under this title for the month preceding the first month of such confinement, and whose benefit under this title is determined by the Commissioner to be not payable by reason of confinement based on the information provided by the institution, $400 (subject to reduction under clause (ii)) if the institution furnishes the information to the Commissioner within 30 days after the date such individual's confinement in such institution begins, or $200 (subject to reduction under clause (ii)) if the institution furnishes the information after 30 days after such date but within 90 days after such date.

''(ii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 1611(e)(1)(I).

''(iii) There are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate, such sums as may be necessary to enable the Commissioner to make payments to institutions required by clause (i)(II).

''(iv) The Commissioner shall maintain, and shall provide on a reimbursable basis, information obtained pursuant to agreements entered into under this paragraph to any agency administering a Federal or federally-assisted cash, food, or medical assistance program for eligibility and other administrative purposes under such program.''.

(2) CONFORMING AMENDMENTS TO THE PRIVACY ACT.—Section 552a(a)(8)(B) of title 5, United States Code, is amended—

(A) in clause (vi), by striking ''or'' at the end;

(B) in clause (vii), by adding ''or'' at the end; and

(C) by adding at the end the following new clause:

''(viii) matches performed pursuant to section 202(x)(3) or 1611(e)(1) of the Social Security Act (42 U.S.C. 402(x)(3), 1382(e)(1));''.

(3) CONFORMING AMENDMENTS TO TITLE XVI.—

(A) Section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) is amended by striking ''; and'' and inserting ''and the other provisions of this title; and''.

(B) Section 1611(e)(1)(I)(ii)(II) of such Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking ''is authorized to provide, on a reimbursable basis,'' and inserting ''shall maintain, and shall provide on a reimbursable basis,''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences on or after the first day of the fourth month beginning after the month in which this Act is enacted.

(b) ELIMINATION OF TITLE II REQUIREMENT THAT CONFINEMENT STEM FROM CRIME PUNISHABLE BY IMPRISONMENT FOR MORE THAN 1 YEAR.—

(1) IN GENERAL.—Section 202(x)(1)(A) of the Social Security Act (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in the matter preceding clause (i), by striking ''during which'' and inserting ''ending with or during or beginning with or during a period of more than 30 days throughout all of which'';

(B) in clause (i), by striking ''an offense punishable by imprisonment for more than 1 year (regardless of the actual sentence imposed)'' and inserting ''a criminal offense''; and

(C) in clause (ii)(I), by striking ''an offense punishable by imprisonment for more than 1 year'' and inserting ''a criminal offense''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals whose period of confinement in an institution commences on or after the first day of the fourth month beginning after the month in which this Act is enacted.

(c) CONFORMING TITLE XVI AMENDMENTS.—

(1) 50 PERCENT REDUCTION IN TITLE XVI PAYMENT IN CASE INVOLVING COMPARABLE TITLE II PAYMENT.—Section 1611(e)(1)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)) is amended—

(A) in clause (i)(II), by inserting ''(subject to reduction under clause (ii))'' after ''$400'' and after ''$200'';

(B) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv) respectively; and

(C) by inserting after clause (i) the following new clause:

''(ii) The dollar amounts specified in clause (i)(II) shall be reduced by 50 percent if the Commissioner is also required to make a payment to the institution with respect to the same individual under an agreement entered into under section 202(x)(3)(B).''.

(2) EXPANSION OF CATEGORIES OF INSTITUTIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in the matter preceding subclause (I) by striking ''institution'' and all that follows through ''section 202(x)(1)(A),'' and inserting ''institution comprising a jail, prison, penal institution, or correctional facility, or with any other interested State or local institution a purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii),''.

(3) ELIMINATION OF OVERLY BROAD EXEMPTION.—Section 1611(e)(1)(I)(iii) of such Act (42 U.S.C. 1382(e)(1)(I)(iii)) (as redesignated by paragraph (1)(B)) is amended further—

(A) by striking ''(I) The provisions'' and all that follows through ''(II)''; and

(B) by striking ''eligibility purposes'' and inserting ''eligibility and other administrative purposes under such program''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the enactment of section 203(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2186). The reference to section 202(x)(1)(A)(ii) of the Social Security Act in section 1611(e)(1)(I)(i) of the Social Security Act, as amended by paragraph (2) of this subsection, shall be deemed a reference to such section 202(x)(1)(A)(ii) of such Act as amended by subsection (b)(1)(C) of this section.

(d) CONTINUED DENIAL OF BENEFITS TO SEX OFFENDERS REMAINING CONFINED TO PUBLIC INSTITUTIONS UPON COMPLETION OF PRISON TERM.—

(1) IN GENERAL.—Section 202(x)(1)(A) of the Social Security Act (42 U.S.C. 402(x)(1)(A)) is amended—

(A) in clause (i), by striking ''or'' at the end;

(B) in clause (ii)(IV), by striking the period and inserting '', or''; and

(C) by adding at the end the following new clause:

''(iii) immediately upon completion of confinement as described in clause (i) pursuant to conviction of a criminal offense an element of which is sexual activity, is confined by court order in an institution at public expense pursuant to a finding that the individual is a sexually dangerous person or a sexual predator or a similar finding.''.

(2) CONFORMING AMENDMENT.—Section 202(x)(1)(B)(ii) of such Act (42 U.S.C. 402(x)(1)(B)(ii)) is amended by striking ''clause (ii)'' and inserting ''clauses (ii) and (iii)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to benefits for months ending after the date of the enactment of this Act.

SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.

(a) IN GENERAL.—Notwithstanding section 1402(e)(4) of the Internal Revenue Code of 1986, any exemption which has been received under section 1402(e)(1) of such Code by a duly ordained, commissioned, or licensed minister of a church, a member of a religious order, or a Christian Science practitioner, and which is effective for the taxable year in which this Act is enacted, may be revoked by filing an application therefor (in such form and manner, and with such official, as may be prescribed by the Commissioner of Internal Revenue), if such application is filed no later than the due date of the Federal income tax return (including any extension thereof) for the applicant's second taxable year beginning after December 31, 1999. Any such revocation shall be effective (for purposes of chapter 2 of the Internal Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.)), as specified in the application, either with respect to the applicant's first taxable year beginning after December 31, 1999, or with respect to the applicant's second taxable year beginning after such date, and for all succeeding taxable years; and the applicant for any such revocation may not thereafter again file application for an exemption under such section 1402(e)(1). If the application is filed after the due date of the applicant's Federal income tax return for a taxable year and is effective with respect to that taxable year, it shall include or be accompanied by payment in full of an amount equal to the total of the taxes that would have been imposed by section 1401 of the Internal Revenue Code of 1986 with respect to all of the applicant's income derived in that taxable year which would have constituted net earnings from self-employment for purposes of chapter 2 of such Code (notwithstanding paragraphs (4) and (5) of section 1402(c)) except for the exemption under section 1402(e)(1) of such Code.

(b) EFFECTIVE DATE.—Subsection (a) shall apply with respect to service performed (to the extent specified in such subsection) in taxable years beginning after December 31, 1999, and with respect to monthly insurance benefits payable under title II on the basis of the wages and self-employment income of any individual for months in or after the calendar year in which such individual's application for revocation (as described in such subsection) is effective (and lump-sum death payments payable under such title on the basis of such wages and self-employment income in the case of deaths occurring in or after such calendar year).

SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING TO COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS UNDER TITLES II AND XVI.

(a) IN GENERAL.—Section 1110(a)(3) of the Social Security Act (42 U.S.C. 1310(a)(3)) is amended by striking ''title XVI'' and inserting ''title II or XVI''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of the Social Security Independence and Program Improvements Act of 1994 (Public Law 103–296; 108 Stat. 1464).

SEC. 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL WAGE REPORTS.

(a) IN GENERAL.—Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is amended by inserting before the semicolon the following: '', and except that in the case of wage reports with respect to domestic service employment, a State may permit employers (as so defined) that make returns with respect to such employment on a calendar year basis pursuant to section 3510 of the Internal Revenue Code of 1986 to make such reports on an annual basis''.

(b) TECHNICAL AMENDMENTS.—Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is amended—

(1) by striking ''(as defined in section 453A(a)(2)(B)(iii))''; and

(2) by inserting ''(as defined in section 453A(a)(2)(B))'' after ''employers'' .

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to wage reports required to be submitted on and after the date of the enactment of this Act.

SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE THEIR FEES VIA THE SOCIAL SECURITY ADMINISTRATION.

(a) ASSESSMENT ON ATTORNEYS.—

(1) IN GENERAL.—Section 206 of the Social Security Act (42 U.S.C. 406) is amended by adding at the end the following new subsection:

''(d) ASSESSMENT ON ATTORNEYS.—

''(1) IN GENERAL.—Whenever a fee for services is required to be certified for payment to an attorney from a claimant's past-due benefits pursuant to subsection (a)(4) or (b)(1), the Commissioner shall impose on the attorney an assessment calculated in accordance with paragraph (2).

''(2) AMOUNT.—

''(A) The amount of an assessment under paragraph (1) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be so certified by subsection (a)(4) or (b)(1) before the application of this subsection, by the percentage specified in subparagraph (B).

''(B) The percentage specified in this subparagraph is—

''(i) for calendar years before 2001, 6.3 percent, and

''(ii) for calendar years after 2000, such percentage rate as the Commissioner determines is necessary in order to achieve full recovery of the costs of determining and certifying fees to attorneys from the past-due benefits of claimants, but not in excess of 6.3 percent.

''(3) COLLECTION.—The Commissioner may collect the assessment imposed on an attorney under paragraph (1) by offset from the amount of the fee otherwise required by subsection (a)(4) or (b)(1) to be certified for payment to the attorney from a claimant's past-due benefits.

''(4) PROHIBITION ON CLAIMANT REIMBURSEMENT.—An attorney subject to an assessment under paragraph (1) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

''(5) DISPOSITION OF ASSESSMENTS.—Assessments on attorneys collected under this subsection shall be credited to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as appropriate.

''(6) AUTHORIZATION OF APPROPRIATIONS.—The assessments authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out this title and related laws.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 206(a)(4)(A) of such Act (42 U.S.C. 406(a)(4)(A)) is amended by inserting ''and subsection (d)'' after ''subparagraph (B)''.

(B) Section 206(b)(1)(A) of such Act (42 U.S.C. 406(b)(1)(A)) is amended by inserting '', but subject to subsection (d) of this section'' after ''section 205(i)''.

(b) ELIMINATION OF 15-DAY WAITING PERIOD FOR PAYMENT OF FEES.—Section 206(a)(4) of such Act (42 U.S.C. 406(a)(4)), as amended by subsection (a)(2)(A) of this section, is amended—

(1) by striking ''(4)(A)'' and inserting ''(4)'';

(2) by striking ''subparagraph (B) and''; and

(3) by striking subparagraph (B).

(c) GAO STUDY AND REPORT.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study that—

(A) examines the costs incurred by the Social Security Administration in administering the provisions of subsection (a)(4) and (b)(1) of section 206 of the Social Security Act (42 U.S.C. 406) and itemizes the components of such costs, including the costs of determining fees to attorneys from the past-due benefits of claimants before the Commissioner of Social Security and of certifying such fees;

(B) identifies efficiencies that the Social Security Administration could implement to reduce such costs;

(C) examines the feasibility and advisability of linking the payment of, or the amount of, the assessment under section 206(d) of the Social Security Act (42 U.S.C. 406(d)) to the timeliness of the payment of the fee to the attorney as certified by the Commissioner of Social Security pursuant to subsection (a)(4) or (b)(1) of section 206 of such Act (42 U.S.C. 406);

(D) determines whether the provisions of subsection (a)(4) and (b)(1) of section 206 of such Act (42 U.S.C. 406) should be applied to claimants under title XVI of such Act (42 U.S.C 1381 et seq.);

(E) determines the feasibility and advisability of stating fees under section 206(d) of such Act (42 U.S.C. 406(d)) in terms of a fixed dollar amount as opposed to a percentage;

(F) determines whether the dollar limit specified in section 206(a)(2)(A)(ii)(II) of such Act (42 U.S.C. 406(a)(2)(A)(ii)(II)) should be raised; and

(G) determines whether the assessment on attorneys required under section 206(d) of such Act (42 U.S.C. 406(d)) (as added by subsection (a)(1) of this section) impairs access to legal representation for claimants.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the study conducted under paragraph (1), together with any recommendations for legislation that the Comptroller General determines to be appropriate as a result of such study.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply in the case of any attorney with respect to whom a fee for services is required to be certified for payment from a claimant's past-due benefits pursuant to subsection (a)(4) or (b)(1) of section 206 of the Social Security Act after the later of—

(1) December 31, 1999, or

(2) the last day of the first month beginning after the month in which this Act is enacted.

SEC. 407. EXTENSION OF AUTHORITY OF STATE MEDICAID FRAUD CONTROL UNITS.

(a) EXTENSION OF AUTHORITY TO INVESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL HEALTH CARE PROGRAMS.—Section 1903(q)(3) of the Social Security Act (42 U.S.C. 1396b(q)(3)) is amended—

(1) by inserting ''(A)'' after ''in connection with''; and

(2) by striking ''title.'' and inserting ''title; and (B) upon the approval of the Inspector General of the relevant Federal agency, any aspect of the provision of health care services and activities of providers of such services under any Federal health care program (as defined in section 1128B(f)(1)), if the suspected fraud or violation of law in such case or investigation is primarily related to the State plan under this title.''.

(b) RECOUPMENT OF FUNDS.—Section 1903(q)(5) of such Act (42 U.S.C. 1396b(q)(5)) is amended—

(1) by inserting ''or under any Federal health care program (as so defined)'' after ''plan''; and

(2) by adding at the end the following: ''All funds collected in accordance with this paragraph shall be credited exclusively to, and available for expenditure under, the Federal health care program (including the State plan under this title) that was subject to the activity that was the basis for the collection.''.

(c) EXTENSION OF AUTHORITY TO INVESTIGATE AND PROSECUTE RESIDENT ABUSE IN NON-MEDICAID BOARD AND CARE FACILITIES.—Section 1903(q)(4) of such Act (42 U.S.C. 1396b(q)(4)) is amended to read as follows:

''(4)(A) The entity has—

''(i) procedures for reviewing complaints of abuse or neglect of patients in health care facilities which receive payments under the State plan under this title;

''(ii) at the option of the entity, procedures for reviewing complaints of abuse or neglect of patients residing in board and care facilities; and

''(iii) procedures for acting upon such complaints under the criminal laws of the State or for referring such complaints to other State agencies for action.

''(B) For purposes of this paragraph, the term 'board and care facility' means a residential setting which receives payment (regardless of whether such payment is made under the State plan under this title) from or on behalf of two or more unrelated adults who reside in such facility, and for whom one or both of the following is provided:

''(i) Nursing care services provided by, or under the supervision of, a registered nurse, licensed practical nurse, or licensed nursing assistant.

''(ii) A substantial amount of personal care services that assist residents with the activities of daily living, including personal hygiene, dressing, bathing, eating, toileting, ambulation, transfer, positioning, self-medication, body care, travel to medical services, essential shopping, meal preparation, laundry, and housework.''.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on the date of the enactment of this Act.

SEC. 408. CLIMATE DATABASE MODERNIZATION.

Notwithstanding any other provision of law, the National Oceanic and Atmospheric Administration (NOAA) shall contract for its multi-year program for climate database modernization and utilization in accordance with NIH Image World Contract #263-96-D-0323 and Task Order #56-DKNE-9-98303 which were awarded as a result of fair and open competition conducted in response to NOAA's solicitation IW SOW 1082.

SEC. 409. SPECIAL ALLOWANCE ADJUSTMENT FOR STUDENT LOANS.

(a) AMENDMENT.—Section 438(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087–1(b)(2)) is amended—

(1) in subparagraph (A), by striking ''(G), and (H)'' and inserting ''(G), (H), and (I)'';

(2) in subparagraph (B)(iv), by striking ''(G), or (H)'' and inserting ''(G), (H), or (I)'';

(3) in subparagraph (C)(ii), by striking ''(G) and (H)'' and inserting ''(G), (H), and (I)'';

(4) in the heading of subparagraph (H), by striking ''JULY 1, 2003'' and inserting ''JANUARY 1, 2000'';

(5) in subparagraph (H), by striking ''July 1, 2003,'' each place it appears and inserting ''January 1, 2000,''; and

(6) by inserting after subparagraph (H) the following new subparagraph:

''(I) LOANS DISBURSED ON OR AFTER JANUARY 1, 2000, AND BEFORE JULY 1, 2003.—

''(i) IN GENERAL.—Notwithstanding subparagraphs (G) and (H), but subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, shall be computed—

''(I) by determining the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H–15 (or its successor) for such 3-month period;

''(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

''(III) by adding 2.34 percent to the resultant percent; and

''(IV) by dividing the resultant percent by 4.

''(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(k)(2), clause (i)(III) of this subparagraph shall be applied by substituting '1.74 percent' for '2.34 percent'.

''(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(k)(3), clause (i)(III) of this subparagraph shall be applied by substituting '2.64 percent' for '2.34 percent', subject to clause (v) of this subparagraph.

''(iv) CONSOLIDATION LOANS.—In the case of any consolidation loan for which the application is received by an eligible lender on or after January 1, 2000, and before July 1, 2003, and for which the applicable interest rate is determined under section 427A(k)(4), clause (i)(III) of this subparagraph shall be applied by substituting '2.64 percent' for '2.34 percent', subject to clause (vi) of this subparagraph.

''(v) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of PLUS loans made under section 428B and first disbursed on or after January 1, 2000, and before July 1, 2003, for which the interest rate is determined under section 427A(k)(3), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1 and ending on June 30 unless, on the June 1 preceding such July 1—

''(I) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 (as determined by the Secretary for purposes of such section); plus

''(II) 3.1 percent,

exceeds 9.0 percent.

''(vi) LIMITATION ON SPECIAL ALLOWANCES FOR CONSOLIDATION LOANS.—In the case of consolidation loans made under section 428C and for which the application is received on or after January 1, 2000, and before July 1, 2003, for which the interest rate is determined under section 427A(k)(4), a special allowance shall not be paid for such loan during any 3-month period ending March 31, June 30, September 30, or December 31 unless—

''(I) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H–15 (or its successor) for such 3-month period; plus

''(II) 2.64 percent,

exceeds the rate determined under section 427A(k)(4).''.

(b) EFFECTIVE DATE.—Subparagraph (I) of section 438(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087–1(b)(2)) as added by subsection (a) of this section shall apply with respect to any payment pursuant to such section with respect to any 3-month period beginning on or after January 1, 2000, for loans for which the first disbursement is made after such date.

SEC. 410. SCHEDULE FOR PAYMENTS UNDER SSI STATE SUPPLEMENTATION AGREEMENTS.

(a) SCHEDULE FOR SSI SUPPLEMENTATION PAYMENTS.—

(1) IN GENERAL.—Section 1616(d) of the Social Security Act (42 U.S.C. 1382e(d)) is amended—

(A) in paragraph (1), by striking ''at such times and in such installments as may be agreed upon between the Commissioner of Social Security and such State'' and inserting ''in accordance with paragraph (5)''; and

(B) by adding at the end the following new paragraph:

''(5)(A)(i) Any State which has entered into an agreement with the Commissioner of Social Security under this section shall remit the payments and fees required under this subsection with respect to monthly benefits paid to individuals under this title no later than—

''(I) the business day preceding the date that the Commissioner pays such monthly benefits; or

''(II) with respect to such monthly benefits paid for the month that is the last month of the State's fiscal year, the fifth business day following such date.

''(ii) The Commissioner may charge States a penalty in an amount equal to 5 percent of the payment and the fees due if the remittance is received after the date required by clause (i).

''(B) The Cash Management Improvement Act of 1990 shall not apply to any payments or fees required under this subsection that are paid by a State before the date required by subparagraph (A)(i).

''(C) Notwithstanding subparagraph (A)(i), the Commissioner may make supplementary payments on behalf of a State with funds appropriated for payment of benefits under this title, and subsequently to be reimbursed for such payments by the State at such times as the Commissioner and State may agree. Such authority may be exercised only if extraordinary circumstances affecting a State's ability to make payment when required by subparagraph (A)(i) are determined by the Commissioner to exist.''.

(2) AMENDMENT TO SECTION 212.—Section 212 of Public Law 93-66 (42 U.S.C. 1382 note) is amended—

(A) in subsection (b)(3)(A), by striking ''at such times and in such installments as may be agreed upon between the Secretary and the State'' and inserting ''in accordance with subparagraph (E)'';

(B) by adding at the end of subsection (b)(3) the following new subparagraph:

''(E)(i) Any State which has entered into an agreement with the Commissioner of Social Security under this section shall remit the payments and fees required under this paragraph with respect to monthly benefits paid to individuals under title XVI of the Social Security Act no later than—

''(I) the business day preceding the date that the Commissioner pays such monthly benefits; or

''(II) with respect to such monthly benefits paid for the month that is the last month of the State's fiscal year, the fifth business day following such date.

''(ii) The Cash Management Improvement Act of 1990 shall not apply to any payments or fees required under this paragraph that are paid by a State before the date required by clause (i).

''(iii) Notwithstanding clause (i), the Commissioner may make supplementary payments on behalf of a State with funds appropriated for payment of supplemental security income benefits under title XVI of the Social Security Act, and subsequently to be reimbursed for such payments by the State at such times as the Commissioner and State may agree. Such authority may be exercised only if extraordinary circumstances affecting a State's ability to make payment when required by clause (i) are determined by the Commissioner to exist.''; and

(C) by striking ''Secretary of Health, Education, and Welfare'' and ''Secretary'' each place such term appear and inserting ''Commissioner of Social Security''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to payments and fees arising under an agreement between a State and the Commissioner of Social Security under section 1616 of the Social Security Act (42 U.S.C. 1382e) or under section 212 of Public Law 93-66 (42 U.S.C. 1382 note) with respect to monthly benefits paid to individuals under title XVI of the Social Security Act for months after September 2009 (October 2009 in the case of a State with a fiscal year that coincides with the Federal fiscal year), without regard to whether the agreement has been modified to reflect such amendments or the Commissioner has promulgated regulations implementing such amendments.

SEC. 411. BONUS COMMODITIES.

Section 6(e)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)) is amended—

(1) by striking ''in the form of commodity assistance'' and inserting ''in the form of—

''(A) commodity assistance'';

(2) by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(B) during the period beginning October 1, 2000, and ending September 30, 2009, commodities provided by the Secretary under any provision of law.''.

SEC. 412. SIMPLIFICATION OF DEFINITION OF FOSTER CHILD UNDER EIC.

(a) IN GENERAL.—Section 32(c)(3)(B)(iii) of the Internal Revenue Code of 1986 (defining eligible foster child) is amended by redesignating subclauses (I) and (II) as subclauses (II) and (III), respectively, and by inserting before subclause (II), as so redesignated, the following:

''(I) is a brother, sister, stepbrother, or stepsister of the taxpayer (or a descendant of any such relative) or is placed with the taxpayer by an authorized placement agency,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 413. DELAY OF EFFECTIVE DATE OF ORGAN PROCUREMENT AND TRANSPLANTATION NETWORK FINAL RULE.

(a) IN GENERAL.—The final rule entitled ''Organ Procurement and Transplantation Network'', promulgated by the Secretary of Health and Human Services on April 2, 1998 (63 Fed. Reg. 16295 et seq.) (relating to part 121 of title 42, Code of Federal Regulations), together with the amendments to such rules promulgated on October 20, 1999 (64 Fed. Reg. 56649 et seq.) shall not become effective before the expiration of the 90-day period beginning on the date of the enactment of this Act.

(b) NOTICE AND REVIEW.—For purposes of subsection (a):

(1) Not later than 3 days after the date of the enactment of this Act, the Secretary of Health and Human Services (referred to in this subsection as the ''Secretary'') shall publish in the Federal Register a notice providing that the period within which comments on the final rule may be submitted to the Secretary is 60 days after the date of such publication of the notice.

(2) Not later than 21 days after the expiration of such 60-day period, the Secretary shall complete the review of the comments submitted pursuant to paragraph (1) and shall amend the final rule with any revisions appropriate according to the review by the Secretary of such comments. The final rule may be in the form of amendments to the rule referred to in subsection (a) that was promulgated on April 2, 1998, and in the form of amendments to the rule referred to in such subsection that was promulgated on October 20, 1999.

TITLE V—TAX RELIEF EXTENSION ACT OF 1999

SEC. 500. SHORT TITLE OF TITLE.

This title may be cited as the ''Tax Relief Extension Act of 1999''.

Subtitle A—Extensions

SEC. 501. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REGULAR AND MINIMUM TAX LIABILITY.

(a) IN GENERAL.—Subsection (a) of section 26 of the Internal Revenue Code of 1986 (relating to limitation based on amount of tax) is amended to read as follows:

''(a) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the excess (if any) of—

''(A) the taxpayer's regular tax liability for the taxable year, over

''(B) the tentative minimum tax for the taxable year (determined without regard to the alternative minimum tax foreign tax credit).

For purposes of subparagraph (B), the taxpayer's tentative minimum tax for any taxable year beginning during 1999 shall be treated as being zero.''.

''(2) SPECIAL RULE FOR 2000 AND 2001.—For purposes of any taxable year beginning during 2000 or 2001, the aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—

''(A) the taxpayer's regular tax liability for the taxable year reduced by the foreign tax credit allowable under section 27(a), and

''(B) the tax imposed by section 55(a) for the taxable year.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 24(d)(2) of such Code is amended by striking ''1998'' and inserting ''2001''.

(2) Section 904(h) of such Code is amended by adding at the end the following: ''This subsection shall not apply to taxable years beginning during 2000 or 2001.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 502. RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (1) of section 41(h) of the Internal Revenue Code of 1986 (relating to termination) is amended—

(A) by striking ''June 30, 1999'' and inserting ''June 30, 2004'', and

(B) by striking the material following subparagraph (B).

(2) TECHNICAL AMENDMENT.—Subparagraph (D) of section 45C(b)(1) of such Code is amended by striking ''June 30, 1999'' and inserting ''June 30, 2004''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) of such Code is amended—

(A) by striking ''1.65 percent'' and inserting ''2.65 percent'',

(B) by striking ''2.2 percent'' and inserting ''3.2 percent'', and

(C) by striking ''2.75 percent'' and inserting ''3.75 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

(c) EXTENSION OF RESEARCH CREDIT TO RESEARCH IN PUERTO RICO AND THE POSSESSIONS OF THE UNITED STATES.—

(1) IN GENERAL.—Subsections (c)(6) and (d)(4)(F) of section 41 of such Code (relating to foreign research) are each amended by inserting '', the Commonwealth of Puerto Rico, or any possession of the United States'' after ''United States''.

(2) DENIAL OF DOUBLE BENEFIT.—Section 280C(c)(1) of such Code is amended by inserting ''or credit'' after ''deduction'' each place it appears.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(d) SPECIAL RULE.—

(1) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, the credit determined under section 41 of such Code which is otherwise allowable under such Code—

(A) shall not be taken into account prior to October 1, 2000, to the extent such credit is attributable to the first suspension period, and

(B) shall not be taken into account prior to October 1, 2001, to the extent such credit is attributable to the second suspension period.

On or after the earliest date that an amount of credit may be taken into account, such amount may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means allowed by such Code.

(2) SUSPENSION PERIODS.—For purposes of this subsection—

(A) the first suspension period is the period beginning on July 1, 1999, and ending on September 30, 2000, and

(B) the second suspension period is the period beginning on October 1, 2000, and ending on September 30, 2001.

(3) EXPEDITED REFUNDS.—

(A) IN GENERAL.—If there is an overpayment of tax with respect to a taxable year by reason of paragraph (1), the taxpayer may file an application for a tentative refund of such overpayment. Such application shall be in such manner and form, and contain such information, as the Secretary may prescribe.

(B) DEADLINE FOR APPLICATIONS.—Subparagraph (A) shall apply only to an application filed before the date which is 1 year after the close of the suspension period to which the application relates.

(C) ALLOWANCE OF ADJUSTMENTS.—Not later than 90 days after the date on which an application is filed under this paragraph, the Secretary shall—

(i) review the application,

(ii) determine the amount of the overpayment, and

(iii) apply, credit, or refund such overpayment,

in a manner similar to the manner provided in section 6411(b) of such Code.

(D) CONSOLIDATED RETURNS.—The provisions of section 6411(c) of such Code shall apply to an adjustment under this paragraph in such manner as the Secretary may provide.

(4) CREDIT ATTRIBUTABLE TO SUSPENSION PERIOD.—

(A) IN GENERAL.—For purposes of this subsection, in the case of a taxable year which includes a portion of the suspension period, the amount of credit determined under section 41 of such Code for such taxable year which is attributable to such period is the amount which bears the same ratio to the amount of credit determined under such section 41 for such taxable year as the number of months in the suspension period which are during such taxable year bears to the number of months in such taxable year.

(B) WAIVER OF ESTIMATED TAX PENALTIES.—No addition to tax shall be made under section 6654 or 6655 of such Code for any period before July 1, 1999, with respect to any underpayment of tax imposed by such Code to the extent such underpayment was created or increased by reason of subparagraph (A).

(5) SECRETARY.—For purposes of this subsection, the term ''Secretary'' means the Secretary of the Treasury (or such Secretary's delegate).

SEC. 503. SUBPART F EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) IN GENERAL.—Sections 953(e)(10) and 954(h)(9) of the Internal Revenue Code of 1986 (relating to application) are each amended—

(1) by striking ''the first taxable year'' and inserting ''taxable years'',

(2) by striking ''January 1, 2000'' and inserting ''January 1, 2002'', and

(3) by striking ''within which such'' and inserting ''within which any such''.

(b) TECHNICAL AMENDMENT.—Paragraph (10) of section 953(e) of such Code is amended by adding at the end the following new sentence: ''If this subsection does not apply to a taxable year of a foreign corporation beginning after December 31, 2001 (and taxable years of United States shareholders ending with or within such taxable year), then, notwithstanding the preceding sentence, subsection (a) shall be applied to such taxable years in the same manner as it would if the taxable year of the foreign corporation began in 1998.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 504. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) of the Internal Revenue Code of 1986 (relating to temporary suspension of taxable limit with respect to marginal production) is amended by striking ''January 1, 2000'' and inserting ''January 1, 2002''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 505. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B) and 51A(f) of the Internal Revenue Code of 1986 (relating to termination) are each amended by striking ''June 30, 1999'' and inserting ''December 31, 2001''.

(b) CLARIFICATION OF FIRST YEAR OF EMPLOYMENT.—Paragraph (2) of section 51(i) of such Code is amended by striking ''during which he was not a member of a targeted group''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

SEC. 506. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Subsection (d) of section 127 of the Internal Revenue Code of 1986 (relating to termination) is amended by striking ''May 31, 2000'' and inserting ''December 31, 2001''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to courses beginning after May 31, 2000.

SEC. 507. EXTENSION AND MODIFICATION OF CREDIT FOR PRODUCING ELECTRICITY FROM CERTAIN RENEWABLE RESOURCES.

(a) EXTENSION AND MODIFICATION OF PLACED-IN-SERVICE RULES.—Paragraph (3) of section 45(c) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) QUALIFIED FACILITY.—

''(A) WIND FACILITY.—In the case of a facility using wind to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before January 1, 2002.

''(B) CLOSED-LOOP BIOMASS FACILITY.—In the case of a facility using closed-loop biomass to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1992, and before January 1, 2002.

''(C) POULTRY WASTE FACILITY.—In the case of a facility using poultry waste to produce electricity, the term 'qualified facility' means any facility of the taxpayer which is originally placed in service after December 31, 1999, and before January 1, 2002.''.

(b) EXPANSION OF QUALIFIED ENERGY RESOURCES.—

(1) IN GENERAL.—Section 45(c)(1) of such Code (defining qualified energy resources) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) poultry waste.''.

(2) DEFINITION.—Section 45(c) of such Code is amended by adding at the end the following new paragraph:

''(4) POULTRY WASTE.—The term 'poultry waste' means poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.''.

(c) SPECIAL RULES.—Section 45(d) of such Code (relating to definitions and special rules) is amended by adding at the end the following new paragraphs:

''(6) CREDIT ELIGIBILITY IN THE CASE OF GOVERNMENT-OWNED FACILITIES USING POULTRY WASTE.—In the case of a facility using poultry waste to produce electricity and owned by a governmental unit, the person eligible for the credit under subsection (a) is the lessee or the operator of such facility.

''(7) CREDIT NOT TO APPLY TO ELECTRICITY SOLD TO UTILITIES UNDER CERTAIN CONTRACTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) shall not apply to electricity—

''(i) produced at a qualified facility described in paragraph (3)(A) which is placed in service by the taxpayer after June 30, 1999, and

''(ii) sold to a utility pursuant to a contract originally entered into before January 1, 1987 (whether or not amended or restated after that date).

''(B) EXCEPTION.—Subparagraph (A) shall not apply if—

''(i) the prices for energy and capacity from such facility are established pursuant to an amendment to the contract referred to in subparagraph (A)(ii),

''(ii) such amendment provides that the prices set forth in the contract which exceed avoided cost prices determined at the time of delivery shall apply only to annual quantities of electricity (prorated for partial years) which do not exceed the greater of—

''(I) the average annual quantity of electricity sold to the utility under the contract during calendar years 1994, 1995, 1996, 1997, and 1998, or

''(II) the estimate of the annual electricity production set forth in the contract, or, if there is no such estimate, the greatest annual quantity of electricity sold to the utility under the contract in any of the calendar years 1996, 1997, or 1998, and

''(iii) such amendment provides that energy and capacity in excess of the limitation in clause (ii) may be—

''(I) sold to the utility only at prices that do not exceed avoided cost prices determined at the time of delivery, or

''(II) sold to a third party subject to a mutually agreed upon advance notice to the utility. For purposes of this subparagraph, avoided cost prices shall be determined as provided for in 18 CFR 292.304(d)(1) or any successor regulation.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 508. EXTENSION OF DUTY-FREE TREATMENT UNDER GENERALIZED SYSTEM OF PREFERENCES.

(a) IN GENERAL.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking ''June 30, 1999'' and inserting ''September 30, 2001''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section applies to articles entered on or after the date of the enactment of this Act.

(2) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(A) GENERAL RULE.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, and subject to paragraph (3), any entry—

(i) of an article to which duty-free treatment under title V of the Trade Act of 1974 would have applied if such entry had been made on July 1, 1999, and such title had been in effect on July 1, 1999, and

(ii) that was made—

(I) after June 30, 1999, and

(II) before the date of enactment of this Act, shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry.

(B) ENTRY.—As used in this paragraph, the term ''entry'' includes a withdrawal from warehouse for consumption.

(3) REQUESTS.—Liquidation or reliquidation may be made under paragraph (2) with respect to an entry only if a request therefore is filed with the Customs Service, within 180 days after the date of enactment of this Act, that contains sufficient information to enable the Customs Service—

(A) to locate the entry, or

(B) to reconstruct the entry if it cannot be located.

SEC. 509. EXTENSION OF CREDIT FOR HOLDERS OF QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Section 1397E(e)(1) of the Internal Revenue Code of 1986 (relating to national limitation) is amended by striking ''and 1999'' and inserting '', 1999, 2000, and 2001''.

(b) LIMITATION ON CARRYOVER PERIODS.—Paragraph (4) of section 1397E(e) of such Code is amended by adding at the end the following flush sentences:

''Any carryforward of a limitation amount may be carried only to the first 2 years (3 years for carryforwards from 1998 or 1999) following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.''

SEC. 510. EXTENSION OF FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT OF COLUMBIA.

Section 1400C(i) of the Internal Revenue Code of 1986 is amended by striking ''2001'' and inserting ''2002''.

SEC. 511. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

Section 198(h) of the Internal Revenue Code of 1986 is amended by striking ''2000'' and inserting ''2001''.

SEC. 512. TEMPORARY INCREASE IN AMOUNT OF RUM EXCISE TAX COVERED OVER TO PUERTO RICO AND VIRGIN ISLANDS.

(a) IN GENERAL.—Section 7652(f)(1) of the Internal Revenue Code of 1986 (relating to limitation on cover over of tax on distilled spirits) is amended to read as follows:

''(1) $10.50 ($13.25 in the case of distilled spirits brought into the United States after June 30, 1999, and before January 1, 2002), or''.

(b) SPECIAL COVER OVER TRANSFER RULES.—Notwithstanding section 7652 of the Internal Revenue Code of 1986, the following rules shall apply with respect to any transfer before October 1, 2000, of amounts relating to the increase in the cover over of taxes by reason of the amendment made by subsection (a):

(1) INITIAL TRANSFER OF INCREMENTAL INCREASE IN COVER OVER.—The Secretary of the Treasury shall, within 15 days after the date of the enactment of this Act, transfer an amount equal to the lesser of—

(A) the amount of such increase otherwise required to be covered over after June 30, 1999, and before the date of the enactment of this Act, or

(B) $20,000,000.

(2) TRANSFER OF INCREMENTAL INCREASE FOR FISCAL YEAR 2001.—The Secretary of the Treasury shall on October 1, 2000, transfer an amount equal to the excess of—

(A) the amount of such increase otherwise required to be covered over after June 30, 1999, and before October 1, 2000, over

(B) the amount of the transfer described in paragraph (1).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on July 1, 1999.

Subtitle B—Other Time-Sensitive Provisions

SEC. 521. ADVANCE PRICING AGREEMENTS TREATED AS CONFIDENTIAL TAXPAYER INFORMATION.

(a) IN GENERAL.—

(1) TREATMENT AS RETURN INFORMATION.—Paragraph (2) of section 6103(b) of the Internal Revenue Code of 1986 (defining return information) is amended by striking ''and'' at the end of subparagraph (A), by inserting ''and'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement,''.

(2) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—Paragraph (1) of section 6110(b) of such Code (defining written determination) is amended by adding at the end the following new sentence: ''Such term shall not include any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) ANNUAL REPORT REGARDING ADVANCE PRICING AGREEMENTS.—

(1) IN GENERAL.—Not later than 90 days after the end of each calendar year, the Secretary of the Treasury shall prepare and publish a report regarding advance pricing agreements.

(2) CONTENTS OF REPORT.—The report shall include the following for the calendar year to which such report relates:

(A) Information about the structure, composition, and operation of the advance pricing agreement program office.

(B) A copy of each model advance pricing agreement.

(C) The number of—

(i) applications filed during such calendar year for advance pricing agreements;

(ii) advance pricing agreements executed cumulatively to date and during such calendar year;

(iii) renewals of advance pricing agreements issued;

(iv) pending requests for advance pricing agreements;

(v) pending renewals of advance pricing agreements;

(vi) for each of the items in clauses (ii) through (v), the number that are unilateral, bilateral, and multilateral, respectively;

(vii) advance pricing agreements revoked or canceled, and the number of withdrawals from the advance pricing agreement program; and

(viii) advance pricing agreements finalized or renewed by industry.

(D) General descriptions of—

(i) the nature of the relationships between the related organizations, trades, or businesses covered by advance pricing agreements;

(ii) the covered transactions and the business functions performed and risks assumed by such organizations, trades, or businesses;

(iii) the related organizations, trades, or businesses whose prices or results are tested to determine compliance with transfer pricing methodologies prescribed in advance pricing agreements;

(iv) methodologies used to evaluate tested parties and transactions and the circumstances leading to the use of those methodologies;

(v) critical assumptions made and sources of comparables used;

(vi) comparable selection criteria and the rationale used in determining such criteria;

(vii) the nature of adjustments to comparables or tested parties;

(viii) the nature of any ranges agreed to, including information regarding when no range was used and why, when interquartile ranges were used, and when there was a statistical narrowing of the comparables;

(ix) adjustment mechanisms provided to rectify results that fall outside of the agreed upon advance pricing agreement range;

(x) the various term lengths for advance pricing agreements, including rollback years, and the number of advance pricing agreements with each such term length;

(xi) the nature of documentation required; and

(xii) approaches for sharing of currency or other risks.

(E) Statistics regarding the amount of time taken to complete new and renewal advance pricing agreements.

(F) A detailed description of the Secretary of the Treasury's efforts to ensure compliance with existing advance pricing agreements.

(3) CONFIDENTIALITY.—The reports required by this subsection shall be treated as authorized by the Internal Revenue Code of 1986 for purposes of section 6103 of such Code, but the reports shall not include information—

(A) which would not be permitted to be disclosed under section 6110(c) of such Code if such report were a written determination as defined in section 6110 of such Code, or

(B) which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(4) FIRST REPORT.—The report for calendar year 1999 shall include prior calendar years after 1990.

(c) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 6103(b)(2)(C), and the last sentence of section 6110(b)(1), of the Internal Revenue Code of 1986, as added by this section.

SEC. 522. AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF Y2K FAILURES.

(a) IN GENERAL.—In the case of a taxpayer determined by the Secretary of the Treasury (or the Secretary's delegate) to be affected by a Y2K failure, the Secretary may disregard a period of up to 90 days in determining, under the internal revenue laws, in respect of any tax liability (including any interest, penalty, additional amount, or addition to the tax) of such taxpayer—

(1) whether any of the acts described in paragraph (1) of section 7508(a) of the Internal Revenue Code of 1986 (without regard to the exceptions in parentheses in subparagraphs (A) and (B)) were performed within the time prescribed therefor, and

(2) the amount of any credit or refund.

(b) APPLICABILITY OF CERTAIN RULES.—For purposes of this section, rules similar to the rules of subsections (b) and (e) of section 7508 of the Internal Revenue Code of 1986 shall apply.

SEC. 523. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES.

(a) INCLUSION OF VACCINES.—

(1) IN GENERAL.—Section 4132(a)(1) of the Internal Revenue Code of 1986 (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(L) Any conjugate vaccine against streptococcus pneumoniae.''.

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales after the date of the enactment of this Act, but shall not take effect if subsection (b) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(b) VACCINE TAX AND TRUST FUND AMENDMENTS.—

(1) Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(2) Subparagraph (A) of section 9510(c)(1) of such Code is amended by striking ''August 5, 1997'' and inserting ''December 31, 1999''.

(3) The amendments made by this subsection shall take effect as if included in the provisions of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 to which they relate.

(c) REPORT.—Not later than January 31, 2000, the Comptroller General of the United States shall prepare and submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the operation of the Vaccine Injury Compensation Trust Fund and on the adequacy of such Fund to meet future claims made under the Vaccine Injury Compensation Program.

SEC. 524. DELAY IN EFFECTIVE DATE OF REQUIREMENT FOR APPROVED DIESEL OR KEROSENE TERMINALS.

Paragraph (2) of section 1032(f) of the Taxpayer Relief Act of 1997 is amended by striking ''July 1, 2000'' and inserting ''January 1, 2002''.

SEC. 525. PRODUCTION FLEXIBILITY CONTRACT PAYMENTS.

Any option to accelerate the receipt of any payment under a production flexibility contract which is payable under the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7200 et seq.), as in effect on the date of the enactment of this Act, shall be disregarded in determining the taxable year for which such payment is properly includible in gross income for purposes of the Internal Revenue Code of 1986.

Subtitle C—Revenue Offsets

PART I—GENERAL PROVISIONS

SEC. 531. MODIFICATION OF ESTIMATED TAX SAFE HARBOR.

(a) IN GENERAL.—The table contained in clause (i) of section 6654(d)(1)(C) of the Internal Revenue Code of 1986 (relating to limitation on use of preceding year's tax) is amended by striking the items relating to 1999 and 2000 and inserting the following new items:

''1999 ..... 108.6
2000 ..... 110''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any installment payment for taxable years beginning after December 31, 1999.

SEC. 532. CLARIFICATION OF TAX TREATMENT OF INCOME AND LOSS ON DERIVATIVES.

(a) IN GENERAL.—Section 1221 of the Internal Revenue Code of 1986 (defining capital assets) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(a) IN GENERAL.—For purposes'',

(2) by striking the period at the end of paragraph (5) and inserting a semicolon, and

(3) by adding at the end the following:

''(6) any commodities derivative financial instrument held by a commodities derivatives dealer, unless—

''(A) it is established to the satisfaction of the Secretary that such instrument has no connection to the activities of such dealer as a dealer, and

''(B) such instrument is clearly identified in such dealer's records as being described in subparagraph (A) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe);

''(7) any hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe); or

''(8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business of the taxpayer.

''(b) DEFINITIONS AND SPECIAL RULES.—

''(1) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENTS.—For purposes of subsection (a)(6)—

''(A) COMMODITIES DERIVATIVES DEALER.—The term 'commodities derivatives dealer' means a person which regularly offers to enter into, assume, offset, assign, or terminate positions in commodities derivative financial instruments with customers in the ordinary course of a trade or business.

''(B) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENT.—

''(i) IN GENERAL.—The term 'commodities derivative financial instrument' means any contract or financial instrument with respect to commodities (other than a share of stock in a corporation, a beneficial interest in a partnership or trust, a note, bond, debenture, or other evidence of indebtedness, or a section 1256 contract (as defined in section 1256(b)), the value or settlement price of which is calculated by or determined by reference to a specified index.

''(ii) SPECIFIED INDEX.—The term 'specified index' means any one or more or any combination of—

''(I) a fixed rate, price, or amount, or

''(II) a variable rate, price, or amount,

which is based on any current, objectively determinable financial or economic information with respect to commodities which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties' circumstances.

''(2) HEDGING TRANSACTION.—

''(A) IN GENERAL.—For purposes of this section, the term 'hedging transaction' means any transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

''(i) to manage risk of price changes or currency fluctuations with respect to ordinary property which is held or to be held by the taxpayer,

''(ii) to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the taxpayer, or

''(iii) to manage such other risks as the Secretary may prescribe in regulations.

''(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize any income, gain, expense, or loss arising from a transaction—

''(i) which is a hedging transaction but which was not identified as such in accordance with subsection (a)(7), or

''(ii) which was so identified but is not a hedging transaction.

''(3) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of paragraph (6) and (7) of subsection (a) in the case of transactions involving related parties.''.

(b) MANAGEMENT OF RISK.—

(1) Section 475(c)(3) of such Code is amended by striking ''reduces'' and inserting ''manages''.

(2) Section 871(h)(4)(C)(iv) of such Code is amended by striking ''to reduce'' and inserting ''to manage''.

(3) Clauses (i) and (ii) of section 988(d)(2)(A) of such Code are each amended by striking ''to reduce'' and inserting ''to manage''.

(4) Paragraph (2) of section 1256(e) of such Code is amended to read as follows:

''(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any hedging transaction (as defined in section 1221(b)(2)(A)) if, before the close of the day on which such transaction was entered into (or such earlier time as the Secretary may prescribe by regulations), the taxpayer clearly identifies such transaction as being a hedging transaction.''.

(c) CONFORMING AMENDMENTS.—

(1) Each of the following sections of such Code are amended by striking ''section 1221'' and inserting ''section 1221(a)'':

(A) Section 170(e)(3)(A).

(B) Section 170(e)(4)(B).

(C) Section 367(a)(3)(B)(i).

(D) Section 818(c)(3).

(E) Section 865(i)(1).

(F) Section 1092(a)(3)(B)(ii)(II).

(G) Subparagraphs (C) and (D) of section 1231(b)(1).

(H) Section 1234(a)(3)(A).

(2) Each of the following sections of such Code are amended by striking ''section 1221(1)'' and inserting ''section 1221(a)(1)'':

(A) Section 198(c)(1)(A)(i).

(B) Section 263A(b)(2)(A).

(C) Clauses (i) and (iii) of section 267(f)(3)(B).

(D) Section 341(d)(3).

(E) Section 543(a)(1)(D)(i).

(F) Section 751(d)(1).
(G) Section 775(c).
(H) Section 856(c)(2)(D).
(I) Section 856(c)(3)(C).
(J) Section 856(e)(1).
(K) Section 856(j)(2)(B).
(L) Section 857(b)(4)(B)(i).
(M) Section 857(b)(6)(B)(iii).
(N) Section 864(c)(4)(B)(iii).
(O) Section 864(d)(3)(A).
(P) Section 864(d)(6)(A).
(Q) Section 954(c)(1)(B)(iii).
(R) Section 995(b)(1)(C).
(S) Section 1017(b)(3)(E)(i).
(T) Section 1362(d)(3)(C)(ii).
(U) Section 4662(c)(2)(C).
(V) Section 7704(c)(3).
(W) Section 7704(d)(1)(D).
(X) Section 7704(d)(1)(G).
(Y) Section 7704(d)(5).

(3) Section 818(b)(2) of such Code is amended by striking ''section 1221(2)'' and inserting ''section 1221(a)(2)''.

(4) Section 1397B(e)(2) of such Code is amended by striking ''section 1221(4)'' and inserting ''section 1221(a)(4)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after the date of the enactment of this Act.

SEC. 533. EXPANSION OF REPORTING OF CANCELLATION OF INDEBTEDNESS INCOME.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting after subparagraph (C) the following new subparagraph:

''(D) any organization a significant trade or business of which is the lending of money.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 534. LIMITATION ON CONVERSION OF CHARACTER OF INCOME FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 of the Internal Revenue Code of 1986 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

''SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

''(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

''(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

''(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

''(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

''(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

''(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

''(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under section 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

''(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the tax imposed by section 55.

''(c) FINANCIAL ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'financial asset' means—

''(A) any equity interest in any pass-thru entity, and

''(B) to the extent provided in regulations—

''(i) any debt instrument, and

''(ii) any stock in a corporation which is not a pass-thru entity.

''(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term 'pass-thru entity' means—

''(A) a regulated investment company,

''(B) a real estate investment trust,

''(C) an S corporation,

''(D) a partnership,

''(E) a trust,

''(F) a common trust fund,

''(G) a passive foreign investment company (as defined in section 1297 without regard to subsection (e) thereof),

''(H) a foreign personal holding company,

''(I) a foreign investment company (as defined in section 1246(b)), and

''(J) a REMIC.

''(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

''(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

''(A) holds a long position under a notional principal contract with respect to the financial asset,

''(B) enters into a forward or futures contract to acquire the financial asset,

''(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

''(D) to the extent provided in regulations prescribed by the Secretary, enters into one or more other transactions (or acquires one or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

''(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

''(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

''(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

''(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

''(4) FORWARD CONTRACT.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

''(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the taxpayer would have had if—

''(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

''(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

''(f) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

''(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

''(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset.''.

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 1260. Gains from constructive ownership transactions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 535. TREATMENT OF EXCESS PENSION ASSETS USED FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (5) of section 420(b) of the Internal Revenue Code of 1986 (relating to expiration) is amended by striking ''in any taxable year beginning after December 31, 2000'' and inserting ''made after December 31, 2005''.

(2) CONFORMING AMENDMENTS.—

(A) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking ''January 1, 1995'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 1999''.

(B) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking ''January 1, 1995'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 1999''.

(C) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(i) by striking ''in a taxable year beginning before January 1, 2001'' and inserting ''made before January 1, 2006'', and

(ii) by striking ''January 1, 1995'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 1999''.

(b) APPLICATION OF MINIMUM COST REQUIREMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 420(c) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) MINIMUM COST REQUIREMENTS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if each group health plan or arrangement under which applicable health benefits are provided provides that the applicable employer cost for each taxable year during the cost maintenance period shall not be less than the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the qualified transfer.

''(B) APPLICABLE EMPLOYER COST.—For purposes of this paragraph, the term 'applicable employer cost' means, with respect to any taxable year, the amount determined by dividing—

''(i) the qualified current retiree health liabilities of the employer for such taxable year determined—

''(I) without regard to any reduction under subsection (e)(1)(B), and

''(II) in the case of a taxable year in which there was no qualified transfer, in the same manner as if there had been such a transfer at the end of the taxable year, by

''(ii) the number of individuals to whom coverage for applicable health benefits was provided during such taxable year.

''(C) ELECTION TO COMPUTE COST SEPARATELY.—An employer may elect to have this paragraph applied separately with respect to individuals eligible for benefits under title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

''(D) COST MAINTENANCE PERIOD.—For purposes of this paragraph, the term 'cost maintenance period' means the period of 5 taxable years beginning with the taxable year in which the qualified transfer occurs. If a taxable year is in two or more overlapping cost maintenance periods, this paragraph shall be applied by taking into account the highest applicable employer cost required to be provided under subparagraph (A) for such taxable year.

''(E) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to prevent an employer who significantly reduces retiree health coverage during the cost maintenance period from being treated as satisfying the minimum cost requirement of this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 420(b)(1)(C) of such Code is amended by striking ''benefits'' and inserting ''cost''.

(B) Subparagraph (D) of section 420(e)(1) of such Code is amended by striking ''and shall not be subject to the minimum benefit requirements of subsection (c)(3)'' and inserting ''or in calculating applicable employer cost under subsection (c)(3)(B)''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

(2) TRANSITION RULE.—If the cost maintenance period for any qualified transfer after the date of the enactment of this Act includes any portion of a benefit maintenance period for any qualified transfer on or before such date, the amendments made by subsection (b) shall not apply to such portion of the cost maintenance period (and such portion shall be treated as a benefit maintenance period).

SEC. 536. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 of the Internal Revenue Code of 1986 (relating to installment method) is amended to read as follows:

''(a) USE OF INSTALLMENT METHOD.—

''(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

''(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).''.

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) of such Code are each amended by striking ''(a)'' each place it appears and inserting ''(a)(1)''.

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) of such Code (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: ''A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 537. DENIAL OF CHARITABLE CONTRIBUTION DEDUCTION FOR TRANSFERS ASSOCIATED WITH SPLIT-DOLLAR INSURANCE ARRANGEMENTS.

(a) IN GENERAL.—Subsection (f) of section 170 of the Internal Revenue Code of 1986 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

''(10) SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.—

''(A) IN GENERAL.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

''(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

''(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

''(B) PERSONAL BENEFIT CONTRACT.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

''(C) APPLICATION TO CHARITABLE REMAINDER TRUSTS.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (F) to an organization described in subsection (c) shall be treated as a reference to such trust.

''(D) EXCEPTION FOR CERTAIN ANNUITY CONTRACTS.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as indirect beneficiaries under such contract if—

''(i) such organization possesses all of the incidents of ownership under such contract,

''(ii) such organization is entitled to all the payments under such contract, and

''(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer).

''(E) EXCEPTION FOR CERTAIN CONTRACTS HELD BY CHARITABLE REMAINDER TRUSTS.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

''(i) such trust possesses all of the incidents of ownership under such contract, and

''(ii) such trust is entitled to all the payments under such contract.

''(F) EXCISE TAX ON PREMIUMS PAID.—

''(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined without regard to when such transfer is made.

''(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

''(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual return which includes—

''(I) the amount of such premiums paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

''(II) such other information as the Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

''(iv) CERTAIN RULES TO APPLY.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

''(G) SPECIAL RULE WHERE STATE REQUIRES SPECIFICATION OF CHARITABLE GIFT ANNUITANT IN CONTRACT.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of a State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

''(i) such State law requirement was in effect on February 8, 1999,

''(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

''(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

''(H) MEMBER OF FAMILY.—For purposes of this paragraph, an individual's family consists

of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

''(I) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes.''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfers made after February 8, 1999.

(2) EXCISE TAX.—Except as provided in paragraph (3) of this subsection, section 170(f)(10)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) REPORTING.—Clause (iii) of such section 170(f)(10)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 538. DISTRIBUTIONS BY A PARTNERSHIP TO A CORPORATE PARTNER OF STOCK IN ANOTHER CORPORATION.

(a) IN GENERAL.—Section 732 of the Internal Revenue Code of 1986 (relating to basis of distributed property other than money) is amended by adding at the end the following new subsection:

''(f) CORRESPONDING ADJUSTMENT TO BASIS OF ASSETS OF A DISTRIBUTED CORPORATION CONTROLLED BY A CORPORATE PARTNER.—

''(1) IN GENERAL.—If—

''(A) a corporation (hereafter in this subsection referred to as the 'corporate partner') receives a distribution from a partnership of stock in another corporation (hereafter in this subsection referred to as the 'distributed corporation'),

''(B) the corporate partner has control of the distributed corporation immediately after the distribution or at any time thereafter, and

''(C) the partnership's adjusted basis in such stock immediately before the distribution exceeded the corporate partner's adjusted basis in such stock immediately after the distribution,

then an amount equal to such excess shall be applied to reduce (in accordance with subsection (c)) the basis of property held by the distributed corporation at such time (or, if the corporate partner does not control the distributed corporation at such time, at the time the corporate partner first has such control).

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS BEFORE CONTROL ACQUIRED.—Paragraph (1) shall not apply to any distribution of stock in the distributed corporation if—

''(A) the corporate partner does not have control of such corporation immediately after such distribution, and

''(B) the corporate partner establishes to the satisfaction of the Secretary that such distribution was not part of a plan or arrangement to acquire control of the distributed corporation.

''(3) LIMITATIONS ON BASIS REDUCTION.—

''(A) IN GENERAL.—The amount of the reduction under paragraph (1) shall not exceed the amount by which the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds the corporate partner's adjusted basis in the stock of the distributed corporation.

''(B) REDUCTION NOT TO EXCEED ADJUSTED BASIS OF PROPERTY.—No reduction under paragraph (1) in the basis of any property shall exceed the adjusted basis of such property (determined without regard to such reduction).

''(4) GAIN RECOGNITION WHERE REDUCTION LIMITED.—If the amount of any reduction under paragraph (1) (determined after the application of paragraph (3)(A)) exceeds the aggregate adjusted bases of the property of the distributed corporation—

''(A) such excess shall be recognized by the corporate partner as long-term capital gain, and

''(B) the corporate partner's adjusted basis in the stock of the distributed corporation shall be increased by such excess.

''(5) CONTROL.—For purposes of this subsection, the term 'control' means ownership of stock meeting the requirements of section 1504(a)(2).

''(6) INDIRECT DISTRIBUTIONS.—For purposes of paragraph (1), if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined (by reason of being distributed from a partnership) in whole or in part by reference to subsection (a)(2) or (b), the corporation shall be treated as receiving a distribution of such stock from a partnership.

''(7) SPECIAL RULE FOR STOCK IN CONTROLLED CORPORATION.—If the property held by a distributed corporation is stock in a corporation which the distributed corporation controls, this subsection shall be applied to reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

''(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes.''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to distributions made after July 14, 1999.

(2) PARTNERSHIPS IN EXISTENCE ON JULY 14, 1999.—In the case of a corporation which is a partner in a partnership as of July 14, 1999, the amendment made by this section shall apply to any distribution made (or treated as made) to such partner from such partnership after June 30, 2001, except that this paragraph shall not apply to any distribution after the date of the enactment of this Act unless the partner makes an election to have this paragraph apply to such distribution on the partner's return of Federal income tax for the taxable year in which such distribution occurs.

PART II—PROVISIONS RELATING TO REAL ESTATE INVESTMENT TRUSTS

Subpart A—Treatment of Income and Services Provided by Taxable REIT Subsidiaries

SEC. 541. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) of the Internal Revenue Code of 1986 is amended to read as follows:

''(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)),

''(ii) not more than 20 percent of the value of its total assets is represented by securities of 1 or more taxable REIT subsidiaries, and

''(iii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

''(I) not more than 5 percent of the value of its total assets is represented by securities of any one issuer,

''(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any one issuer, and

''(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any one issuer.''.

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 of such Code is amended by adding at the end the following new paragraph:

''(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

''(A) the issuer is an individual, or

''(B) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

''(C) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.''.

SEC. 542. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) of the Internal Revenue Code of 1986 (relating to exceptions to impermissible tenant service income) is amended by inserting ''or through a taxable REIT subsidiary of such trust'' after ''income''.

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 of such Code (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

''(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of either of the following subparagraphs are met:

''(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

''(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

''(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

''(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

''(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

''(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

''(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

''(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as of the later of—

''(I) January 1, 1999, or

''(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

''(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

''(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

''(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

''(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

''(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

''(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

''(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.''.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) of such Code is amended by inserting ''except as provided in paragraph (8),'' after ''(B)''.

(3) DETERMINING RENTS FROM REAL PROPERTY.—

(A)(i) Paragraph (1) of section 856(d) of such Code is amended by striking ''adjusted bases'' each place it occurs and inserting ''fair market values''.

(ii) The amendment made by this subparagraph shall apply to taxable years beginning after December 31, 2000.

(B)(i) Clause (i) of section 856(d)(2)(B) of such Code is amended by striking ''number'' and inserting ''value''.

(ii) The amendment made by this subparagraph shall apply to amounts received or accrued in taxable years beginning after December 31, 2000, except for amounts paid pursuant to leases in effect on July 12, 1999, or pursuant to a binding contract in effect on such date and at all times thereafter.

SEC. 543. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

''(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

''(A) such trust directly or indirectly owns stock in such corporation, and

''(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

''(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

''(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

''(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

''(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

''(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

''(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

''(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) of such Code is amended by adding at the end the following new sentence: ''Such term shall not include a taxable REIT subsidiary.''.

SEC. 544. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) of the Internal Revenue Code of 1986 (relating to limitation on deduction for interest on certain indebtedness) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.''.

SEC. 545. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 of the Internal Revenue Code of 1986 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

''(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

''(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

''(B) REDETERMINED RENTS.—

''(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

''(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

''(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

''(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

''(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

''(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

''(II) the charge for such service from such subsidiary is separately stated.

''(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

''(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

''(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be decreased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

''(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

''(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

''(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes

of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.''.

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) of such Code (relating to real estate investment trust taxable income) is amended by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (7)''.

SEC. 546. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this subpart shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 541.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 541 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(C) LIMITATION ON TRANSITION RULES.—Subparagraph (A) shall cease to apply to securities of a corporation held, acquired, or received, directly or indirectly, by a real estate investment trust as of the first day after July 12, 1999, on which such trust acquires any additional securities of such corporation other than—

(i) pursuant to a binding contract in effect on July 12, 1999, and at all times thereafter, or

(ii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 541 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

SEC. 547. STUDY RELATING TO TAXABLE REIT SUBSIDIARIES.

The Secretary of the Treasury shall conduct a study to determine how many taxable REIT subsidiaries are in existence and the aggregate amount of taxes paid by such subsidiaries. The Secretary shall submit a report to the Congress describing the results of such study.

Subpart B—Health Care REITs

SEC. 551. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of section 856 of the Internal Revenue Code of 1986 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

''(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

''(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

''(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

''(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant one or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

''(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

''(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

''(ii) any lease of property entered into after such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED HEALTH CARE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

''(I) is a health care facility, or

''(II) is necessary or incidental to the use of a health care facility.

''(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

Subpart C—Conformity With Regulated Investment Company Rules

SEC. 556. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) of the Internal Revenue Code of 1986 (relating to requirements applicable to real estate investment trusts) are each amended by striking ''95 percent (90 percent for taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) of such Code (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking ''95 percent (90 percent in the case of taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subpart D—Clarification of Exception From Impermissible Tenant Service Income

SEC. 561. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) of the Internal Revenue Code of 1986 (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

''In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

Subpart E—Modification of Earnings and Profits Rules

SEC. 566. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND PROFITS FROM NON-RIC YEAR.—

(1) IN GENERAL.—Subsection (c) of section 852 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from earnings and profits which, but for the distribution, would result in a failure to meet such requirements (and allocated to such earnings on a first-in, first-out basis), and

''(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.''.

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 857(d)(3) of such Code is amended to read as follows:

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from earnings and profits which, but for the distribution, would result in a failure to meet such requirements (and allocated to such earnings on a first-in, first-out basis), and''.

(b) CLARIFICATION OF APPLICATION OF REIT SPILLOVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENT.—Subparagraph (B) of section 857(d)(3) of such Code is amended by inserting before the period ''and section 858''.

(c) APPLICATION OF DEFICIENCY DIVIDEND PROCEDURES.—Paragraph (1) of section 852(e) of such Code is amended by adding at the end the following new sentence: ''If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year and the amount referred to in paragraph (2)(A)(i) shall be the portion of the accumulated earnings and profits which resulted in such failure.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subpart F—Modification of Estimated Tax Rules

SEC. 571. MODIFICATION OF ESTIMATED TAX RULES FOR CLOSELY HELD REAL ESTATE INVESTMENT TRUSTS.

(a) IN GENERAL.—Subsection (e) of section 6655 of the Internal Revenue Code of 1986 (relating to estimated tax by corporations) is amended by adding at the end the following new paragraph:

''(5) TREATMENT OF CERTAIN REIT DIVIDENDS.—

''(A) IN GENERAL.—Any dividend received from a closely held real estate investment trust by any person which owns (after application of subsections (d)(5) and (l)(3)(B) of section 856) 10 percent or more (by vote or value) of the stock or beneficial interests in the trust shall be taken into account in computing annualized income installments under paragraph (2) in a manner similar to the manner under which partnership income inclusions are taken into account.

''(B) CLOSELY HELD REIT.—For purposes of subparagraph (A), the term 'closely held real estate investment trust' means a real estate investment trust with respect to which 5 or fewer persons own (after application of subsections (d)(5) and (l)(3)(B) of section 856) 50 percent or more (by vote or value) of the stock or beneficial interests in the trust.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to estimated tax payments due on or after December 15, 1999.

And the Senate agree to the same.

BILL ARCHER,
TOM BLILEY,
DICK ARMEY,
Managers on the Part of the House.

W.V. ROTH, Jr.,
TRENT LOTT,
Managers on the Part of the Senate.

JOINT EXPLANATION STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1180) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

THE TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

EXPLANATION OF THE CONFERENCE AGREEMENT

Short Title

Present law

No provision.

House bill

The ''Ticket to Work and Work Incentives Improvement Act of 1999''

Senate amendment

The ''Work Incentives Improvement Act of 1999''

Conference agreement

The Senate recedes to the House.

Long Title

Present law

No provision.

House bill

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Findings and Purposes

Present law

No provision.

House bill

No provision.

Senate amendment

Makes a number of findings related to the importance of health care for especially individuals with disabilities, the difficulties they often experience in obtaining proper health care coverage under current program rules, the resulting limited departures from benefit rolls due to recipients' fears of losing coverage, and the potential program savings from providing them better access to coverage if they return to work.

The Senate amendment describes as its purposes to provide individuals with disabilities: (1) health care and employment preparation and placement services to reduce their dependency on cash benefits; (2) Medicaid coverage (through incentives to States to allow them to purchase it) needed to maintain employment; (3) the option of maintaining Medicare coverage while working; and (4) return to work tickets allowing them access to services needed to obtain and retain employment and reduce dependence on cash benefits.

Conference agreement

The House recedes to the Senate with the modification that additional findings are added that address employment opportunities and financial disincentives.

Title I. Ticket to Work and Self-Sufficiency and Related Provisions

Establishment of the Ticket to Work and Self-Sufficiency Program

1. Ticket System

Present law

The Commissioner is required to promptly refer individuals applying for Social Security disability insurance (SSDI) or Supplemental Security Income (SSI) benefits for necessary vocational rehabilitation (VR) services to State vocational rehabilitation (VR) agencies. State VR agencies are established pursuant to Title I of the Rehabilitation Act of 1973, as amended. A State VR agency is reimbursed for the costs of VR services to SSDI and SSI beneficiaries with a single payment after the beneficiary performs ''substantial gainful activity'' (i.e., had earnings in excess of $700 per month) for a continuous period of at least nine months. The Social Security Administration (SSA) has also established an ''alternate participant program'' in regulation where private or other public agencies are eligible to receive reimbursement from SSA for providing VR and related services to SSDI and SSI beneficiaries. To participate in the alternate participant program, a beneficiary must first be referred to, and declined by, a State VR agency. Such private and public agencies are reimbursed according to the same procedures as State VR agencies.

House bill

The House bill creates a Ticket to Work and Self-Sufficiency program. Under the program, the Commissioner of Social Security is authorized to provide SSDI and disabled SSI beneficiaries with a ''ticket'' which they may use to obtain employment services, VR services, and other support services (e.g., assistive technology) from an employment network (that is, provider of services) of their choice to enable them to enter the workforce.

Employment networks may include both State VR agencies and private and other public providers. Employment networks would be prohibited from seeking additional compensation from beneficiaries. The bill provides State VR agencies with the option of participating in the program as an employment network or remaining in the current law reimbursement system, including the option to elect either payment method on a case-by-case basis. Services provided by State VR agencies participating in the program would be governed by plans for VR services approved under Title I of the Rehabilitation Act. The Commissioner would issue regulations regarding the relationship between State VR agencies and other employment networks. It is intended that the agreements would be broad-based, rather than case-by-case agreements. The Commissioner is also required to issue regulations to address other implementation issues, including distribution of tickets to beneficiaries.

The bill requires the program to be phased in at sites selected by the Commissioner beginning no later than 1 year after enactment. The program would be fully implemented as soon as practicable, but not later than 3 years after the program begins.

Senate amendment

Similar provision, except adds a section on special requirements applicable to cross-referral of ticket holders to certain State agencies.

Conference agreement

The Senate recedes to the House.

2. Program Managers

Present law

No provision. (See description of present law under ''1. Ticket System'' above.)

House bill

The Commissioner is required to contract with ''program managers,'' i.e., one or more organizations in the private or public sector with expertise and experience in the field of vocational rehabilitation or employment services through a competitive bidding process, to assist the Social Security Administration to administer the program. Agreements between SSA and program managers shall include performance standards, including measures of access of beneficiaries to

services. Program managers would be precluded from providing services in their own service area.

Program managers would recruit and recommend employment networks to the Commissioner, ensure adequate availability of services to beneficiaries and provide assurances to SSA that employment networks are complying with terms of their agreement. In addition, program managers would provide for changes in employment networks by beneficiaries.

Senate amendment

Similar provision, except the Senate amendment places an additional restriction on changes in employment networks by specifying that ticket holders may elect such changes only ''for good cause, as determined by the Commissioner.'' In addition, the Senate amendment does not specify that when changes in employment networks occur the program manager is to (1) reassign the ticket based on the choice of the beneficiary and (2) make a determination regarding the allocation of payments to each employment network.

Conference agreement

The Senate recedes to the House.

3. Employment Networks

Present law

No provision. (See description of present law under ''1. Ticket System'' above.)

House bill

Employment networks consist of a single provider (public or private) or an association of providers which would assume responsibility for the coordination and delivery of services. Employment networks may include a one-stop delivery system established under Title I of the Workforce Investment Act of 1998. Employment networks are required to demonstrate specific expertise and experience and provide an array of services under the program. The Commissioner would select and enter into agreements with employment networks, provide periodic quality assurance reviews of employment networks, and establish a method for resolving disputes between beneficiaries and employment networks. Employment networks would meet financial reporting requirements as prescribed by the Commissioner, and prepare periodic performance reports which would be provided to beneficiaries holding a ticket and made available to the public.

Employment networks and beneficiaries would together develop an individual employment plan for each beneficiary that provides for informed choice in selecting an employment goal and specific services needed to achieve that goal. A beneficiary's written plan would take effect upon written approval by the beneficiary or beneficiary's representative.

Senate amendment

Identical provision regarding qualification, requirements, and reporting involving employment networks. Similar provision regarding individual employment plans, except that the Senate amendment does not require the statement of vocational goals to include ''as appropriate, goals for earnings and job advancement.''

Conference agreement

The Senate recedes to the House.

4. Payment to Employment Networks

Present law

No provision. (See description of present law under ''1. Ticket System'' above.)

House bill

The bill authorizes payment to employment networks for outcomes and long-term results through one of two payment systems, each designed to encourage maximum participation by providers to serve beneficiaries:

The outcome payment system would provide payment to employment networks up to 40 percent of the average monthly disability benefit for each month benefits are not be payable to the beneficiary due to work, not to exceed 60 months.

The outcome-milestone payment system is similar to the outcome payment system, except it would provide for early payment(s) based on the achievement of one or more milestones directed towards the goal of permanent employment. To ensure the cost-effectiveness of the program, the total amount payable to a service provider under the outcome-milestone payment system must be less than the total amount that would have been payable under the outcome payment system.

The Commissioner is required to periodically review both payment systems and may alter the percentages, milestones, or payment periods to ensure that employment networks have adequate incentive to assist beneficiaries in entering the workforce. In addition, the Commissioner is required to submit a report to Congress with recommendations for methods to adjust payment rates to ensure adequate incentives for the provision of services to individuals with special needs.

The bill requires the Commissioner to report to Congress within 3 years on the adequacy of program incentives for employment networks to provide services to ''high risk'' beneficiaries.

The bill authorizes transfers from the Social Security Trust Funds to carry out these provisions for Social Security beneficiaries, and authorizes appropriations to the Social Security Administration to carry out these provisions for SSI recipients.

Senate amendment

Similar provision, except that the Senate amendment:

Does not require the Commissioner to report to Congress within 3 years on the adequacy of program incentives for employment networks to provide services to ''high risk'' beneficiaries;

Provides for ''Allocation of Costs'' to employment networks from the Trust Funds for services rendered (rather than authorizing such amounts be transferred as in the House bill); and

Provides for specific treatment of the costs associated with dually-entitled individuals (that is, individuals receiving both SSI and SSDI benefits).

Conference agreement

The Senate recedes to the House.

5. Evaluation

Present law

No provision. (See description of present law under ''1. Ticket System'' above.)

House bill

The Commissioner is required to design and conduct a series of evaluations to assess the cost-effectiveness and outcomes of the program. The Commissioner is required to periodically provide to the Congress a detailed report of the program's progress, success, and any modifications needed.

Senate amendment

Similar provision, except the Senate amendment does not require evaluations to address the characteristics of ticket holders who are not accepted for services and reasons they were not accepted.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with the modification that the Commissioner is required to provide for independent evaluations of program effectiveness.

6. Advisory Panel

Present law

No provision. (See description of present law under ''1. Ticket System'' above.)

House bill

The bill establishes a Ticket to Work and Work Incentives Advisory Panel consisting of experts representing consumers, providers of services, employers, and employees, at least one-half of whom are individuals with disabilities or representatives of individuals with disabilities. The Advisory Panel is to be composed of twelve members appointed as follows:

Four by the President, not more than two of whom may be of the same political party;

Two by the Speaker of the House of Representatives, in consultation with the Chairman of the Committee on Ways and Means;

Two by the Minority Leader of the House of Representatives, in consultation with ranking minority member of the Committee on Ways and Means;

Two by the Majority Leader of the Senate, in consultation with the Chairman of the Committee on Finance; and

Two members would be appointed by the Minority Leader of the Senate, in consultation with the ranking minority member of the Committee on Finance.

The Panel is to advise the Commissioner and report to the Congress on program implementation including such issues as the establishment of pilot sites, refinements to the program, and the design of program evaluations.

Senate amendment

Similar provision, except the Senate amendment:

Names the panel the Work Incentives Advisory Panel;

Does not specify that, of the 4 members of the panel appointed by the President, ''not more than 2 . . . may be of the same political party'';

Provides that the Commissioner, as opposed to the President under the House bill, is to designate whether panel members' initial terms will be 2 or 4 years;

Specifies that ''all members appointed to the panel shall have experience or expert knowledge of'' several work and disability-related fields, whereas the House bill requires that ''at least 8'' shall have such experience or knowledge, with at least 2 ''representing the interests of'' each of the following groups: service recipients, service providers, employers, and employees;

Provides that the Director of the Advisory Panel is to be appointed by the Commissioner in the Senate amendment (compared with by the Advisory Panel in the House bill); and

Provides that the costs of the Panel ''shall be paid from amounts made available'' for administration of the Title II and Title XVI programs under the Senate amendment (compared with the House bill, which authorizes such amounts from the OASI and DI trust funds and from the general fund of the Treasury for this purpose.

Conference agreement

The conference agreement follows the House bill, except that all 12 Panel members would be required to have experience or expert knowledge as a recipient, provider, employer, or employee. The agreement is based on the expectation that individuals with disabilities, as opposed to representatives of individuals with disabilities, would be appointed as Panel members whenever possible. In addition, the terms of initial appointment would be set by the individual

making the appointment, with each individual making appointments designating one-half of appointees for a term of 4 years and the other half for a term of 2 years. The conference agreement also provides that the Director of the Panel would be appointed by the Chairperson of the Advisory Panel.

Work Activity Standard as a Basis for Review of an Individual's Disabled Status

Present law

Eligibility for Social Security disability insurance (SSDI) cash benefits requires an applicant to meet certain criteria, including the presence of a disability that renders the individual unable to engage in substantial gainful activity. Substantial gainful activity is defined as work that results in earnings exceeding an amount set in regulations ($700 per month, as of July 1, 1999). Continuing disability reviews (CDRs) are conducted by the Social Security Administration (SSA) to determine whether an individual remains disabled and thus eligible for continued benefits. CDRs may be triggered by evidence of recovery from disability, including return to work. SSA is also required to conduct periodic CDRs every 3 years for beneficiaries with a nonpermanent disability, and at times determined by the Commissioner for beneficiaries with a permanent disability.

House bill

The bill establishes the standard that CDRs for long-term SSDI beneficiaries (i.e., those receiving disability benefits for at least 24 months) be limited to periodic CDRs. SSA would continue to evaluate work activity to determine whether eligibility for cash benefits continued, but a return to work would not trigger a review of the beneficiary's impairment to determine whether it continued to be disabling. This provision is effective January 1, 2003.

Senate amendment

Similar provision, except Senate amendment is effective upon enactment.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, except that the provision would be effective January 1, 2002.

Expedited Reinstatement of Disability Benefits

Present law

Individuals entitled to Social Security disability insurance (SSDI) benefits may receive expedited reinstatement of benefits following termination of benefits because of work activity any time during a 36–month extended period of eligibility. That is, benefits may be reinstated without the need for a new application and disability determination. Otherwise, the Commissioner of Social Security must make a new determination of disability before a claimant can reestablish reentitlement to disability benefits.

House bill

The bill establishes that an individual: (1) whose entitlement to SSDI benefits had been terminated on the basis of work activity following completion of an extended period of eligibility; or (2) whose eligibility for SSI benefits (including special SSI eligibility status under section 1619(b) of the Social Security Act) had been terminated following suspension of those benefits for 12 consecutive months on account of excess income resulting from work activity, may request reinstatement of those benefits without filing a new application. The individual must have become unable to continue working due to his or her medical condition and must file a reinstatement request within the 60–month period following the month of such termination.

While the Commissioner is making a determination pertaining to a reinstatement request, the individual would be eligible for provisional benefits (cash benefits and Medicare or Medicaid, as appropriate) for a period of not more than 6 months. If the Commissioner makes a favorable determination, such individual's prior entitlement to benefits would be reinstated, as would be the prior benefits of his or her dependents who continue to meet the entitlement criteria. If the Commissioner makes an unfavorable determination, provisional benefits would end, but the provisional benefits already paid would not be considered an overpayment. This provision is effective one year after enactment.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Work Incentives Outreach Program

Present law

The Social Security Administration prepares and distributes educational materials on work incentives for individuals receiving Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) benefits, including on the Internet. Social Security personnel in its 1,300 field offices are available to answer questions about work incentives. Work incentives currently include: exclusions for impairment-related work expenses; trial work periods during which an individual may continue to receive cash benefits; a 36–month extended period of eligibility during which cash benefits can be reinstated at any time; continued eligibility for Medicaid and/or Medicare; continued payment of benefits while a beneficiary is enrolled in a vocational rehabilitation program; and plans for achieving self-support (PASS).

House bill

The Commissioner of Social Security is required to establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to individuals on work incentives. Under this program, the Commissioner is required to:

Establish a program of grants, cooperative agreements, or contracts to provide benefits planning and assistance (including protection and advocacy services) to individuals with disabilities and outreach to individuals with disabilities who are potentially eligible for work incentive programs; and

Establish a corps of work incentive specialists located within the Social Security Administration.

The Commissioner is required to determine the qualifications of agencies eligible for grants, cooperative agreements, or contracts. Social Security Administration field offices and State Medicaid agencies are deemed ineligible. Eligible organizations may include Centers for Independent Living, protection and advocacy organizations, and client assistance programs (established in accordance with the Rehabilitation Act of 1973, as amended); State Developmental Disabilities Councils (established in accordance with the Developmental Disabilities Assistance and Bill of Rights Act); and State welfare agencies (funded under Title IV-A of the Social Security Act).

Annual appropriations would not exceed $23 million for fiscal years 2000–2004. The provision would be effective on enactment. The grant amount in each State would be based on the number of beneficiaries in the State, subject to certain limits.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

State Grants for Work Incentives Assistance to Disabled Beneficiaries

Present law

Grants to States to provide assistance to individuals with disabilities are authorized under the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.). Such assistance includes information on and referral to programs and services and legal, administrative, and other appropriate remedies to ensure access to services.

House bill

The Commissioner of Social Security is authorized to make grants to existing protection and advocacy programs authorized by the States under the Developmental Disabilities Assistance and Bill of Rights Act. Services would include information and advice about obtaining vocational rehabilitation, employment services, advocacy, and other services a Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) beneficiary may need to secure or regain gainful employment, including applying for and receiving work incentives.

Appropriation would not exceed $7 million for each of the fiscal years 2000–2004. The provision would be effective upon enactment.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Title II. Expanded Availability of Health Care Services

Expanding State Options Under the Medicaid Program for Workers with Disabilities

Present law

Most States are required to provide Medicaid coverage for disabled individuals who are eligible for Supplemental Security Income (SSI). Individuals are considered disabled if they are unable to engage in substantial gainful activity (defined in Federal regulations as earnings of $700 per month) due to a medically determinable physical or mental impairment which is expected to result in death, or which has lasted or can be expected to last for at least 12 months. Eleven States link Medicaid eligibility to disability definitions which may be more restrictive than SSI criteria.

Eligibility for SSI is determined by certain federally-established income and resource standards. Individuals are eligible for SSI if their ''countable'' income falls below the Federal maximum monthly SSI benefit ($500 for an individual, and $751 for couples in 1999). Not all income is counted for SSI purposes. Excluded from income are the first $20 of any monthly income (i.e., either unearned, such as social security and other pension benefits, or earned) and the first $65 of monthly earned income plus one-half of the remaining earnings. The Federal limit on resources is $2,000 for an individual, and $3,000 for couples. Certain resources are not counted, including an individual's home, and the first $4,500 of the current market value of an automobile.

In addition, States must provide Medicaid coverage for certain individuals under 65 who are working. These persons are referred to as ''qualified severely impaired individuals'' under age 65. These are disabled and blind individuals whose earnings reach or exceed the basic SSI benefit standard, with disregards as determined by the States. (The current threshold for earnings is $1,085 per month.) This special eligibility status applies as long as the individual:

Continues to be blind or have a disabling impairment;

Except for earnings, continues to meet all the other requirements for SSI eligibility;

Would be seriously inhibited from continuing or obtaining employment if Medicaid eligibility were to end; and

Has earnings that are not sufficient to provide a reasonable equivalent of benefits from SSI, State supplemental payments (if provided by the State), Medicaid, and publicly funded attendant care that would have been available in the absence of those earnings.

A recent change in law allowed States to increase the income limit for Medicaid coverage of disabled individuals. The Balanced Budget Act of 1997 (P.L.105–33) allowed States to elect to provide Medicaid coverage to disabled persons who otherwise meet SSI eligibility criteria but have income up to 250 percent of the Federal poverty guidelines. Beneficiaries under the more liberal income limit may ''buy into'' Medicaid by paying premium costs. Premiums are set on a sliding scale based on an individual's income, as established by the State.

House bill

The bill allows States to establish one new optional Medicaid eligibility category: they may provide coverage to individuals with disabilities, aged 16 through 64, who are employed, and who cease to be eligible for Medicaid because their medical condition has improved, and are therefore determined to no longer be eligible for SSI and/or SSDI, but who continue to have a severe medically determinable impairment as defined by regulations of the Secretary of HHS. In addition, States could establish limits on assets, resources, and earned or unearned income for this group that differ from the federal requirements. In order to opt to cover this group, states must provide Medicaid coverage to individuals with disabilities whose income is no more than 250 percent of the federal poverty level, and who would be eligible for SSI, except for earnings.

Individuals would be considered to be employed if they earn at least the Federal minimum wage and work at least 40 hours per month, or are engaged in work that meets criteria for work hours, wages, or other measures established by the State and approved by the Secretary of Health and Human Services (HHS).

Individuals covered under this new option could ''buy into'' Medicaid coverage by paying premiums or other cost-sharing charges on a sliding fee scale based on their income, as established by the State.

The bill requires that in order to receive federal funds, States must maintain the level of expenditures they expended in the most recent fiscal year prior to enactment of this provision to enable working individuals with disabilities to work.

Senate amendment

Allows States to establish one or two new optional Medicaid eligibility categories:

States would have the option to cover individuals with disabilities (aged 16–64) who, except for earnings, would be eligible for SSI. In addition, States could establish limits on assets, resources and earned or unearned income that differ from the federal requirements.

If States provide Medicaid coverage to individuals described in (1) above, they may also provide coverage to the following: Employed persons with disabilities whose medical condition has improved, as described above in the House bill.

Individuals covered under these options could ''buy in'' to Medicaid coverage by paying premiums or other cost-sharing charges on a sliding-fee scale based on income. The State would be required to make premium or other cost-sharing charges the same for both these two new eligibility groups. States may require individuals with incomes above 250 percent of the federal poverty level to pay the full premium cost. In the case of individuals with incomes between 250 percent and 450 percent of the poverty level, premiums may not exceed 7.5 percent of income. States must require individuals with incomes above $75,000 per year to pay all of the premium costs. States may choose to subsidize premium costs for such individuals, but they may not use federal matching funds to do so.

Conference agreement

House recedes to Senate to include the Senate-passed Medicaid buy-in option, allowing States to permit working individuals with incomes above 250 percent of the Federal poverty level to buy-in to the Medicaid program. The conference agreement provides for an effective date of October 1, 2000.

Extending Medicare Coverage for OASDI Disability Benefit Recipients

Present law

Social Security Disability Insurance (SSDI) beneficiaries are allowed to test their ability to work for at least nine months without affecting their disability or Medicare benefits. Disability payments stop when a beneficiary has monthly earnings at or above the substantial gainful activity level ($700) after the 9–month period. If the beneficiary remains disabled but continues working, Medicare can continue for an additional 39 months, for a total of 48 months of coverage.

House bill

Effective October 1, 2000, the bill provides for continued Medicare Part A coverage for 6 years beyond the current limit.

The bill requires the General Accounting Office (GAO) to submit a report to Congress (no later than 5 years after enactment) that examines the effectiveness and cost of extending Medicare Part A coverage to working disabled persons without charging them a premium; the necessity and effectiveness of providing the continuation of Medicare coverage to disabled individuals with incomes above the Social Security taxable wage base ($72,600); the use of a sliding-scale premium for high-income disabled individuals; the viability of an employer buy-in to Medicare; the interrelation between the use of continuation of Medicare coverage and private health insurance coverage; and that recommends whether the Medicare coverage extension should continue beyond the extended period provided under the bill.

Senate amendment

The amendment provides that during the 6–year period following enactment of the bill, disabled Social Security beneficiaries who engage in substantial gainful activity would be eligible for Medicare Part A coverage. Medicare Part A coverage could continue indefinitely after the termination of the 6–year period following enactment of the bill for any individual who is enrolled in the Medicare Part A program for the month that ends the 6–year period, without requiring the beneficiaries to pay premiums. It also provides for conforming amendments to facilitate this change.

The Senate amendment does not require GAO to examine the viability of an employer buy-in to Medicare.

Conference agreement

The Senate recedes to the House, but instead of the 6–year extension beyond current law in the House bill, the agreement includes a 4½ year extension.

Grants to Develop and Establish State Infrastructures to Support Working Individuals with Disabilities

Present law

No provision.

House bill

The bill requires the Secretary of HHS to award grants to States to design, establish and operate infrastructures that provide items and services to support working individuals with disabilities, and to conduct outreach campaigns to inform them about the infrastructures. States would be eligible for these grants under the following conditions:

They must provide Medicaid coverage to employed individuals with disabilities whose income does not exceed 250 percent of the Federal poverty level and who would be eligible for Supplemental Security Income (SSI), except for earnings; and

They must provide personal assistance services to assist individuals eligible under the bill to remain employed (that is, earn at least the Federal minimum wage and work at least 40 hours per month, or engage in work that meets criteria for work hours, wages, or other measures established by the State and approved by the Secretary of HHS).

Personal assistance services refers to a range of services provided by one or more persons to assist individuals with disabilities to perform daily activities on and off the job. These services would be designed to increase individuals' control in life.

The Secretary of HHS is required to develop a formula for the award of infrastructure grants. The formula must provide special consideration to States that extend Medicaid coverage to persons who cease to be eligible for SSDI and SSI because of an improvement in their medical condition, but who still have a severe medically determinable impairment and are employed.

Grant amounts to States must be a minimum of $500,000 per year, and may be up to a maximum of 15 percent of Federal and State Medicaid expenditures for individuals with disabilities whose income does not exceed 250 percent of the Federal poverty level and who would be eligible for SSI, except for earnings; and for individuals who cease to be eligible for Medicaid because of medical improvement.

States would be required to submit an annual report to the Secretary on the use of grant funds. In addition, the report must indicate the percent increase in the number of SSDI and SSI beneficiaries who return to work.

For developing State infrastructure grants, the bill authorizes the following amount for: FY2000, $20 million; FY2001, $25 million; FY2002, $30 million; FY2003, $35 million; FY2004, $40 million; and FY2005–10, the amount of appropriations for the preceding fiscal year plus the percent increase in the CPI for All Urban Consumers for the preceding fiscal year. The bill stipulates budget authority in advance of appropriations.

The Secretary of HHS, in consultation with the Ticket to Work and Work Incentives Advisory Panel established by the bill, is required to make a recommendation by October 1, 2009, to the Committee on Commerce in the House and the Committee on Finance in the Senate regarding whether the grant program should be continued after FY 2010.

Senate amendment

Similar provision, except for the following:

States would be eligible for infrastructure grants if they provide Medicaid coverage to individuals with disabilities whose income except for earnings, would make them eligible for SSI, and who meet State-established limits on assets, resources and earned or unearned income;

Special consideration for developing the formula for distribution of infrastructure grants is to be given to States that provide Medicaid benefits to individuals who cease to

be eligible for SSDI and SSI because of an improvement in their medical condition, but who have a severe medically determinable impairment and are employed; and The name of the advisory panel is the Work Incentives Advisory Panel.

Conference agreement

State participation in the grant programs would be de-linked from adoption of Medicaid optional eligibility categories. Furthermore, the maximum award section would be amended to reflect that delinking. States that do not choose to take up the optional Medicaid eligibility category permitting expansion to individuals with disabilities with incomes up to 250 percent of poverty would be subject to a maximum grant award established by a methodology developed by the Secretary consistent with the limit applied to states that do take up the option. For those states who do take up the option, the maximum will be 10 percent, rather than the 15 percent included in the House and Senate passed bills. These provisions would be effective October 1, 2000, with funding of: FY2001, $20 million; FY2002, $25 million; FY2003, $30 million; FY2004, $35 million; FY2005, $40 million; and FY2006–11, the amount of appropriations for the preceding fiscal year plus the percent increase in the CPI for All Urban Consumers for the preceding fiscal year.

The conferees encourage states to exercise the option to permit disabled workers to buy into Medicaid. Providing a Medicaid buy-in option will encourage disabled individuals to return to work without fear of losing their existing health coverage. While election of the Medicaid buy-in option is not a condition of eligibility for infrastructure grants under this section, the conferees urge the Secretary to award such grants with preference for states exercising the buy-in option. Such grants may be used to help finance other State programs facilitating a return to work by disabled individuals, thereby supplementing the Medicaid buy-in benefit as well as other work incentives provided by this Act.

Demonstration of Coverage under the Medicaid Program of Workers with Potentially Severe Disabilities

Present law

No provision.

House bill

The Secretary of HHS is required to approve applications from States to establish demonstration programs that would provide medical assistance equal to that provided under Medicaid for disabled persons age 16–64 who are ''workers with a potentially severe disability.'' These are individuals who meet a State's definition of physical or mental impairment, who are employed, and who are reasonably expected to meet SSI's definition of blindness or disability if they did not receive Medicaid services.

The Secretary is required to approve demonstration programs if the State meets the following requirements:

The State has elected to provide Medicaid coverage to individuals with disabilities whose income does not exceed 250 percent of the Federal poverty level and who would be eligible for SSI, except for their earnings;

Federal funds are used to supplement State funds used for workers with potentially severe disabilities at the time the demonstration is approved; and

The State conducts an independent evaluation of the demonstration program.

The bill allows the Secretary to approve demonstration programs that operate on a sub-State basis.

For purposes of the demonstration, individuals would be considered to be employed if they earn at least the Federal minimum wage and work at least 40 hours per month, or are engaged in work that meets threshold criteria for work hours, wages, or other measures as defined by the demonstration project and approved by the Secretary.

The bill authorizes $56 million for the 5–year period beginning FY2000. The bill prohibits any further payments to States beginning in FY2006.

Unexpended funds from previous years may be spent in subsequent years, but only through FY2005. The Secretary is required to allocate funds to States based on their applications and the availability of funds. Funds awarded to States would equal their Federal medical assistance percentage (FMAP) of expenditures for medical assistance to workers with a potentially severe disability.

The Secretary of HHS is required to make a recommendation by October 1, 2002, to the Committee on Commerce in the House and the Committee on Finance in the Senate regarding whether the grant program should be continued after FY2003.

Senate amendment

Similar provision, except for the following:

requires States to provide Medicaid coverage to individuals with disabilities whose income except for earnings, would make them eligible for SSI, and who meet State-established limits on assets, resources and earned or unearned income;

authorizes $72 million for FY 2000, $74 million for FY 2001, $78 million for FY2002, and $81 million for FY 2003;

limits payments to States to no more than $300 million and prohibits payments beginning in FY2006;

requires States with an approved demonstration to submit an annual report to the Secretary, including data on the total number of persons served by the project, and the number who are ''workers with a potentially severe disability.'' The aggregate amount of payments to States for administrative expenses related to annual reports may not exceed $5 million.

Conference agreement

The conference agreement would authorize the demonstration at $250 million over 6 years, and eligibility for demonstration funds would be delinked from adoption of Medicaid optional eligibility categories. These provisions would be effective October 1, 2000. In addition, the House recedes to the Senate on the inclusion on the annual report. The limitation on administrative expenses is reduced to $2 million. States' definitions of workers with potentially severe disabilities can include individuals with a potentially severe disability that can be traced to congenital birth defects as well as diseases or injuries developed or incurred through illness or accident in childhood or adulthood.

Election by Disabled Beneficiaries to Suspend Medigap Insurance when Covered under a Group Health Plan

Present law

No provision.

House bill

The bill requires Medigap supplemental insurance plans to provide that benefits and premiums of such plans be suspended at the policyholder's request if the policyholder is entitled to Medicare Part A benefits as a disabled individual and is covered under a group health plan (offered by an employer with 20 or more employees). If suspension occurs and the policyholder loses coverage under the group health plan, the Medigap policy is required to be automatically reinstituted (as of the date of loss of group coverage) if the policyholder provides notice of the loss of such coverage within 90 days of the date of losing group coverage.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Title III. Demonstration Projects and Studies

Extension of Disability Insurance Program Demonstration Project Authority

Present law

Section 505 of the Social Security Disability Amendments of 1980, as amended, (42 U.S.C. 1310) provides the Commissioner of Social Security authority to conduct certain demonstration projects. The Commissioner may initiate experiments and demonstration projects to test ways to encourage Social Security Disability Insurance (SSDI) beneficiaries to return to work, and may waive compliance with certain benefit requirements in connection with these projects. This demonstration authority expired on June 9, 1996.

House bill

Effective as of the date of enactment, the bill extends the demonstration authority for 5 years, and includes authority for demonstration projects involving applicants as well as beneficiaries.

Senate amendment

The Senate amendment provides for permanent demonstration authority.

Conference agreement

The Senate recedes to the House.

Demonstration Projects Providing for Reductions in Disability Insurance Benefits Based on Earnings

Present law

No provision.

House bill

The bill would require the Commissioner of Social Security to conduct a demonstration project under which payments to Social Security disability insurance (SSDI) beneficiaries would be reduced $1 for every $2 of beneficiary earnings. The Commissioner would be required to annually report to the Congress on the progress of this demonstration project.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Studies and Reports

Present law

No provision

House bill

1. GAO Report of Existing Disability-Related Employment Incentives.

The bill would direct the General Accounting Office (GAO) to assess the value of existing tax credits and disability-related employment initiatives under the Americans with Disabilities Act and other Federal laws. The report is to be submitted within 3 years to the Senate Committee on Finance and the House Committee on Ways & Means.

2. GAO Report of Existing Coordination of the DI and SSI Programs as They Relate to Individuals Entering or Leaving Concurrent Entitlement

The bill would direct the General Accounting Office (GAO) to evaluate the coordination under current law of work incentives for individuals eligible for both Social Security disability insurance (SSDI) and Supplemental Security Income (SSI). The report is to be submitted within 3 years to the Senate Committee on Finance and the House Committee on Ways & Means.

3. GAO Report on the Impact of the Substantial Gainful Activity Limit on Return to Work.

The bill would direct the General Accounting Office (GAO) to examine substantial gainful activity limit as a disincentive for return to work. The report is to be submitted within 2 years to the Senate Committee on Finance and the House Committee on Ways & Means.

4. Report on Disregards Under the DI and SSI Programs.

The bill would direct the Commissioner of Social Security to identify all income disregards under the Social Security disability insurance (SSDI) and Supplemental Security Income (SSI) programs; to specify the most recent statutory or regulatory change in each disregard; the current value of any disregard if the disregard had been indexed for inflation; recommend any further changes; and to report certain additional information and recommendations on disregards related to grants, scholarships, or fellowships used in attending any educational institution. The report is to be submitted within 90 days to the Senate Committee on Finance and the House Committee on Ways & Means.

5. GAO Report on SSA's Demonstration Authority

The bill would direct GAO to assess the Social Security Administration's (SSA) efforts to conduct disability demonstrations and to make a recommendation as to whether SSA's disability demonstration authority should be made permanent. The report is to be submitted within 5 years to the Senate Committee on Finance and the House Committee on Ways and Means.

Senate amendment

Similar provision, but does not include the GAO report on SSA's demonstration authority.

Conference agreement

The Senate recedes to the House.

Title IV. Miscellaneous and Technical Amendments

Technical Amendments Relating to Drug Addicts and Alcoholics

Present law

Public Law 104–121 included amendments to the SSDI and SSI disability programs providing that no individual could be considered to be disabled if alcoholism or drug addiction would otherwise be a contributing factor material to the determination of disability. The effective date for all new and pending applications was the date of enactment (March 29, 1996). For those whose claim had been finally adjudicated before the date of enactment, the amendments would apply commencing with benefits for months beginning on or after January 1, 1997. Individuals receiving benefits due to drug addiction or alcoholism can reapply for benefits based on another impairment. If the individual applied within 120 days after the date of enactment, the Commissioner is required to complete the entitlement redetermination by January 1, 1997.

Public Law 104–121 provided for the appointment of representative payees for recipients allowed benefits due to another impairment who also have drug addiction or alcoholism conditions, and the referral of those individuals for treatment.

House bill

The bill clarifies that the meaning of the term ''final adjudication'' includes a pending request for administrative or judicial review or a pending readjudication pursuant to class action or court remand. The bill also clarifies that if the Commissioner does not perform the entitlement redetermination before January 1, 1997, that entitlement redetermination must be performed in lieu of a continuing disability review.

The provision also corrects an anomaly that currently excludes all those allowed benefits (due to another impairment) before March 29, 1996, and redetermined before July 1, 1996, from the requirement that a representative payee be appointed and that the beneficiary be referred for treatment.

The amendments are effective as though they had been included in the enactment of Section 105 of Public Law 104–121 on March 29, 1996.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Treatment of Prisoners

1. Implementation of Prohibition Against Payment of Title II Benefits to Prisoners

Present law

Current law prohibits prisoners from receiving Old Age, Survivors and Disability (OASDI) benefits while incarcerated if they are convicted of any crime punishable by imprisonment of more than 1 year. Federal, State, county or local prisons are required to make available, upon written request, the name and Social Security account number of any individual so convicted who is confined in a penal institution or correctional facility.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly referred to as the welfare reform law, requires the Commissioner to make agreements with any interested State or local institution to provide monthly the names, Social Security account numbers, confinement dates, dates of birth, and other identifying information of residents who are SSI recipients. The Commissioner is required to pay the institution $400 for each SSI recipient who becomes ineligible as a result if the information is provided within 30 days of incarceration, and $200 if the information is furnished after 30 days but within 90 days. P.L. 104–193 requires the Commissioner to study the desirability, feasibility, and cost of establishing a system for courts to directly furnish SSA with information regarding court orders affecting SSI recipients, and requiring that State and local jails, prisons, and other institutions that enter into contracts with the Commissioner to furnish the information by means of an electronic or similar data exchange system.

The Commissioner is authorized to provide, on a reimbursable basis, information obtained pursuant to these agreements to any Federal or federally-assisted cash, food, or medical assistance program for the purpose of determining program eligibility.

House bill

The House bill amends prisoner provisions in the welfare reform law to include recipients of OASDI benefits in the prisoner reporting system.

The bill requires the Commissioner to enter into an agreement with any interested State or local correctional institution to provide monthly the names, Social Security account numbers, confinement dates, dates of birth, and other identifying information regarding prisoners who receive OASDI benefits. Certain requirements for computer matching agreements would not apply. For each eligible individual who becomes ineligible as a result, the Commissioner would pay the institution an amount up to $400 if the information is provided within 30 days of incarceration, and up to $200 if provided after 30 days but within 90 days.

Payments to correctional institutions would be reduced by 50 percent for multiple reports on the same individual who receives both SSI and OASDI benefits. Payments made to the correctional institution would be made from OASI or DI Trust Funds, as appropriate.

The Commissioner is required to provide on a reimbursable basis information obtained pursuant to these agreements to any Federal or federally-assisted cash, food, or medical assistance program for the purpose of determining program eligibility.

These amendments are effective for prisoners whose confinement begins on or after the first day of the fourth month after the month of enactment.

Senate amendment

Similar provision, except the Senate amendment:

Authorizes, rather than requires, the Commissioner to provide information obtained under this provision to be shared with other Federal and federally-assisted agencies;

Limits the uses of this information to ''eligibility purposes'' not including ''other administrative purposes'' as provided in the House bill; and

Does not include conforming amendments.

Conference agreement

The Senate recedes to the House.

2. Elimination of Title II Requirement That Confinement Stem From Crime Punishable by Imprisonment For More Than 1 Year

Present law

The Social Security Act bars payment of OASDI benefits to prisoners convicted of any crime punishable by imprisonment of more than one year and to those who are institutionalized because they are found guilty but insane. In addition, the law stipulates that no monthly benefits shall be paid to any person for any month during which the person is an inmate.

House bill

This House bill broadens the prohibition of OASDI benefits to prisoners to be identical to those that apply to SSI benefits. In addition, it replaces ''an offense punishable by imprisonment for more than 1 year'' with ''a criminal offense,'' and includes benefits payable to persons confined to: (1) a penal institution; or (2) other institution if found guilty but insane, regardless of the total duration of the confinement. An exception would be made for prisoners incarcerated for less than 30 days. The provision is effective for prisoners whose confinement begins on or after the first day of the fourth month after the month of enactment.

Senate amendment

Similar provision, except restrictions would apply during months throughout which the criminal was incarcerated, rather than in any month during which the criminal was incarcerated as in the House bill. In addition, does not exempt prisoners convicted of crimes punishable by imprisonment of less 30 days.

Conference agreement

The Senate recedes to the House.

3. Conforming Title XVI Amendments

Present law

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 required the Commissioner of Social Security to enter into an agreement with any interested State or local institution (defined as a jail, prison, other correctional facility, or institution where the individual is confined due to a court order) under which the institution shall provide monthly the names, Social Security numbers, dates of birth, confinement dates, and other identifying information of prisoners. The Commissioner must pay to

the institution for each eligible individual who becomes ineligible for SSI $400 if the information is provided within 30 days of the individual's becoming an inmate. The payment is $200 if the information is furnished after 30 days but within 90 days.

House bill

The amendment is designed to clarify the provision in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that, in cases in which an inmate receives benefits under both the SSI and Social Security programs, payments to correctional facilities would be restricted to $400 or $200, depending on when the report is furnished. The amendment also expands the categories of institutions eligible to report incarceration of prisoners. This provision is effective as of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 on August 22, 1996.

Senate amendment

Similar provision, but limits the uses of this information to ''eligibility purposes'' not including ''other administrative purposes'' as provided in the House bill.

Conference agreement

The Senate recedes to the House.

4. Continued Denial of Benefits to Sex Offenders Remaining Confined to Public Institutions Upon Completion of Prison Terms

Present Law

No provision.

House bill

The bill prohibits OASDI payments to sex offenders who, on completion of a prison term, remain confined in a public institution pursuant to a court finding that they continue to be sexually dangerous to others. The provision applies to benefits for months ending after the date of enactment.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Revocation by Members of the Clergy of Exemption From Social Security Coverage

Present law

Practicing members of the clergy are automatically covered by Social Security as self-employed workers unless they file for an exemption from Social Security coverage within a period ending with the due date of the tax return for the second taxable year (not necessarily consecutive) in which they begin performing their ministerial services. Members of the clergy seeking the exemption must file statements with their church, order, or licensing or ordaining body stating their opposition to the acceptance of Social Security benefits on religious principles. If elected, this exemption is irrevocable.

House bill

The House bill provides a 2-year ''open season,'' beginning January 1, 2000, for members of the clergy who want to revoke their exemption from Social Security. This decision to join Social Security would be irrevocable. A member of the clergy choosing such coverage would become subject to self-employment taxes and his or her subsequent earnings would be credited for Social Security (and Medicare) benefit purposes. The provision is effective January 1, 2000, for a period of 2 years.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Additional Technical Amendment Relating to Cooperative Research or Demonstration Projects Under Titles II and XVI

Present law

Current law authorizes Title XVI funding for making grants to States and public and other organizations for paying part of the cost of cooperative research or demonstration projects.

House bill

The provision clarifies current law to include agreements or grants concerning Title II of the Social Security Act and is effective as of August 15, 1994.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Authorization for States to Permit Annual Wage Reports

Present law

The Social Security Domestic Employment Reform Act of 1994 (P.L. 103–387) changed certain Social Security and Medicare tax rules. Specifically, the Act provided that domestic service employers (that is, individuals employing maids, gardeners, babysitters, and the like) would no longer owe taxes for any domestic employee who earned less than $1,000 per year from the employer. In addition, the Act simplified certain reporting requirements. Domestic employers were no longer required to file quarterly returns regarding Social Security and Medicare taxes, nor the annual Federal Unemployment Tax Act (FUTA) return. Instead, all Federal reporting was consolidated on an annual Schedule H filed at the same time as the employer's personal income tax return.

House bill

The provision allows States the option of permitting domestic service employers to file annual rather than quarterly wage reports pursuant to section 1137 of the Social Security Act, which provides for an income and eligibility verification system (IEVS) for certain public benefits. This provision is effective as of the date of enactment.

Senate amendment

Identical provision.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Assessment on Attorneys Who Receive Fees Via the Social Security Administration

Present law

The Commissioner of Social Security, using one of two processes, authorizes the fee that may be charged by an attorney or non-attorney to represent a claimant in administrative proceedings for Social Security, SSI, or Part B Black Lung benefits.

Under the fee agreement process, the representative and claimant submit a signed agreement reflecting the amount of the fee before the date of a favorable decision, and the agreement usually will be approved by the Commissioner if the specified fee does not exceed the lesser of 25 percent of the claimant's past-due benefits or $4,000. The Commissioner then issues a notice of the maximum fee the representative can charge based on the approved agreement.

Under the fee petition process, the representative submits an itemized list of services and fees after a decision has been issued. The Commissioner will issue a notice of the fees that are approved or disapproved after reviewing the extent and types of services performed, the complexity of the case, and the amount of time spent by the representative on the case.

The Social Security Act and Social Security regulations provide that a representative may not charge or collect, directly or indirectly, a fee in any amount not approved by the Social Security Administration (SSA) or a Federal court. The statute and regulations further provide that SSA may suspend or disqualify from further practice before SSA a representative who breaks the rules governing representatives.

Under programs authorized under title II of the Social Security Act, in favorable decisions in which the claimant is represented by an attorney, the Commissioner must withhold and certify direct payment to the attorney, out of the claimant's past-due benefits, an amount equal to the smaller of: (1) 25 percent of the past-due benefits, or (2) the fee authorized by the Commissioner under either the fee petition or fee agreement process. This payment provision does not apply to SSI benefits and an attorney must look to the SSI beneficiary for payment of the fee. In addition, it does not apply to fees requested by non-attorney representatives.

The costs associated with approving, determining, processing, withholding, and certifying direct payment of attorney fees are currently absorbed in SSA's administrative budget.

House bill

The bill requires the Commissioner of Social Security to recover from attorneys' fees the cost of administering the process used to certify payment of attorneys fees. The assessment would be withheld from the amount payable to the attorney and the attorney would be prohibited from recovering the assessment from the beneficiary. The provision specifies an assessment of 6.3 percent of the approved attorney's fee for FY2000. After FY2000, the percentage would be adjusted by the Commissioner as necessary to achieve full recovery of the costs associated with certifying fees to attorneys.

The provision is applicable to fees required to be certified for payment after December 31, 1999, or the last day of the first month beginning after the month of enactment, whichever is later.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill with the modification that, for calendar years after 2000, the assessment would be set at a rate to achieve full recovery of the costs of determining, processing, withholding, and distributing payment of fees to attorneys, but shall not exceed 6.3 percent of the attorney's fee. The Conferees expect that the Commissioner of Social Security will take into account in determining the cost to the Social Security Administration the processing, withholding, and distributing of payments of fees to attorneys. The agreement contemplates ongoing Congressional oversight of the attorney fee assessment process through hearings and requires a study by the General Accounting Office (GAO) to examine the costs of administering the attorney fee provisions with specific estimates of the costs of processing, withholding, and distributing of payment of fees. GAO would also explore the feasibility and advisability of a fixed fee as opposed to an assessment based on a percentage of the attorney's fee and would determine whether the assessment impairs access to representation for applicants. GAO would be required to make recommendations regarding efficiencies that the Commissioner could implement to reduce the cost of determining and certifying fees, the feasibility of linking the collection of the assessment to the timeliness of the payment of fees to attorneys, and

the advisability of extending attorney fee disbursement to the Supplemental Security Income program. The agreement also eliminates the requirement that the Commissioner may not certify a fee before the end of the 15–day waiting period, but does not affect any beneficiary's right of appeal.

The authority is provided to the SSA to decrease the user fee assessment, and accordingly it should be decreased to take into account any administrative savings associated with technological improvements or administrative efficiencies implemented by the SSA or if the GAO finds that actual administrative expenses are less than reported by the SSA. The SSA should devote special attention to GAO recommendations related to program improvements or administrative efficiencies.

In addition, the Congress and the Committees of jurisdiction should reconsider the assessment promptly if the GAO finds that such a fee in any way impairs or impacts beneficiaries' ability to obtain and secure legal representation.

Prevention of Fraud and Abuse Associated with Certain Payments Under the Medicaid Program

Present law

Under the Individuals with Disabilities Education Act (IDEA), public schools must provide children with disabilities with a free and appropriate public education in the least restrictive educational setting, including special education and health-related services according to their individualized education program (IEP). In order to assist schools in meeting this obligation, under certain circumstances States may turn to Medicaid as a payer for health-related services such as occupational therapy, speech therapy, and physical therapy. Under certain conditions, school districts may directly bill their State Medicaid program for health-related services provided to disabled children enrolled in Medicaid. In addition, a school district may utilize a community-based organization to provide health-related services to disabled children enrolled in Medicaid.

In May of 1999, the Health Care Financing Administration (HCFA) clarified federal policies with respect to reimbursement for school-based health services under Medicaid in three areas: (1) bundled rates for medical services provided to Medicaid-eligible children in schools; (2) Federal matching payments for school health-related transportation services; and (3) school health-related administrative activities.

House bill

The bill stipulates that Medicaid payments for school-based services and related administrative costs are not to be made unless certain conditions are met. First, individual items and services may not be bundled unless payment is made under a methodology approved by the Secretary of Health and Human Services (HHS). Similarly, fee-for-service payment for individual items and services and administrative expenses is permitted only when payment does not exceed amounts paid to other entities for the same items, services, or administrative expenses, or is made in accordance with an alternative arrangement approved by the Secretary. This provision also codifies HCFA's policies on transportation services in effect as of May 1999. Finally, the provision delineates specific conditions under which payments for Medicaid covered items, services and administrative expenses can be made when a public agency such as a school district contracts with an entity to conduct claims processing functions.

The bill requires coordination between states, managed care entities and schools related to provision of and payment for Medicaid services provided in school settings. The provision would ensure that local school agencies are able to recoup an appropriate amount of federal financial match when they make expenditures for services for these Medicaid eligible children. Finally, the provision specifies that the Administrator of HCFA, in consultation with State Medicaid and education agencies and local school systems, will develop and implement a uniform methodology for administrative claims made by schools.

Senate amendment

No provision.

Conference agreement

The House recedes to the Senate.

Extension of Authority of State Medicaid Fraud Control Units

Present law

Medicaid Fraud Control Units established by State governments as entities separate from the State's Medicaid agency are authorized to investigate and refer for prosecution Medicaid fraud as well as patient abuse in facilities that participate in the Medicaid program.

House bill

The bill permits State Medicaid Fraud Control Units to investigate fraud related to any Federal health care program, subject to the approval of the appropriate Inspector General, if the suspected fraud is related to Medicaid fraud. Funds that are recovered would be returned to the relevant Federal health care program or the Medicaid program. Fraud control units would be permitted to investigate patient abuse in non-Medicaid residential health care facilities.

Senate amendment

No provision.

Conference agreement

The Senate recedes to the House.

Climate Database Modernization

Present law

No provision.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

Notwithstanding any other provision of law, the National Oceanic and Atmospheric Administration (NOAA) shall contract for its multi-year program for climate database modernization and utilization in accordance with NIH Image World Contract #263–96–D–0323 and Task Order #56–DKNE–9–98303 which were awarded as a result of fair and open competition conducted in response to NOAA's solicitation IW SOW 1082.

Special Allowance Adjustment for Student Loans

Present law

Under the Higher Education Act of 1965, the special allowance paid to lenders for participation in the Federal Family Education Loan Program is pegged to the rate for 91-day Treasury bills.

House bill

The bill changes the index for the special allowance from 91-day Treasury bills to that for 3-month commercial paper and would be applicable for payment with respect to any 3-month period beginning on or after January 1, 2000, for loans for which the first disbursement is made after such date.

Senate amendment

No provision.

Conference agreement

The Senate recedes to the House. In receding to the House on the provision, the conferees wish to note that the Higher Education Act reauthorization (P.L. 105–244) required the establishment of a study group to design and conduct a study to identify and evaluate means of establishing a market mechanism for the delivery of Title IV loans. Not fewer than three different mechanisms were to be identified and evaluated by this group which was to report to the Congress no later than May 15, 2001. The conferees wish to note that the Chairman and Ranking Member of the Committee on Education and the Workforce and the Chairman and Ranking Member of the House Subcommittee on Postsecondary Education, Training and Life Long Learning have endorsed the change to the lender yield calculation on student loans contained in the bill. The proposal would change lender yields from January 1, 2000 through June 30, 2003 at which time the House Education and the Workforce Committee and the Senate Health, Education, Labor, and Pension Committee can appropriately review this item during the consideration of the Higher Education Act reauthorization.

Schedule for Payments Under SSI State Supplementation Agreements

Present law

States may supplement the federal Supplemental Security Income (SSI) payment. The Social Security Administration (SSA) administers this state supplement payment for 26 States. Under current regulations, States must reimburse SSA within 5 business days after the monthly supplement payment has been made by SSA.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement would change the date for remitting reimbursement by the States to no later than the business day preceding the date SSA pays the monthly benefit. For the payment for the last month of the State's fiscal year, States shall remit the reimbursement by the fifth business day following the date SSA pays the monthly benefit. The agreement also provides for a penalty of 5 percent of the payment and fees due if the payment is received after the specified dates. This provision is effective for monthly benefits paid for months after September 2009 (October 2009 for States with fiscal years that coincide with the Federal fiscal year).

Bonus Commodities Related to the National School Lunch Act

Present law

In the School Lunch program, schools are entitled to federal food commodity assistance for each meal they serve. Commodity assistance must equal a specific amount per meal, about 15 cents a meal in the 1999–2000 school year. In addition, when all school lunch program aid (cash and commodities) are added together, the value of commodities purchased to meet the per-meal (15–cent) entitlement—so-called entitlement commodities—must equal 12 percent of the total cash and commodity aid provided. If not, the Agriculture Department is required to buy additional commodities to meet the 12 percent requirement.

The Agriculture Department appropriations laws for fiscal years 1999 and 2000 changed this 12 percent rule temporarily. They require that any commodities acquired by the Agriculture Department for farm support reasons, and then donated to schools in the school lunch program (so-called bonus commodities), be counted when judging whether the 12 percent requirement has been met.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement would apply the provisions incorporated in the Agriculture Department appropriations laws for fiscal years 1999 and 2000 to fiscal years 2001 through 2009.

Simplification of Foster Child Definition Under Earned Income Credit

Present law

For purposes of the earned income credit (''EIC''), qualifying children may include foster children who reside with the taxpayer for a full year, if the taxpayer cares for the foster children as the taxpayer's own children. (Code sec. 32(c)(3)(B)(iii)). All EIC qualifying children (including foster children) must either be under the age of 19 (24 if a full-time student) or permanently and totally disabled. There is no requirement that the foster child either be (1) placed in the household by a foster care agency or (2) a relative of the taxpayer.

House bill

NO PROVISION.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

For purposes of the EIC, a foster child is defined as a child who (1) is cared for by the taxpayer as if he or she were the taxpayer's own child, (2) has the same principal place of abode as the taxpayer for the taxpayer's entire taxable year, and (3) either is the taxpayer's brother, sister, stepbrother, stepsister, or descendant (including an adopted child) of any such relative, or was placed in the taxpayer's home by an agency of a State or one of its political subdivisions or by a tax-exempt child placement agency licensed by a State.

Delay of Effective Date of Organ Procurement and Transplantation Network Final Rule

Present law

No provision.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The final rule entitled ''Organ Procurement and Transplantation Network'', promulgated by the Secretary of Health and Human Services on April 2, 1998, together with the amendments to such rules promulgated on October 20, 1999 shall not become effective before the expiration of the 90–day period beginning on the date of enactment of this Act.

LEGISLATIVE BACKGROUND

H.R. 1180, the ''Ticket to Work and Work Incentives Improvement Act of 1999,'' was passed by the House on October 19, 1999. In the Senate, the provisions of S. 331 (the ''Work Incentives Improvement Act of 1999''), with an amendment, were substituted, and the bill, as amended, passed the Senate on October 21, 1999. The conference agreement to H.R. 1180 contains provisions to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities. Provisions of H.R. 2923 (''Extension of Expiring Provisions''),[1] as approved by the Ways and Means Committee on September 28, 1999, and S. 1792, (the ''Tax Relief Extension Act of 1999''),[2] as passed by the Senate on October 29, 1999, are included in the conference agreement to H.R. 1180.

I. EXTENSION OF EXPIRED AND EXPIRING TAX PROVISIONS

A. Extend Minimum Tax Relief for Individuals (secs. 24 and 26 of the Code)

Present Law

Present law provides for certain nonrefundable personal tax credits (i.e., the dependent care credit, the credit for the elderly and disabled, the adoption credit, the child tax credit, the credit for interest on certain home mortgages, the HOPE Scholarship and Lifetime Learning credits, and the D.C. homebuyer's credit). Except for taxable years beginning during 1998, these credits are allowed only to the extent that the individual's regular income tax liability exceeds the individual's tentative minimum tax, determined without regard to the minimum tax foreign tax credit. For taxable years beginning during 1998, these credits are allowed to the extent of the full amount of the individual's regular tax (without regard to the tentative minimum tax).

An individual's tentative minimum tax is an amount equal to (1) 26 percent of the first $175,000 ($87,500 in the case of a married individual filing a separate return) of alternative minimum taxable income (''AMTI'') in excess of a phased-out exemption amount and (2) 28 percent of the remaining AMTI. The maximum tax rates on net capital gain used in computing the tentative minimum tax are the same as under the regular tax. AMTI is the individual's taxable income adjusted to take account of specified preferences and adjustments. The exemption amounts are: (1) $45,000 in the case of married individuals filing a joint return and surviving spouses; (2) $33,750 in the case of other unmarried individuals; and (3) $22,500 in the case of married individuals filing a separate return, estates and trusts. The exemption amounts are phased out by an amount equal to 25 percent of the amount by which the individual's AMTI exceeds (1) $150,000 in the case of married individuals filing a joint return and surviving spouses, (2) $112,500 in the case of other unmarried individuals, and (3) $75,000 in the case of married individuals filing separate returns or an estate or a trust. These amounts are not indexed for inflation.

For families with three or more qualifying children, a refundable child credit is provided, up to the amount by which the liability for social security taxes exceeds the amount of the earned income credit (sec. 24(d)). For taxable years beginning after 1998, the refundable child credit is reduced by the amount of the individual's minimum tax liability (i.e., the amount by which the tentative minimum tax exceeds the regular tax liability).

House Bill

No provision. H.R. 2923, as approved by the Committee on Ways and Means, makes permanent the provision that allows an individual to offset the entire regular tax liability (without regard to the minimum tax) by the personal nonrefundable credits.

H.R. 2923 repeals the present-law provision that reduces the refundable child credit by the amount of an individual's minimum tax.

Effective date.—The provisions of H.R. 2923 are effective for taxable years beginning after December 31, 1998.

Senate Amendment

No provision. S. 1792, as passed by the Senate, contains the same provisions as H.R. 2923, except that the provisions apply only to taxable years beginning in 1999 and 2000.

Conference Agreement

The conference agreement extends the provision that allows the nonrefundable credits to offset the individual's regular tax liability in full (as opposed to only the amount by which the regular tax exceeds the tentative minimum tax) to taxable years beginning in 1999. For taxable years beginning in 2000 and 2001 the personal nonrefundable credits may offset both the regular tax and the minimum tax.[3]

Under the conference agreement, the refundable child credit will not be reduced by the amount of an individual's minimum tax in taxable years beginning in 1999, 2000, and 2001.

B. Extend Research and Experimentation Tax Credit and Increase Rates for the Alternative Incremental Research Credit (sec. 41 of the Code)

Present Law

Section 41 provides for a research tax credit equal to 20 percent of the amount by which a taxpayer's qualified research expenditures for a taxable year exceeded its base amount for that year. The research tax credit expired and generally does not apply to amounts paid or incurred after June 30, 1999.

Except for certain university basic research payments made by corporations, the research tax credit applies only to the extent that the taxpayer's qualified research expenditures for the current taxable year exceed its base amount. The base amount for the current year generally is computed by multiplying the taxpayer's ''fixed-base percentage'' by the average amount of the taxpayer's gross receipts for the four preceding years. If a taxpayer both incurred qualified research expenditures and had gross receipts during each of at least three years from 1984 through 1988, then its ''fixed-base percentage'' is the ratio that its total qualified research expenditures for the 1984–1988 period bears to its total gross receipts for that period (subject to a maximum ratio of .16). All other taxpayers (so-called ''start-up firms'') are assigned a fixed-base percentage of 3 percent. Expenditures attributable to research that is conducted outside the United States do not enter into the credit computation.

Taxpayers are allowed to elect an alternative incremental research credit regime. If a taxpayer elects to be subject to this alternative regime, the taxpayer is assigned a three-tiered fixed-base percentage (that is lower than the fixed-base percentage otherwise applicable under present law) and the credit rate likewise is reduced. Under the alternative credit regime, a credit rate of 1.65 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1 percent (i.e., the base amount equals 1 percent of the taxpayer's average gross receipts for the four preceding years) but do not exceed a base amount computed by using a fixed-base percentage of 1.5 percent. A credit rate of 2.2 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1.5 percent but do not exceed a base amount computed by using a fixed-base percentage of 2 percent. A credit rate of 2.75 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 2 percent. An election to be subject to this alternative incremental credit regime may be made for any

[1] The provisions of H.R. 2923 were reported by the House Committee on Ways and Means on September 28, 1999 (H. Rept. 106–344).

[2] The provisions of S. 1792 were reported by the Senate Committee on Finance on October 26, 1999 (S. Rept. 106–201).

[3] The foreign tax credit will be allowed before the personal credits in computing the regular tax for these years.

taxable year beginning after June 30, 1996, and such an election applies to that taxable year and all subsequent years (in the event that the credit subsequently is extended by Congress) unless revoked with the consent of the Secretary of the Treasury.

House Bill

No provision. However, H.R. 2923, as approved by the Committee on Ways and Means, extends the research tax credit for five years—i.e., generally, for the period July 1, 1999, through June 30, 2004.

In addition, the provision increases the credit rate applicable under the alternative incremental research credit one percentage point per step, that is from 1.65 percent to 2.65 percent when a taxpayer's current-year research expenses exceed a base amount of 1 percent but do not exceed a base amount of 1.5 percent; from 2.2 percent to 3.2 percent when a taxpayer's current-year research expenses exceed a base amount of 1.5 percent but do not exceed a base amount of 2 percent; and from 2.75 percent to 3.75 percent when a taxpayer's current-year research expenses exceed a base amount of 2 percent.

Research tax credits that are attributable to the period beginning on July 1, 1999, and ending on September 30, 2000, may not be taken into account in determining any amount required to be paid for any purpose under the Internal Revenue Code prior to October 1, 2000. On or after October 1, 2000, such credits may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means that is allowed by the Code.

Effective date.—The extension of the research credit is effective for qualified research expenditures paid or incurred during the period July 1, 1999, through June 30, 2004. The increase in the credit rate under the alternative incremental research credit is effective for taxable years beginning after June 30, 1999. Estimated tax penalties will be waived for the period before July 1, 1999, with respect to any underpayment that is created by reason of the rule allocating research credits to a period based on the ratio of months in such period to the months in the taxable year.

Senate Amendment

No provision. However, S. 1792, as passed by the Senate, extends the research tax credit for 18 months—i.e., generally, for the period July 1, 1999, through December 31, 2000.

In addition, S. 1792 increases the credit rate applicable under the alternative incremental research credit one percentage point per step, that is, identical to the H.R. 2923.

Lastly, S. 1792 expands the definition of qualified research to include research undertaken in Puerto Rico and possessions of the United States. However, any employee compensation or other expense claimed for computation of the research credit may not also be claimed for the purpose of any credit allowable under sec. 30A (''Puerto Rico economic activity credit'') or under sec. 936 (''Puerto Rico and possession tax credit'').

Effective date.—The extension of the research credit is effective for qualified research expenditures paid or incurred during the period July 1, 1999, through December 31, 2000. The increase in the credit rate under the alternative incremental research credit is effective for taxable years beginning after June 30, 1999. The expansion of qualified research to include research undertaken in any possession of the United States is effective for qualified research expenditures paid or incurred beginning after June 30, 1999.

Conference Agreement

The conference agreement includes the provision of H.R. 2923 by extending the research credit through June 30, 2004.

In addition, the conference agreement follows H.R. 2923 and S. 1792 by increasing the credit rate applicable under the alternative incremental research credit by one percentage point per step.

The conference agreement follows S. 1792 by expanding the definition of qualified research to include research undertaken in Puerto Rico and possessions of the United States.

Research tax credits that are attributable to the period beginning on July 1, 1999, and ending on September 30, 2000, may not be taken into account in determining any amount required to be paid for any purpose under the Internal Revenue Code prior to October 1, 2000. On or after October 1, 2000, such credits may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means that are allowed by the Code. The prohibition on taking credits attributable to the period beginning on July 1, 1999, and ending on September 30, 2000, into account as payments prior to October 1, 2000, extends to the determination of any penalty or interest under the Code. For example, the amount of tax required to be shown on a return that is due prior to October 1, 2000 (excluding extensions) may not be reduced by any such credits. In addition, the conferees clarify that deductions under section 174 are reduced by credits allowable under section 41 as under present law, not withstanding the delay in taking the credit into account created by this provision.

Similarly, research tax credits that are attributable to the period beginning October 1, 2000, and ending on September 30, 2001, may not be taken into account in determining any amount required to be paid for any purpose under the Internal Revenue Code prior to October 1, 2001. On or after October 1, 2001, such credits may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means that are allowed by the Code. Likewise, the prohibition on taking credits attributable to the period beginning on October 1, 2000, and ending on September 30, 2001, into account as payments prior to October 1, 2001, extends to the determination of any penalty or interest under the Code.

In extending the research credit, the conferees are concerned that the definition of qualified research be administered in a manner that is consistent with the intent Congress has expressed in enacting and extending the research credit. The conferees urge the Secretary to consider carefully the comments he has and may receive regarding the proposed regulations relating to the computation of the credit under section 41(c) and the definition of qualified research under section 41(d), particularly regarding the ''common knowledge'' standard. The conferees further note the rapid pace of technological advance, especially in service-related industries, and urge the Secretary to consider carefully the comments he has and may receive in promulgating regulations in connection with what constitutes ''internal use'' with regard to software expenditures. The conferees also observe that software research, that otherwise satisfies the requirements of section 41, which is undertaken to support the provision of a service, should not be deemed ''internal use'' solely because the business component involves the provision of a service.

The conferees wish to reaffirm that qualified research is research undertaken for the purpose of discovering new information which is technological in nature. For purposes of applying this definition, new information is information that is new to the taxpayer, is not freely available to the general public, and otherwise satisfies the requirements of section 41. Employing existing technologies in a particular field or relying on existing principles of engineering or science is qualified research, if such activities are otherwise undertaken for purposes of discovering information and satisfy the other requirements under section 41.

The conferees also are concerned about unnecessary and costly taxpayer record keeping burdens and reaffirm that eligibility for the credit is not intended to be contingent on meeting unreasonable record keeping requirements.

Effective date.—The extension of the research credit is effective for qualified research expenditures paid or incurred during the period July 1, 1999, through June 30, 2004. The increase in the credit rate under the alternative incremental research credit is effective for taxable years beginning after June 30, 1999.

C. Extend Exceptions under Subpart F for Active Financing Income (secs. 953 and 954 of the Code)

Present Law

Under the subpart F rules, 10–percent U.S. shareholders of a controlled foreign corporation (''CFC'') are subject to U.S. tax currently on certain income earned by the CFC, whether or not such income is distributed to the shareholders. The income subject to current inclusion under the subpart F rules includes, among other things, foreign personal holding company income and insurance income. In addition, 10–percent U.S. shareholders of a CFC are subject to current inclusion with respect to their shares of the CFC's foreign base company services income (i.e., income derived from services performed for a related person outside the country in which the CFC is organized).

Foreign personal holding company income generally consists of the following: (1) dividends, interest, royalties, rents, and annuities; (2) net gains from the sale or exchange of (a) property that gives rise to the preceding types of income, (b) property that does not give rise to income, and (c) interests in trusts, partnerships, and REMICs; (3) net gains from commodities transactions; (4) net gains from foreign currency transactions; (5) income that is equivalent to interest; (6) income from notional principal contracts; and (7) payments in lieu of dividends.

Insurance income subject to current inclusion under the subpart F rules includes any income of a CFC attributable to the issuing or reinsuring of any insurance or annuity contract in connection with risks located in a country other than the CFC's country of organization. Subpart F insurance income also includes income attributable to an insurance contract in connection with risks located within the CFC's country of organization, as the result of an arrangement under which another corporation receives a substantially equal amount of consideration for insurance of other-country risks. Investment income of a CFC that is allocable to any insurance or annuity contract related to risks located outside the CFC's country of organization is taxable as subpart F insurance income (Prop. Treas. Reg. sec. 1.953–1(a)).

Temporary exceptions from foreign personal holding company income, foreign base company services income, and insurance income apply for subpart F purposes for certain income that is derived in the active conduct of a banking, financing, or similar business, or in the conduct of an insurance business (so-called ''active financing income''). These exceptions are applicable only for taxable years beginning in 1999.[4]

[4] Temporary exceptions from the subpart F provisions for certain active financing income applied

Continued

With respect to income derived in the active conduct of a banking, financing, or similar business, a CFC is required to be predominantly engaged in such business and to conduct substantial activity with respect to such business in order to qualify for the exceptions. In addition, certain nexus requirements apply, which provide that income derived by a CFC or a qualified business unit (''QBU'') of a CFC from transactions with customers is eligible for the exceptions if, among other things, substantially all of the activities in connection with such transactions are conducted directly by the CFC or QBU in its home country, and such income is treated as earned by the CFC or QBU in its home country for purposes of such country's tax laws. Moreover, the exceptions apply to income derived from certain cross border transactions, provided that certain requirements are met. Additional exceptions from foreign personal holding company income apply for certain income derived by a securities dealer within the meaning of section 475 and for gain from the sale of active financing assets.

In the case of insurance, in addition to a temporary exception from foreign personal holding company income for certain income of a qualifying insurance company with respect to risks located within the CFC's country of creation or organization, certain temporary exceptions from insurance income and from foreign personal holding company income apply for certain income of a qualifying branch of a qualifying insurance company with respect to risks located within the home country of the branch, provided certain requirements are met under each of the exceptions. Further, additional temporary exceptions from insurance income and from foreign personal holding company income apply for certain income of certain CFCs or branches with respect to risks located in a country other than the United States, provided that the requirements for these exceptions are met.

House Bill

No provision, but H.R. 2923, as approved by the Committee on Ways and Means, extends for five years the present-law temporary exceptions from subpart F foreign personal holding company income, foreign base company services income, and insurance income for certain income that is derived in the active conduct of a banking, financing, or similar business, or in the conduct of an insurance business.

Effective date.—The provision is effective for taxable years of foreign corporations beginning after December 31, 1999, and before January 1, 2005, and for taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, extends for one year the present-law temporary exceptions from subpart F foreign personal holding company income, foreign base company services income, and insurance income for certain income that is derived in the active conduct of a banking, financing, or similar business, or in the conduct of an insurance business.

Effective date.—The provision is effective only for taxable years of foreign corporations beginning in 2000, and for taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.

Conference Agreement

The conference agreement includes the provision in H.R. 2923 and S. 1792, with a modification to the effective date. The provision in the conference agreement extends for two years the present-law temporary exceptions from subpart F foreign personal holding company income, foreign base company services income, and insurance income for certain income that is derived in the active conduct of a banking, financing, or similar business, or in the conduct of an insurance business.

The conference agreement clarifies that if the temporary exception from subpart F insurance income does not apply for a taxable year beginning after December 31, 2001, section 953(a) is to be applied to such taxable year in the same manner as it would for a taxable year beginning in 1998 (i.e., under the law in effect before amendments to section 953(a) were made in 1998).[5] Thus, for future periods in which the temporary exception relating to insurance income is not in effect, the same-country exception from subpart F insurance income applies as under prior law.

Effective date.—The provision is effective for taxable years of foreign corporations beginning after December 31, 1999, and before January 1, 2002, and for taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.

D. Extend Suspension of Net Income Limitation on Percentage Depletion from Marginal Oil and Gas Wells (sec. 613A of the Code)

Present Law

The Code permits taxpayers to recover their investments in oil and gas wells through depletion deductions. In the case of certain properties, the deductions may be determined using the percentage depletion method. Among the limitations that apply in calculating percentage depletion deductions is a restriction that, for oil and gas properties, the amount deducted may not exceed 100 percent of the net income from that property in any year (sec. 613(a)).

Special percentage depletion rules apply to oil and gas production from ''marginal'' properties (sec. 613A(c)(6)). Marginal production is defined as domestic crude oil and natural gas production from stripper well property or from property substantially all of the production from which during the calendar year is heavy oil. Stripper well property is property from which the average daily production is 15 barrel equivalents or less, determined by dividing the average daily production of domestic crude oil and domestic natural gas from producing wells on the property for the calendar year by the number of wells. Heavy oil is domestic crude oil with a weighted average gravity of 20 degrees API or less (corrected to 60 degrees Farenheit). Under one such special rule, the 100-percent-of-net-income limitation does not apply to domestic oil and gas production from marginal properties during taxable years beginning after December 31, 1997, and before January 1, 2000.

House Bill

No provision, but H.R. 2923, as approved by the Committee on Ways and Means, extends the present-law suspension of the 100–percent-of-net-income limitation with respect to oil and gas production from marginal wells to include taxable years beginning after December 31, 1999, and before January 1, 2005.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, extends the present-law suspension of the 100–percent-of-net-income limitation with respect to oil and gas production from marginal wells to include taxable years beginning after December 31, 1999, and before January 1, 2001.

Conference Agreement

The conference agreement includes H.R. 2923 and S. 1792, with a modification providing an extension period through taxable years beginning before January 1, 2002.

E. Extend the Work Opportunity Tax Credit (sec. 51 of the Code)

Present Law

In general

The work opportunity tax credit (''WOTC''), which expired on June 30, 1999, was available on an elective basis for employers hiring individuals from one or more of eight targeted groups. The credit equals 40 percent (25 percent for employment of 400 hours or less) of qualified wages. Generally, qualified wages are wages attributable to service rendered by a member of a targeted group during the one-year period beginning with the day the individual began work for the employer.

The maximum credit per employee is $2,400 (40% of the first $6,000 of qualified first-year wages). With respect to qualified summer youth employees, the maximum credit is $1,200 (40 percent of the first $3,000 of qualified first-year wages).

The employer's deduction for wages is reduced by the amount of the credit.

Targeted groups eligible for the credit

The eight targeted groups are: (1) families eligible to receive benefits under the Temporary Assistance for Needy Families (TANF) Program; (2) high-risk youth; (3) qualified ex-felons; (4) vocational rehabilitation referrals; (5) qualified summer youth employees; (6) qualified veterans; (7) families receiving food stamps; and (8) persons receiving certain Supplemental Security Income (SSI) benefits.

Minimum employment period

No credit is allowed for wages paid to employees who work less than 120 hours in the first year of employment.

Expiration date

The credit is effective for wages paid or incurred to a qualified individual who began work for an employer before July 1, 1999.

House Bill

No provision. However, H.R. 2923, as approved by the Committee on Ways and Means, extends the work opportunity tax credit for 30 months (through December 31, 2001) and clarifies the definition of first year of employment for purposes of the WOTC. H.R. 2923 also directs the Secretary of the Treasury to expedite procedures to allow taxpayers to satisfy their WOTC filing requirements (e.g., Form 8850) by electronic means.

Effective date.—The provision is effective for wages paid or incurred to qualified individuals who begin work for the employer on or after July 1, 1999, and before January 1, 2002.

Senate Amendment

No provision. However, S. 1792, as passed by the Senate, extends the work opportunity tax credit for 18 months (through December 31, 2000) and clarifies the definition of first year of employment for purposes of the WOTC.

Effective date.—The provision is effective for wages paid or incurred to qualified individuals who begin work for the employer on or after July 1, 1999, and before January 1, 2001.

Conference Agreement

The conference agreement provides for a 30-month extension of the work opportunity

only for taxable years beginning in 1998. Those exceptions were extended and modified as part of the present-law provision.

[5] For the 1998 amendments, see the Tax and Trade Relief Extension Act of 1998, Division J, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999, Pub. L. No. 105–277, sec. 1005(b), 112 Stat. 2681 (1998).

tax credit. The conference agreement also includes the clarification of the definition of first year of employment for purposes of the WOTC that is included in H.R. 2923 and S. 1792. Finally, the conferees also direct the Secretary of the Treasury to expedite the use of electronic filing of requests for certification under the credit. They believe that participation in the program by businesses should not be discouraged by the requirement that such forms (i.e., the Form 8850) be submitted in paper form.

Effective date.—The provision is effective for wages paid or incurred to qualified individuals who begin work for the employer on or after July 1, 1999, and before January 1, 2002.

F. Extend the Welfare-To-Work Tax Credit (sec. 51A of the Code)

Present Law

The Code provides to employers a tax credit on the first $20,000 of eligible wages paid to qualified long-term family assistance (AFDC or its successor program) recipients during the first two years of employment. The credit is 35 percent of the first $10,000 of eligible wages in the first year of employment and 50 percent of the first $10,000 of eligible wages in the second year of employment. The maximum credit is $8,500 per qualified employee.

Qualified long-term family assistance recipients are: (1) members of a family that has received family assistance for at least 18 consecutive months ending on the hiring date; (2) members of a family that has received family assistance for a total of at least 18 months (whether or not consecutive) after the date of enactment of this credit if they are hired within 2 years after the date that the 18-month total is reached; and (3) members of a family who are no longer eligible for family assistance because of either Federal or State time limits, if they are hired within 2 years after the Federal or State time limits made the family ineligible for family assistance.

Eligible wages include cash wages paid to an employee plus amounts paid by the employer for the following: (1) educational assistance excludable under a section 127 program (or that would be excludable but for the expiration of sec. 127); (2) health plan coverage for the employee, but not more than the applicable premium defined under section 4980B(f)(4); and (3) dependent care assistance excludable under section 129.

The welfare to work credit is effective for wages paid or incurred to a qualified individual who begins work for an employer on or after January 1, 1998, and before July 1, 1999.

House Bill

No provision. However, H.R. 2923, as approved by the Committee on Ways and Means, extends the welfare-to-work tax credit for 30 months.

Effective date.—The provision extends the welfare-to-work credit effective for wages paid or incurred to a qualified individual who begins work for an employer on or after July 1, 1999, and before January 1, 2002.

Senate Amendment

No provision. However, S. 1792, as passed by the Senate, extends the welfare-to-work tax credit for 18 months.

Effective date.—The provision extends the welfare-to-work credit effective for wages paid or incurred to a qualified individual who begins work for an employer on or after July 1, 1999, and before January 1, 2001.

Conference Agreement

The conference agreement provides for a 30-month extension of the welfare-to-work tax credit.

Effective date.—The provision is effective for wages paid or incurred to a qualified individual who begins work for an employer on or after July 1, 1999, and before January 1, 2002.

G. Extend Exclusion for Employer-Provided Educational Assistance (sec. 127 of the Code)

Present Law

Educational expenses paid by an employer for the employer's employees are generally deductible to the employer.

Employer-paid educational expenses are excludable from the gross income and wages of an employee if provided under a section 127 educational assistance plan or if the expenses qualify as a working condition fringe benefit under section 132. Section 127 provides an exclusion of $5,250 annually for employer-provided educational assistance. The exclusion expired with respect to graduate courses June 30, 1996. With respect to undergraduate courses, the exclusion for employer-provided educational assistance expires with respect to courses beginning on or after June 1, 2000.

In order for the exclusion to apply, certain requirements must be satisfied. The educational assistance must be provided pursuant to a separate written plan of the employer. The educational assistance program must no discriminate in favor of highly compensated employees. In addition, not more than 5 percent of the amounts paid or incurred by the employer during the year for educational assistance under a qualified educational assistance plan can be provided for the class of individuals consisting of more than 5-percent owners of the employer (and their spouses and dependents).

Educational expenses that do not qualify for the section 127 exclusion may be excludable from income as a working condition fringe benefit.[6] In general, education qualifies as a working condition fringe benefit if the employee could have deducted the education expenses under section 162 if the employee paid for the education. In general, education expenses are deductible by an individual under section 162 if the education (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, applicable law or regulations imposed as a condition of continued employment. However, education expenses are generally not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business.[7]

House Bill

No provision.

Senate Amendment

No provision. However, S. 1792 as passed by the Senate reinstates the exclusion for employer-provided educational assistance for graduate-level courses, and extends the exclusion, as applied to both undergraduate and graduate-level courses, through 2000. The provision in S. 1792 is effective with respect to undergraduate courses beginning after May 31, 2000, and before January 1, 2001. The provision is effective with respect to graduate-level courses beginning after December 31, 1999, and before January 1, 2001.

Conference Agreement

The conference agreement provides that the present-law exclusion for employer-provided educational assistance is extended through December 31, 2001.

Effective date.—The provision is effective with respect to courses beginning after May 31, 2000, and before January 1, 2002.

H. Extend and Modify Tax Credit for Electricity Produced by Wind and Closed-Loop Biomass Facilities (sec. 45 of the Code)

Present Law

An income tax credit is allowed for the production of electricity from either qualified wind energy or qualified ''closed-loop'' biomass facilities (sec. 45). The credit applies to electricity produced by a qualified wind energy facility placed in service after December 31, 1993, and before July 1, 1999, and to electricity produced by a qualified closed-loop biomass facility placed in service after December 31, 1992, and before July 1, 1999. The credit is allowable for production during the 10-year period after a facility is originally placed in service.

Closed-loop biomass is the use of plant matter, where the plants are grown for the sole purpose of being used to generate electricity. It does not include the use of waste materials (including, but not limited to, scrap wood, manure, and municipal or agricultural waste). The credit also is not available to taxpayers who use standing timber to produce electricity. In order to claim the credit, a taxpayer must own the facility and sell the electricity produced by the facility to an unrelated party.

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, extends the present-law tax credit for electricity produced by wind and closed-loop biomass for facilities placed in service after June 30, 1999, and before December 31, 2000. S. 1792 also modifies the tax credit to include electricity produced from poultry litter, for facilities placed in service after December 31, 1999, and before December 31, 2000. The credit further is expanded to include electricity produced from landfill gas, for electricity produced from facilities placed in service after December 31, 1999, and before December 31, 2000.

Finally, the credit is expanded to include electricity produced from certain other biomass (in addition to closed-loop biomass and poultry waste). This additional biomass is defined as solid, nonhazardous, cellulose waste material which is segregated from other waste materials and which is derived from forest resources, but not including old-growth timber. The term also includes urban sources such as waste pallets, crates, manufacturing and construction wood waste, and tree trimmings, or agricultural sources (including grain, orchard tree crops, vineyard legumes, sugar, and other crop by-products or residues. The term does not include unsegregated municipal solid waste or paper that commonly is recycled.

In the case of both closed-loop biomass and this additional biomass, the credit applies to electricity produced after December 31, 1999, from facilities that are placed in service before January 1, 2003 (including facilities placed in service before the date of enactment of this provision), and the credit is allowed for production attributable to biomass produced at facilities that are co-fired with coal.

Conference Agreement

The conference agreement includes S. 1792, with modifications. First, the extension is limited to electricity from facilities using present-law qualified sources (wind and closed-loop biomass) and from poultry waste facilities (placed in service after December

[6] These rules also apply in the event that section 127 expires and is not reinstated.

[7] In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses, along with other miscellaneous deductions, exceed 2 percent of the taxpayer's AGI. The 2-percent floor limitation is disregarded in determining whether an item is excludable as a working condition fringe benefit.

31, 1999). Second, in the case of all three fuel sources, the extension is limited to facilities placed in service before January 1, 2002. Third, the conference agreement does not include the provisions of the Senate amendment allowing co-firing of closed-loop biomass facilities. Fourth, the conference agreement includes the provisions of the Senate amendment clarifying wind facilities eligible for the credit.

I. Extend Duty-Free Treatment Under Generalized System of Preferences (GSP)

Title V of the Trade Act of 1974, as amended, grants authority to the President to provide duty-free treatment on imports of eligible articles from designated beneficiary developing countries (BDCs), subject to certain conditions and limitations. To qualify for GSP privileges, each beneficiary country is subject to various mandatory and discretionary eligibility criteria. Import sensitive products are ineligible for GSP. Section 505 (a) of the Trade Act of 1974, as amended, provides that no duty-free treatment under Title V shall remain in effect after June 30, 1999.

House Bill

No provision.

Senate Amendment

No provision. The Senate amendment to H.R. 434, which passed the Senate on November 3, 1999, reauthorizes GSP retroactively for five years to terminate on June 30, 2004. It also provides that, notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, the entry (a) of any article to which duty-free treatment under Title V of the Trade Act of 1974 would have applied if such entry had been made on June 30, 1999, and (b) that was made after June 30, 1999, and before the date of enactment of this Act, shall be liquidated or reliquidated as free of duty and the Secretary of the Treasury shall refund any duty paid, upon proper request filed with the appropriate customs officer, within 180 days after the date of enactment of this Act.

Conference Agreement

The conference agreement would reauthorize the GSP program for 27 months, to expire on September 30, 2001. The proposal provides for refunds, upon request of the importer, of any duty paid between June 30, 1999 and the effective date of this Act. All entries between the effective date of this Act and September 30, 2001 would enter duty-free.

J. Extend Authority to Issue Qualified Zone Academy Bonds (sec. 1397E of the Code)

Present Law

Tax-exempt bonds

Interest on State and local governmental bonds generally is excluded from gross income for Federal income tax purposes if the proceeds of the bonds are used to finance direct activities of these governmental units, including the financing of public schools (sec. 103).

Qualified zone academy bonds

As an alternative to traditional tax-exempt bonds, certain States and local governments are given the authority to issue ''qualified zone academy bonds.'' A total of $400 million of qualified zone academy bonds is authorized to be issued in each of 1998 and 1999. The $400 million aggregate bond cap is allocated each year to the States according to their respective populations of individuals below the poverty line. Each State, in turn, allocates the credit to qualified zone academies within such State. A State may carry over any unused allocation into subsequent years.

Certain financial institutions that hold qualified zone academy bonds are entitled to a nonrefundable tax credit in an amount equal to a credit rate multiplied by the face amount of the bond (sec. 1397E). A taxpayer holding a qualified zone academy bond on the credit allowance date is entitled to a credit. The credit is includable in gross income (as if it were a taxable interest payment on the bond), and may be claimed against regular income tax and AMT liability.

The Treasury Department sets the credit rate at a rate estimated to allow issuance of qualified zone academy bonds without discount and without interest cost to the issuer. The maximum term of the bond is determined by the Treasury Department, so that the present value of the obligation to repay the bond is 50 percent of the face value of the bond.

''Qualified zone academy bonds'' are defined as any bond issued by a State or local government, provided that (1) at least 95 percent of the proceeds are used for the purpose of renovating, providing equipment to, developing course materials for use at, or training teachers and other school personnel in a ''qualified zone academy'' and (2) private entities have promised to contribute to the qualified zone academy certain equipment, technical assistance or training, employee services, or other property or services with a value equal to at least 10 percent of the bond proceeds.

A school is a ''qualified zone academy'' if (1) the school is a public school that provides education and training below the college level, (2) the school operates a special academic program in cooperation with businesses to enhance the academic curriculum and increase graduation and employment rates, and (3) either (a) the school is located in one of the 31 designated empowerment zones or one of the 95 enterprise communities designated under Code section 1391, or (b) it is reasonably expected that at least 35 percent of the students at the school will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement authorizes up to $400 million of qualified zone academy bonds to be issued in each of calendar years 2000 and 2001. Unusued QZAB authority arising in 1998 and 1999 may be carried forward by the State or local government entity to which it is (or was) allocated for up to three years after the year in which the authority originally arose. Unused QZAB authority arising in 2000 and 2001 may be carried forward for two years after the year in which it arises. Each issuer is deemed to used the oldest QZAB authority which has been allocated to it first when new bonds are issued.

Effective date.—The provision is effective on the date of enactment.

K. Extend the Tax Credit for First-Time D.C. Homebuyers (sec. 1400C of the Code)

Present Law

In general

First-time homebuyers of a principal residence in the District of Columbia are eligible for a nonrefundable tax credit of up to $5,000 of the amount of the purchase price. The $5,000 maximum credit applies both to individuals and married couples. Married individuals filing separately can claim a maximum credit of $2,500 each. The credit phases out for individual taxpayers with adjusted gross income between $70,000 and $90,000 ($110,000–$130,000 for joint filers). For purposes of eligibility, ''first-time homebuyer'' means any individual if such individual did not have a present ownership interest in a principal residence in the District of Columbia in the one year period ending on the date of the purchase of the residence to which the credit applies.

Expiration date

The credit is scheduled to expire for residences purchased after December 31, 2000.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement provides for a one-year extension of the tax credit for first-time D.C. homebuyers, so that it applies to residences purchased on or before December 31, 2001.

Effective date.—The provision is effective for residences purchased after December 31, 2000 and before January 1, 2002.

L. Extend Expensing of Environmental Remediation Expenditures (sec. 198 of the Code)

Present Law

Taxpayers can elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital account as deductible in the year paid or incurred (sec. 198). The deduction applies for both regular and alternative minimum tax purposes. The expenditure must be incurred in connection with the abatement or control of hazardous substances at a qualified contaminated site.

A ''qualified contaminated site'' generally is any property that (1) is held for use in a trade or business, for the production of income, or as inventory; (2) is certified by the appropriate State environmental agency to be located within a targeted area; and (3) contains (or potentially contains) a hazardous substance (so-called ''brownfields''). Targeted areas are defined as: (1) empowerment zones and enterprise communities as designated under present law; (2) sites announced before February, 1997, as being subject to one of the 76 Environmental Protection Agency (''EPA'') Brownfields Pilots; (3) any population census tract with a poverty rate of 20 percent or more; and (4) certain industrial and commercial areas that are adjacent to tracts described in (3) above. However, sites that are identified on the national priorities list under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 cannot qualify as targeted areas.

Eligible expenditures are those paid or incurred before January 1, 2001.

House Bill

No provision.

Senate Amendment

No provision. However, S. 1792, as passed by the Senate, eliminates the targeted area requirement, thereby, expanding eligible sites to include any site containing (or potentially containing) a hazardous substance that is certified by the appropriate State environmental agency, but not those sites that are identified on the national priorities list under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

Effective date.—The provision to expand the class of eligible sites is effective for expenditures paid or incurred after December 31, 1999.

Conference Agreement

The conference agreement extends present-law expiration date for sec. 198 to include those expenditures paid or incurred before January 1, 2002.

Effective date.—The provision to extend the expiration date is effective upon the date of enactment.

M. TEMPORARY INCREASE IN AMOUNT OF RUM EXCISE TAX THAT IS COVERED OVER TO PUERTO RICO AND THE U.S. VIRGIN ISLANDS (SEC. 7652 OF THE CODE)

Present Law

A $13.50 per proof gallon[8] excise tax is imposed on distilled spirits produced in or imported (or brought) into the United States. The excise tax does not apply to distilled spirits that are exported from the United States or to distilled spirits that are consumed in U.S. possessions (e.g., Puerto Rico and the Virgin Islands).

The Internal Revenue Code provides for coverover (payment) of $10.50 per proof gallon of the excise tax imposed on rum imported (or brought) into the United States (without regard to the country of origin) to Puerto Rico and the Virgin Islands. During the five-year period ending on September 30, 1998, the amount covered over was $11.30 per proof gallon. This temporary increase was enacted in 1993 as transitional relief accompanying a reduction in certain tax benefits for corporations operating in Puerto Rico and the Virgin Islands.

Amounts covered over to Puerto Rico and the Virgin Islands are deposited into the treasuries of the two possessions for use as those possessions determine.

House Bill

No provision, but H.R. 984, as approved by the Committee on Ways and Means, increases from $10.50 to $13.50 per proof gallon the amount of excise taxes collected on rum brought into the United States that is covered over to Puerto Rico and the U.S. Virgin Islands. H.R. 984 further provides that $0.50 per proof gallon of the amount covered over to Puerto Rico will be transferred to the Puerto Rico Conservation Trust, a private, non-profit section 501(c)(3) organization operating in Puerto Rico.

Effective date.—The provision is effective for excise taxes collected on rum imported or brought into the United States after June 30, 1999 and before October 1, 1999.

Senate Amendment

No provision, but H.R. 434, as passed by the Senate, is the same as the House bill.

Conference Agreement

The conference agreement reinstates the rum excise tax coverover at a rate of $13.25 per proof gallon during the period from July 1, 1999, through December 31, 2001.

The conference agreement includes a special rule for payment of the $2.75 per proof gallon increase in the coverover rate for Puerto Rico and the Virgin Islands. The special rule applies to payments that otherwise would be made in Fiscal Year 2000. Under this special payment rule, amounts attributable to the increase in the coverover rate that would have been transferred to Puerto Rico and the Virgin Islands after June 30, 1999 and before the date of enactment, will be paid on the date which is 15 days after the date of enactment. However, the total amount of this initial payment (aggregated for both possessions) may not exceed $20 million.

The next payment to Puerto Rico and the Virgin Islands with respect to the $2.75 increase in the coverover rate will be made on October 1, 2000. This payment will equal the total amount attributable to the increase that otherwise would have been transferred to Puerto Rico and the Virgin Islands before October 1, 2000 (less the payment of up to $20 million made 15 days after the date of enactment).

Payments for the remainder of the period through December 31, 2001 will be paid as provided under the present-law rules for the $10.50 per proof gallon coverover rate.

The special payment rule does not affect payments to Puerto Rico and the Virgin Islands with respect to the present-law $10.50 per proof gallon coverover rate.

Finally, the conferees note that H.R. 984 and H.R. 434, described above, will be considered by the Congress next year. The conferees intend that the special payment rule for Fiscal Year 2000 will be reviewed when that legislation is considered, and that to the extent possible, the delayed payments will be accelerated, or interest on delayed amounts will be provided.

Effective date.—The provision is effective on July 1, 1999.

II. OTHER TIME-SENSITIVE PROVISIONS

A. Prohibit Disclosure of APAs and APA Background Files (secs. 6103 and 6110 of the Code)

Present Law

Section 6103

Under section 6103, returns and return information are confidential and cannot be disclosed unless authorized by the Internal Revenue Code.

The Code defines return information broadly. Return information includes:

A taxpayer's identity, the nature, source or amount of income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments;

Whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing; or

Any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense.[9]

Section 6110 and the Freedom of Information Act

With certain exceptions, section 6110 makes the text of any written determination the IRS issues available for public inspection. A written determination is any ruling, determination letter, technical advice memorandum, or Chief Counsel advice. Once the IRS makes the written determination publicly available, the background file documents associated with such written determination are available for public inspection upon written request. The Code defines ''background file documents'' as any written material submitted in support of the request. Background file documents also include any communications between the IRS and persons outside the IRS concerning such written determination that occur before the IRS issues the determination.

Before making them available for public inspection, section 6110 requires the IRS to delete specific categories of sensitive information from the written determination and background file documents.[10] It also provides judicial and administrative procedures to resolve disputes over the scope of the information the IRS will disclose. In addition, Congress has also wholly exempted certain matters from section 6110's public disclosure requirements.[11] Any part of a written determination or background file that is not disclosed under section 6110 constitutes ''return information.''[12]

The Freedom of Information Act (FOIA) lists categories of information that a federal agency must make available for public inspection.[13] It establishes a presumption that agency records are accessible to the public. The FOIA, however, also provides nine exemptions from public disclosure. One of those exemptions is for matters specifically exempted from disclosure by a statute other than the FOIA if the exempting statute meets certain requirements.[14] Section 6103 qualifies as an exempting statute under this FOIA provision. Thus, returns and return information that section 6103 deems confidential are exempt from disclosure under the FOIA.

Section 6110 is the exclusive means for the public to view IRS written determinations.[15] If section 6110 covers the written determination, then the public cannot use the FOIA to obtain that determination.

Advance Pricing Agreements

The Advanced Pricing Agreement (''APA'') program is an alternative dispute resolution program conducted by the IRS, which resolves international transfer pricing issues prior to the filing of the corporate tax return. Specifically, an APA is an advance agreement establishing an approved transfer pricing methodology entered into among the taxpayer, the IRS, and a foreign tax authority. The IRS and the foreign tax authority generally agree to accept the results of such approved methodology. Alternatively, an APA also may be negotiated between just the taxpayer and the IRS; such an APA establishes an approved transfer pricing methodology for U.S. tax purposes. The APA program focuses on identifying the appropriate transfer pricing methodology; it does not determine a taxpayer's tax liability. Taxpayers voluntarily participate in the program.

To resolve the transfer pricing issues, the taxpayer submits detailed and confidential financial information, business plans and projections to the IRS for consideration. Resolution involves an extensive analysis of the taxpayer's functions and risks. Since its

[8] A proof gallon is a liquid gallon consisting of 50 percent alcohol.

[9] Sec. 6103(b)(2)(A).

[10] Sec. 6110(c) provides for the deletion of identifying information, trade secrets, confidential commercial and financial information and other material.

[11] Sec. 6110(l).

[12] Sec. 6103(b)(2)(B) (''The term 'return information' means . . . any part of any written determination or any background file document relating to such written determination (as such terms are defined in section 6110(b)) which is not open to public inspection under section 6110'').

[13] Unless published promptly and offered for sale, an agency must provide for public inspection and copying: (1) final opinions as well as orders made in the adjudication of cases; (2) statements of policy and interpretations not published in the Federal Register; (3) administrative staff manuals and instructions to staff that affect a member of the public; and (4) agency records which have been or the agency expects to be, the subject of repetitive FOIA requests. 5 U.S.C. sec. 552(a)(2). An agency must also publish in the Federal Register: the organizational structure of the agency and procedures for obtaining information under the FOIA; statements describing the functions of the agency and all formal and informal procedures; rules of procedure, descriptions of forms and statements describing all papers, reports and examinations; rules of general applicability and statements of general policy; and amendments, revisions and repeals of the foregoing. 5 U.S.C. sec. 552(a)(1). All other agency records can be sought by FOIA request; however, some records may be exempt from disclosure.

[14] 14. Exemption 3 of the FOIA provides that an agency is not required to disclose matters that are: (3) specifically exempted from disclosure by statute (other than section 552b of this title) provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld; * * * 5 U.S.C. §552(b)(3).

[15] Sec. 6110(m).

inception in 1991, the APA program has resolved more than 180 APAs, and approximately 195 APA requests are pending.

Currently pending in the U.S. District Court for the District of Columbia are three consolidated lawsuits asserting that APAs are subject to public disclosure under either section 6110 or the FOIA.[16] Prior to this litigation and since the inception of the APA program, the IRS held the position that APAs were confidential return information protected from disclosure by section 6103.[17] On January 11, 1999, the IRS conceded that APAs are ''rulings'' and therefore are ''written determinations'' for purposes of section 6110.[18] Although the court has not yet issued a ruling in the case, the IRS announced its plan to publicly release both existing and future APAs. The IRS then transmitted existing APAs to the respective taxpayers with proposed deletions. It has received comments from some of the affected taxpayers. Where appropriate, foreign tax authorities have also received copies of the relevant APAs for comment on the proposed deletions. No APAs have yet been released to the public.

Some taxpayers assert that the IRS erred in adopting the position that APAs are subject to section 6110 public disclosure. Several have sought to participate as amici in the lawsuit to block the release of APAs. They are concerned that release under section 6110 could expose them to expensive litigation to defend the deletion of the confidential information from their APAs. They are also concerned that the section 6110 procedures are insufficient to protect the confidentiality of their trade secrets and other financial and commercial information.

House Bill

No provision, but H.R. 2923, as approved by the Committee on Ways and Means, amends section 6103 to provide that APAs and related background information are confidential return information under section 6103. Related background information is meant to include: the request for an APA, any material submitted in support of the request, and any communication (written or otherwise) prepared or received by the Secretary in connection with an APA, regardless of when such communication is prepared or received. Protection is not limited to agreements actually executed; it includes material received and generated in the APA process that does not result in an executed agreement.

Further, APAs and related background information are not ''written determinations'' as that term is defined in section 6110. Therefore, the public inspection requirements of section 6110 do not apply to APAs and related background information. A document's incorporation in a background file, however, is not intended to be grounds for not disclosing an otherwise disclosable document from a source other than a background file.

H.R. 2923 requires that the Treasury Department prepare and publish an annual report on the status of APAs. The annual report is to contain the following information:

Information about the structure, composition, and operation of the APA program office;

A copy of each current model APA;

Statistics regarding the amount of time to complete new and renewal APAs;

The number of APA applications filed during such year;

The number of APAs executed to date and for the year;

The number of APA renewals issued to date and for the year;

The number of pending APA requests;

The number of pending APA renewals;

The number of APAs executed and pending (including renewals and renewal requests) that are unilateral, bilateral and multilateral, respectively;

The number of APAs revoked or canceled, and the number of withdrawals from the APA program, to date and for the year;

The number of finalized new APAs and renewals by industry;[19] and

General descriptions of:

the nature of the relationships between the related organizations, trades, or businesses covered by APAs;

the related organizations, trades, or businesses whose prices or results are tested to determine compliance with the transfer pricing methodology prescribed in the APA;

the covered transactions and the functions performed and risks assumed by the related organizations, trades or businesses involved;

methodologies used to evaluate tested parties and transactions and the circumstances leading to the use of those methodologies;

critical assumptions;

sources of comparables;

comparable selection criteria and the rationale used in determining such criteria;

the nature of adjustments to comparables and/or tested parties;

the nature of any range agreed to, including information such as whether no range was used and why, whether an inter-quartile range was used, or whether there was a statistical narrowing of the comparables;

adjustment mechanisms provided to rectify results that fall outside of the agreed upon APA range;

the various term lengths for APAs, including rollback years, and the number of APAs with each such term length;

the nature of documentation required; and

approaches for sharing of currency or other risks.

In addition, H.R. 2923 requires the IRS to describe, in each annual report, its efforts to ensure compliance with existing APA agreements. The first report is to cover the period January 1, 1991, through the calendar year including the date of enactment. The Treasury Department cannot include any information in the report which would have been deleted under section 6110(c) if the report were a written determination as defined in section 6110. Additionally, the report cannot include any information which can be associated with or otherwise identify, directly or indirectly, a particular taxpayer. The Secretary is expected to obtain input from taxpayers to ensure proper protection of taxpayer information and, if necessary, utilize its regulatory authority to implement appropriate processes for obtaining this input. For purposes of section 6103, the report requirement is treated as part of Title 26.

While H.R. 2923 statutorily requires an annual report, it is not intended to discourage the Treasury Department from issuing other forms of guidance, such as regulations or revenue rulings, consistent with the confidentiality provisions of the Code.

Effective date.—The provision is effective on the date of enactment; accordingly, no APAs, regardless of whether executed before or after enactment, or related background file documents, can be released to the public after the date of enactment. It requires the Treasury Department to publish the first annual report no later than March 30, 2000.

Senate Amendment

No provision.

Conference Agreement

The conference agreement includes H.R. 2923.

B. Authority to Postpone Certain Tax-Related Deadlines by Reason of Year 2000 Failures

Present Law

There are no specific provisions in present law that would permit the Secretary of the Treasury to postpone tax-related deadlines by reason of Year 2000 (also known as ''Y2K'') failures. The Secretary is, however, permitted to postpone tax-related deadlines for other reasons. For example, the Secretary may specify that certain deadlines are postponed for a period of up to 90 days in the case of a taxpayer determined to be affected by a Presidentially declared disaster. The deadlines that may be postponed are the same as are postponed by reason of service in a combat zone. The provision does not apply for purposes of determining interest on any overpayment or underpayment.

The suspension of time applies to the following acts: (1) filing any return of income, estate, or gift tax (except employment and withholding taxes); (2) payment of any income, estate, or gift tax (except employment and withholding taxes); (3) filing a petition with the Tax Court for a redetermination of deficiency, or for review of a decision rendered by the Tax Court; (4) allowance of a credit or refund of any tax; (5) filing a claim for credit or refund of any tax; (6) bringing suit upon any such claim for credit or refund; (7) assessment of any tax; (8) giving or making any notice or demand for payment of any tax, or with respect to any liability to the United States in respect of any tax; (9) collection of the amount of any liability in respect of any tax; (10) bringing suit by the United States in respect of any liability in respect of any tax; and (11) any other act required or permitted under the internal revenue laws specified in regulations prescribed under section 7508 by the Secretary.

House Bill

No provision, but H.R. 2923, as approved by the Committee on Ways and Means, contains a provision permitting the Secretary to postpone, on a taxpayer-by-taxpayer basis, certain tax-related deadlines for a period of up to 90 days in the case of a taxpayer that the Secretary determines to have been affected by an actual Y2K related failure. In order to be eligible for relief, taxpayers must have made good faith, reasonable efforts to avoid any Y2K related failures. The relief will be similar to that granted under the Presidentially declared disaster and combat zone provisions, except that employment and withholding taxes also are eligible for relief. The relief will permit the abatement of both penalties and interest.

The relief may apply to the following acts: (1) filing of any return of income, estate, or gift tax, including employment and withholding taxes; (2) payment of any income, estate, or gift tax, including employment and withholding taxes; (3) filing a petition with the Tax Court; (4) allowance of a credit or refund of any tax; (5) filing a claim for credit or refund of any tax; (6) bringing suit upon any such claim for credit or refund; (7) assessment of any tax; (8) giving or making any notice or demand for payment of any

[16] BNA v. IRS, Nos. 96–376, 96–2820, and 96–1473 (D.D.C.). The Bureau of National Affairs, Inc. (BNA) publishes matters of interest for use by its subscribers. BNA contends that APAs are not return information as they are prospective in application. Thus at the time they are entered into they do not relate to ''the determination of the existence, or possible existence, of liability or amount thereof * * *''

[17] The IRS contended that information received or generated as part of the APA process pertains to a taxpayer's liability and therefore was return information as defined in sec. 6103(b)(2)(A). Thus, the information was subject to section 6103's restrictions on the dissemination of returns and return information. Rev. Proc. 91–22, sec. 11, 1991–1 C.B. 526, 534 and Rev. Proc. 96–53, sec. 12, 1996–2 C.B. 375, 386.

[18] IR 1999–05.

[19] This information was previously released in IRS Publication 3218, ''IRS Report on Application and Administration of I.R.C. Section 482.''

tax, or with respect to any liability to the United States in respect of any tax; (9) collection of the amount of any liability in respect of any tax; (10) bringing suit by the United States in respect of any liability in respect of any tax; and (11) any other act required or permitted under the internal revenue laws specified or prescribed by the Secretary. The provision is effective on the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement includes the provision in H.R. 2923.

C. Add Certain Vaccines Against Streptococcus Pneumoniae to the List of Taxable Vaccines (secs. 4131 and 4132 of the Code)

Present Law

A manufacturer's excise tax is imposed at the rate of 75 cents per dose (sec. 4131) on the following vaccines recommended for routine administration to children: diphtheria, pertussis, tetanus, measles, mumps, rubella, polio, HIB (haemophilus influenza type B), hepatitis B, varicella (chicken pox), and rotavirus gastroenteritis. The tax applied to any vaccine that is a combination of vaccine components equals 75 cents times the number of components in the combined vaccine.

Amounts equal to net revenues from this excise tax are deposited in the Vaccine Injury Compensation Trust Fund (''Vaccine Trust Fund'') to finance compensation awards under the Federal Vaccine Injury Compensation Program for individuals who suffer certain injuries following administration of the taxable vaccines. This program provides a substitute Federal, ''no fault'' insurance system for the State-law tort and private liability insurance systems otherwise applicable to vaccine manufacturers and physicians. All persons immunized after September 30, 1988, with covered vaccines must pursue compensation under this Federal program before bringing civil tort actions under State law.

House Bill

No provision. However, H.R. 2923, as approved by the Committee on Ways and Means, adds any conjugate vaccine against streptococcus pneumoniae to the list of taxable vaccines. The bill also changes an incorrect effective date enacted in Public Law 105–277 and makes certain other conforming amendments to expenditure purposes to enable certain payments to be made from the Trust Fund.

In addition, the bill directs the General Accounting Office (''GAO'') to report to the House Committee on Ways and Means and the Senate Committee on Finance on the operation and management of expenditures from the Vaccine Trust Fund and to advise the Committees on the adequacy of the Vaccine Trust Fund to meet future claims under the Federal Vaccine Injury Compensation Program. The GAO is directed to report its findings to the House Committee on Ways and Means and the Senate Committee on Finance not later than December 31, 1999.

Effective date.—The provision is effective for vaccine purchases beginning on the day after the date on which the Centers for Disease Control make final recommendation for routine administration of conjugated streptococcus pneumoniae vaccines to children.

Senate Amendment

No provision. However, S. 1792, as passed by the Senate, contains a provision identical to that of H.R. 2923 except that S. 1792 directs the GAO to report its findings to the House Committee on Ways and Means and the Senate Committee on Finance by January 31, 2000.

Effective date.—The provision is effective for vaccine purchases beginning on the day after the date on which the Centers for Disease Control make final recommendation for routine administration of conjugated streptococcus pneumoniae vaccines to children. The addition of conjugate streptococcus pneumoniae vaccines to the list of taxable vaccines is contingent upon the inclusion in this legislation of the modifications to Public Law 105–277.

Conference Agreement

The conference agreement includes the provision of H.R. 2923 and S. 1792 in adding any conjugate vaccine against streptococcus pneumoniae to the list of taxable vaccines. In addition, the conference agreement follows H.R. 2923 and S. 1792 by changing the effective date enacted in Public Law 105–277 and certain other conforming amendments to expenditure purposes to enable certain payments to be made from the Trust Fund.

The conference report follows S. 1792 by directing that the GAO report its findings to the House Committee on Ways and Means and the Senate Committee on Finance not later than January 31, 2000.

Effective date.—The provision is effective for vaccine sales beginning on the day after the date of enactment. No floor stocks tax is to be collected for amounts held for sale on that date. For sales on or before that date for which delivery is made after such date, the delivery date is deemed to be the sale date. The addition of conjugate streptococcus pneumoniae vaccines to the list of taxable vaccines is contingent upon the inclusion in this legislation of the modifications to Public Law 105–277.

D. Delay Requirement that Registered Motor Fuels Terminals Offer Dyed Fuel as a Condition of Registration (sec. 4121 of the Code)

Present Law

Excise taxes are imposed on highway motor fuels, including gasoline, diesel fuel, and kerosene, to finance the Highway Trust Fund programs. Subject to limited exceptions, these taxes are imposed on all such fuels when they are removed from registered pipeline or barge terminal facilities, with any tax-exemptions being accomplished by means of refunds to consumers of the fuel.[20] One such exception allows removal of diesel fuel without payment of tax if the fuel is destined for a nontaxable use (e.g., use as heating oil) and is indelibly dyed.

Terminal facilities are not permitted to receive and store non-tax-paid motor fuels unless they are registered with the Internal Revenue Service. Under present law, a prerequisite to registration is that if the terminal offers for sale diesel fuel, it must offer both dyed and undyed diesel fuel. Similarly, if the terminal offers for sale kerosene, it must offer both dyed and undyed kerosene. This ''dyed-fuel mandate'' was enacted in 1997, to be effective on July 1, 1998. Subsequently, the effective date was delayed until July 1, 2000.

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, delays the effective date of the dyed-fuel mandate for an additional six months, through December 31, 2000. No other changes are made to the present highway motor fuels excise tax rules.

[20] Tax is imposed before that point if the motor fuel is transferred (other than in bulk) from a refinery or if the fuel is sold to an unregistered party while still held in the refinery or bulk distribution system (e.g., in a pipeline or terminal facility).

Conference Agreement

The conference agreement includes S. 1792 with a modification delaying the effective date of the dyeing mandate until January 1, 2002.

E. Provide That Federal Production Payments to Farmers Are Taxable in the Year Received

Present Law

A taxpayer generally is required to include an item in income no later than the time of its actual or constructive receipt, unless such amount properly is accounted for in a different period under the taxpayer's method of accounting. If a taxpayer has an unrestricted right to demand the payment of an amount, the taxpayer is in constructive receipt of that amount whether or not the taxpayer makes the demand and actually receives the payment.

The Federal Agriculture Improvement and Reform Act of 1996 (the ''FAIR Act'') provides for production flexibility contracts between certain eligible owners and producers and the Secretary of Agriculture. These contracts generally cover crop years from 1996 through 2002. Annual payments are made under such contracts at specific times during the Federal government's fiscal year. Section 112(d)(2) of the FAIR Act provides that one-half of each annual payment is to be made on either December 15 or January 15 of the fiscal year, at the option of the recipient.[21] The remaining one-half of the annual payment must be made no later than September 30 of the fiscal year. The Emergency Farm Financial Relief Act of 1998 added section 112(d)(3) to the FAIR Act which provides that all payments for fiscal year 1999 are to be paid at such time or times during fiscal year 1999 as the recipient may specify. Thus, the one-half of the annual amount that would otherwise be required to be paid no later than September 30, 1999 can be specified for payment in calendar year 1998.

These options potentially would have resulted in the constructive receipt (and thus inclusion in income) of the payments to which they relate at the time they could have been exercised, whether or not they were in fact exercised. However, section 2012 of the Tax and Trade Relief Extension Act of 1998 provided that the time a production flexibility contract payment under the FAIR Act properly is includible in income is to be determined without regard to either option, effective for production flexibility contract payments made under the FAIR Act in taxable years ending after December 31, 1995.

House Bill

No provision. However, the conference agreement to H.R. 2488 includes a provision to disregard any unexercised option to accelerate the receipt of any payment under a production flexibility contract which is payable under the FAIR Act, as in effect on the date of enactment of the provision, in determining the taxable year in which such payment is properly included in gross income. Options to accelerate payments that are enacted in the future are covered by this rule, providing the payment to which they relate is mandated by the FAIR Act as in effect on the date of enactment of this Act.

The provision in H.R. 2488 does not delay the inclusion of any amount in gross income beyond the taxable period in which the amount is received.

Effective date.—The provision in H.R. 2488 is effective on the date of enactment.

Senate Amendment

No provision.

[21] This rule applies to fiscal years after 1996. For fiscal year 1996, this payment was to be made not later than 30 days after the production flexibility contract was entered into.

Conference Agreement

The conference agreement includes the provision in the conference agreement to H.R. 2488.

III. REVENUE OFFSET PROVISIONS

A. Modification of Individual Estimated Tax Safe Harbor (sec. 6654 of the Code)

Present Law

Under present law, an individual taxpayer generally is subject to an addition to tax for any underpayment of estimated tax. An individual generally does not have an underpayment of estimated tax if he or she makes timely estimated tax payments at least equal to: (1) 90 percent of the tax shown on the current year's return or (2) 100 percent of the prior year's tax. For taxpayers with a prior year's AGI above $150,000,[22] however, the rule that allows payment of 100 percent of prior year's tax is modified. Those taxpayers with AGI above $150,000 generally must make estimated payments based on either (1) 90 percent of the tax shown on the current year's return or (2) 110 percent of the prior year's tax.

For taxpayers with a prior year's AGI above $150,000, the prior year's tax safe harbor is modified for estimated tax payments made for taxable years through 2002. For such taxpayers making estimated tax payments based on prior year's tax, payments must be made based on 105 percent of prior year's tax for taxable years beginning in 1999, 106 percent of prior year's tax for taxable years beginning in 2000 and 2001, and 112 percent of prior year's tax for taxable years beginning in 2002.

House Bill

No provision, however H.R. 2923, as approved by the Committee on Ways and Means, provides that taxpayers with prior year's AGI above $150,000 who make estimated tax payments based on prior year's tax must do so based on 108.5 percent of prior year's tax for estimated tax payments made for taxable year 2000.

Effective date.—The provision is effective for estimated payments made for taxable years beginning after December 31, 1999, and before January 1, 2001.

Senate Amendment

No provision, however, S. 1792, as passed by the Senate, provides that for taxable years taxpayers with prior year's AGI above $150,000 who make estimated tax payments based on prior year's tax must do so based on 110.5 percent of prior year's tax for estimated tax payments based on prior year's tax must do so based on 112 percent of prior year's tax for estimated tax payments made for taxable year 2004.

Effective date.—The provision is effective for estimated payments made for taxable years beginning after December 31, 1999, and before January 1, 2001.

Conference Agreement

The conference agreement includes the provision in H.R. 2923 and the provision in S. 1792 with modifications. Taxpayers with prior year's AGI above $150,000 who make estimated tax payments based on prior year's tax must do so based on 108.6 percent of prior year's tax for estimated tax payments made for taxable year 2000. Taxpayers with prior year's AGI above $150,000 who make estimated tax payments based on prior year's tax must do so based on 110 percent of prior year's tax for estimated tax payments made for taxable year 2001. The modified safe harbor percentage is not changed for estimated tax payments made for any taxable years other than 2000 and 2001.

Effective date.—The provision is effective for estimated tax payments made for taxable years beginning after December 31, 1999, and before January 1, 2002.

B. Clarify the Tax Treatment of Income and Losses on Derivatives (sec. 1221 of the Code)

Present Law

Capital gain treatment applies to gain on the sale or exchange of a capital asset. Capital assets include property other than (1) stock in trade or other types of assets includible in inventory, (2) property used in a trade or business that is real property or property subject to depreciation, (3) accounts or notes receivable acquired in the ordinary course of a trade or business, (4) certain copyrights (or similar property), and (5) U.S. government publications. Gain or loss on such assets generally is treated as ordinary, rather than capital, gain or loss. Certain other Code sections also treat gains or losses as ordinary. For example, the gains or losses of securities dealers or certain electing commodities dealers or electing traders in securities or commodities that are subject to ''mark-to-market'' accounting are treated as ordinary (sec. 475).

Treasury regulations (which were finalized in 1994) require ordinary character treatment for most business hedges and provide timing rules requiring that gains or losses on hedging transactions be taken into account in a manner that matches the income or loss from the hedged item or items. The regulations apply to hedges that meet a standard of ''risk reduction'' with respect to ordinary property held (or to be held) or certain liabilities incurred (or to be incurred) by the taxpayer and that meet certain identification and other requirements (Treas. Reg. sec. 1.1221–2).

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, adds three categories to the list of assets the gain or loss on which is treated as ordinary (sec. 1221). The new categories are: (1) commodities derivative financial instruments held by commodities derivatives dealers; (2) hedging transactions; and (3) supplies of a type regularly consumed by the taxpayer in the ordinary course of a taxpayer's trade or business. In defining a hedging transaction, S. 1792 generally codifies the approach taken by the Treasury regulations, but modifies the rules. The ''risk reduction'' standard of the regulations is broadened to ''risk management'' with respect to ordinary property held (or to be held) or certain liabilities incurred (or to be incurred), and S. 1792 provides that the definition of a hedging transaction includes a transaction entered into primarily to manage such other risks as the Secretary may prescribe in regulations.

Effective date.—The provision in S. 1792 is effective for any instrument held, acquired or entered into, any transaction entered into, and supplies held or acquired on or after the date of enactment.

Conference Agreement

The conference agreement includes the provision in S. 1792.

C. Expand Reporting of Cancellation of Indebtedness Income (sec. 6050P of the Code)

Present Law

Under section 61(a)(12), a taxpayer's gross income includes income from the discharge of indebtedness. Section 6050P requires ''applicable entities'' to file information returns with the Internal Revenue Service (IRS) regarding any discharge of indebtedness of $600 or more.

The information return must set forth the name, address, and taxpayer identification number of the person whose debt was discharged, the amount of debt discharged, the date on which the debt was discharged, and any other information that the IRS requires to be provided. The information return must be filed in the manner and at the time specified by the IRS. The same information also must be provided to the person whose debt is discharged by January 31 of the year following the discharge.

''Applicable entities'' include: (1) the Federal Deposit Insurance Corporation (FDIC), the Resolution Trust Corporation (RTC), the National Credit Union Administration, and any successor or subunit of any of them; (2) any financial institution (as described in sec. 581 (relating to banks) or sec. 591(a) (relating to savings institutions)); (3) any credit union; (4) any corporation that is a direct or indirect subsidiary of an entity described in (2) or (3) which, by virtue of being affiliated with such entity, is subject to supervision and examination by a Federal or State agency regulating such entities; and (5) an executive, judicial, or legislative agency (as defined in 31 U.S.C. sec. 3701(a)(4)).

Failures to file correct information returns with the IRS or to furnish statements to taxpayers with respect to these discharges of indebtedness are subject to the same general penalty that is imposed with respect to failures to provide other types of information returns. Accordingly, the penalty for failure to furnish statements to taxpayers is generally $50 per failure, subject to a maximum of $100,000 for any calendar year. These penalties are not applicable if the failure is due to reasonable cause and not to willful neglect.

House Bill

No provision.

Senate Amendment

No provision, but S.1792, as passed by the Senate, requires information reporting on indebtedness discharged by any organization a significant trade or business of which is the lending of money (such as finance companies and credit card companies whether or not affiliated with financial institutions).

Effective date.—The provision is effective with respect to discharges of indebtedness after December 31, 1999.

Conference Agreement

The conference agreement includes the provision in S. 1792.

D. Limit Conversion of Character of Income From Constructive Ownership Transactions (new sec. 1260 of the Code)

Present Law

The maximum individual income tax rate on ordinary income and short-term capital gain is 39.6 percent, while the maximum individual income tax rate on long-term capital gain generally is 20 percent. Long-term capital gain means gain from the sale or exchange of a capital asset held more than one year. For this purpose, gain from the termination of a right with respect to property which would be a capital asset in the hands of the taxpayer is treated as capital gain.[23]

A pass-thru entity (such as a partnership) generally is not subject to Federal income tax. Rather, each owner includes its share of a pass-thru entity's income, gain, loss, deduction or credit in its taxable income. Generally, the character of the item is determined at the entity level and flows through to the owners. Thus, for example, the treatment of an item of income by a partnership as ordinary income, short-term capital gain, or long-term capital gain retains its character when reported by each of the partners.

Investors may enter into forward contracts, notional principal contracts, and

[22] $75,000 for married taxpayers filing separately.

[23] Section 1234A, as amended by the Taxpayer Relief Act of 1997.

other similar arrangements with respect to property that provides the investor with the same or similar economic benefits as owning the property directly but with potentially different tax consequences (as to the character and timing of any gain).

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, includes a provision that limits the amount of long-term capital gain a taxpayer could recognize from certain derivative contracts (''constructive ownership transactions'') with respect to certain financial assets. The amount of long-term capital gain is limited to the amount of such gain the taxpayer would have recognized if the taxpayer held the financial asset directly during the term of the derivative contract. Any gain in excess of this amount is treated as ordinary income. An interest charge is imposed on the amount of gain that is treated as ordinary income. The provision does not alter the tax treatment of the long-term capital gain that is not treated as ordinary income.

A taxpayer is treated as having entered into a constructive ownership transaction if the taxpayer (1) holds a long position under a notional principal contract with respect to the financial asset, (2) enters into a forward contract to acquire the financial asset, (3) is the holder of a call option, and the grantor of a put option, with respect to a financial asset, and the options have substantially equal strike prices and substantially contemporaneous maturity dates, or (4) to the extent provided in regulations, enters into one or more transactions, or acquires one or more other positions, that have substantially the same effect of replicating the economic benefits of direct ownership of a financial asset without a significant change in the risk-reward profile with respect to the underlying transaction.[24]

A ''financial asset'' is defined as (1) any equity interest in a pass-thru entity, and (2) to the extent provided in regulations, any debt instrument and any stock in a corporation that is not a pass-thru entity. A ''pass-thru entity'' refers to (1) a regulated investment company, (2) a real estate investment trust, (3) a real estate mortgage investment conduit, (4) an S corporation, (5) a partnership, (6) a trust, (7) a common trust fund, (8) a passive foreign investment company,[25] (9) a foreign personal holding company, and (10) a foreign investment company.

The amount of recharacterized gain is calculated as the excess of the amount of long-term capital gain the taxpayer would have had absent this provision over the ''net underlying long-term capital gain'' attributable to the financial asset. The net underlying long-term capital gain is the amount of net capital gain the taxpayer would have realized if it had acquired the financial asset for its fair market value on the date the constructive ownership transaction was opened and sold the financial asset on the date the transaction was closed (only taking into account gains and losses that would have resulted from a deemed ownership of the financial asset).[26] The long-term capital gains rate on the net underlying long-term capital gain is determined by reference to the individual capital gains rates in section 1(h).

Example 1: On January 1, 2000, Taxpayer enters into a three-year notional principal contract (a constructive ownership transaction) with a securities dealer whereby, on the settlement date, the dealer agrees to pay Taxpayer the amount of any increase in the notional value of an interest in an investment partnership (the financial asset). After three years, the value of the notional principal contract increased by $200,000, of which $150,000 is attributable to ordinary income and net short-term capital gain ($50,000 is attributable to net long-term capital gains). The amount of the net underlying long-term capital gains is $50,000, and the amount of gain that is recharacterized as ordinary income is $150,000 (the excess of $200,000 of long-term gain over the $50,000 of net underlying long-term capital gain).

An interest charge is imposed on the underpayment of tax for each year that the constructive ownership transaction was open. The interest charge is the amount of interest that would be imposed under section 6601 had the recharacterized gain been included in the taxpayer's gross income during the term of the constructive ownership transaction. The recharacterized gain is treated as having accrued such that the gain in each successive year is equal to the gain in the prior year increased by a constant growth rate[27] during the term of the constructive ownership transaction.

Example 2: Same facts as in *example 1,* and assume the applicable Federal rate on December 31, 2002, is six percent. For purposes of calculating the interest charge, Taxpayer must allocate the $150,000 of recharacterized ordinary income to the three year-term of the constructive ownership transaction as follows: $47,116.47 is allocated to year 2000, $49,943.46 is allocated to year 2001, and $52,940.07 is allocated to year 2002.

A taxpayer is treated as holding a long position under a notional principal contract with respect to a financial asset if the person (1) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on the financial asset for a specified period, and (2) is obligated to reimburse (or provide credit) for all or substantially all of any decline in the value of the financial asset. A forward contract is a contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

If the constructive ownership transaction is closed by reason of taking delivery of the underlying financial asset, the taxpayer is treated as having sold the contract, option, or other position that is part of the transaction for its fair market value on the closing date. However, the amount of gain that is recognized as a result of having taken delivery is limited to the amount of gain that is treated as ordinary income by reason of this provision (with appropriate basis adjustments for such gain).

The provision does not apply to any constructive ownership transaction if all of the positions that are part of the transaction are marked to market under the Code or regulations. The Treasury Department is authorized to prescribe regulations as necessary to carry out the purposes of the provision, including to (1) permit taxpayers to mark to market constructive ownership transactions in lieu of the provision, and (2) exclude certain forward contracts that do not convey substantially all of the economic return with respect to a financial asset.

No inference is intended as to the proper treatment of a constructive ownership transaction entered into prior to the effective date of this provision.

Effective date.—The provision applies to transactions entered into on or after July 12, 1999. For this purpose, a contract, option or any other arrangement that is entered into or exercised on or after July 12, 1999, which extends or otherwise modifies the terms of a transaction entered into prior to such date is treated as a transaction entered into on or after July 12, 1999.

Conference Agreement

The conference agreement includes the provision in S. 1792 with a clarification regarding the effective date. The provision applies to transactions entered into on or after July 12, 1999. For this purpose, it is expected that a contract, option or any other arrangement that is entered into or exercised on or after July 12, 1999, which extends or otherwise modifies the terms of a transaction entered into prior to such date will be treated as a transaction entered into on or after July 12, 1999, unless a party to the transaction other than the taxpayer has, as of July 12, 1999, the exclusive right to extend the terms of the transaction, and the length of such extension does not exceed the first business day following a period of five years from the original termination date under the transaction.

E. Treatment of Excess Pension Assets Used for Retiree Health Benefits (sec. 420 of the Code, and secs. 101, 403, and 408 of ERISA)

Present Law

Defined benefit pension plan assets generally may not revert to an employer prior to the termination of the plan and the satisfaction of all plan liabilities. A reversion prior to plan termination may constitute a prohibited transaction and may result in disqualification of the plan. Certain limitations and procedural requirements apply to a reversion upon plan termination. Any assets that revert to the employer upon plan termination are includible in the gross income of the employer and subject to an excise tax. The excise tax rate, which may be as high as 50 percent of the reversion, varies depending upon whether or not the employer maintains a replacement plan or makes certain benefit increases. Upon plan termination, the accrued benefits of all plan participants are required to be 100–percent vested.

A pension plan may provide medical benefits to retired employees through a section 401(h) account that is a part of such plan. A qualified transfer of excess assets of a defined benefit pension plan (other than a multiemployer plan) into a section 401(h) account that is a part of such plan does not result in plan disqualification and is not treated as a reversion to the employer or a prohibited transaction. Therefore, the transferred assets are not includible in the gross income of the employer and are not subject to the excise tax on reversions.

Qualified transfers are subject to amount and frequency limitations, use requirements, deduction limitations, vesting requirements and minimum benefit requirements. Excess assets transferred in a qualified transfer may not exceed the amount reasonably estimated to be the amount that the employer will pay out of such account during the taxable year of the transfer for qualified current retiree health liabilities. No more than one qualified transfer with respect to any plan may occur in any taxable year.

The transferred assets (and any income thereon) must be used to pay qualified current retiree health liabilities (either directly or through reimbursement) for the taxable year of the transfer. Transferred amounts

[24] It is not expected that leverage in a constructive ownership transaction would change the risk-reward profile with respect to the underlying transaction.

[25] For this purpose, a passive foreign investment company includes an investment company that is also a controlled foreign corporation.

[26] A taxpayer must establish the amount of the net underlying long-term capital gain with clear and convincing evidence; otherwise, the amount is deemed to be zero. To the extent that the economic positions of the taxpayer and the counterparty do not equally offset each other, the amount of the net underlying long-term capital gain may be difficult to establish.

[27] The accrual rate is the applicable Federal rate on the day the transaction closed.

generally must benefit all pension plan participants, other than key employees, who are entitled upon retirement to receive retiree medical benefits through the section 401(h) account. Retiree health benefits of key employees may not be paid (directly or indirectly) out of transferred assets. Amounts not used to pay qualified current retiree health liabilities for the taxable year of the transfer are to be returned at the end of the taxable year to the general assets of the plan. These amounts are not includible in the gross income of the employer, but are treated as an employer reversion and are subject to a 20-percent excise tax.

No deduction is allowed for (1) a qualified transfer of excess pension assets into a section 401(h) account, (2) the payment of qualified current retiree health liabilities out of transferred assets (and any income thereon) or (3) a return of amounts not used to pay qualified current retiree health liabilities to the general assets of the pension plan.

In order for the transfer to be qualified, accrued retirement benefits under the pension plan generally must be 100-percent vested as if the plan terminated immediately before the transfer.

The minimum benefit requirement requires each group health plan under which applicable health benefits are provided to provide substantially the same level of applicable health benefits for the taxable year of the transfer and the following 4 taxable years. The level of benefits that must be maintained is based on benefits provided in the year immediately preceding the taxable year of the transfer. Applicable health benefits are health benefits or coverage that are provided to (1) retirees who, immediately before the transfer, are entitled to receive such benefits upon retirement and who are entitled to pension benefits under the plan and (2) the spouses and dependents of such retirees.

The provision permitting a qualified transfer of excess pension assets to pay qualified current retiree health liabilities expires for taxable years beginning after December 31, 2000.[28]

House Bill

No provision.

Senate Amendment

No provision. However, S. 1792, as passed by the Senate, extends the present-law provision permitting qualified transfers of excess defined benefit pension plan assets to provide retiree health benefits under a section 401(h) account through September 30, 2009.[29] In addition, the present-law minimum benefit requirement is replaced by the minimum cost requirement that applied to qualified transfers before December 9, 1994, to section 401(h) accounts. Therefore, each group health plan or arrangement under which applicable health benefits are provided is required to provide a minimum dollar level of retiree health expenditures for the taxable year of the transfer and the following 4 taxable years. The minimum dollar level is the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the transfer. The applicable employer cost for a taxable year is determined by dividing the employer's qualified current retiree health liabilities by the number of individuals to whom coverage for applicable health benefits was provided during the taxable year.

Effective date.—S. 1792, as passed by the Senate, is effective with respect to qualified transfers of excess defined benefit pension plan assets to section 401(h) accounts after December 31, 2000, and before October 1, 2009. The modification of the minimum benefit requirement is effective with respect to transfers after the date of enactment. In addition, S. 1792 contains a transition rule regarding the minimum cost requirement. Under this rule, an employer must satisfy the minimum benefit requirement with respect to a qualified transfer that occurs after the date of enactment during the portion of the cost maintenance period of such transfer that overlaps the benefit maintenance period of a qualified transfer that occurs on or before the date of enactment. For example, suppose an employer (with a calendar year taxable year) made a qualified transfer in 1998. The minimum benefit requirement must be satisfied for calendar years 1998, 1999, 2000, 2001, and 2002. Suppose the employer also makes a qualified transfer in 2000. Then, the employer is required to satisfy the minimum benefit requirement in 2000, 2001, and 2002, and is required to satisfy the minimum cost requirement in 2003 and 2004.

Conference Agreement

The conference agreement extends the present-law provision permitting qualified transfers of excess defined benefit pension plan assets to provide retiree health benefits under a section 401(h) account through December 31, 2005.[30] The modification of the minimum benefit requirement is effective with respect to transfers after the date of enactment. The Secretary of the Treasury is directed to prescribe such regulations as may be necessary to prevent an employer who significantly reduces retiree health coverage during the cost maintenance period from being treated as satisfying the minimum cost requirement. In addition, the conference agreement contains a transition rule regarding the minimum cost requirement. Under this rule, an employer must satisfy the minimum benefit requirement with respect to a qualified transfer that occurs after the date of enactment during the portion of the cost maintenance period of such transfer that overlaps the benefit maintenance period of a qualified transfer that occurs on or before the date of enactment. For example, suppose an employer (with a calendar year taxable year) made a qualified transfer in 1998. The minimum benefit requirement must be satisfied for calendar years 1998, 1999, 2000, 2001, and 2002. Suppose the employer also makes a qualified transfer in 2000. Then, the employer is required to satisfy the minimum benefit requirement in 2000, 2001, and 2002, and is required to satisfy the minimum cost requirement in 2003 and 2004.

Effective date.—The conference agreement is effective with respect to qualified transfers of excess defined benefit pension plan assets to section 401(h) accounts after December 31, 2000, and before January 1, 2006. The modification of the minimum benefit requirement is effective with respect to transfers after the date of enactment. In addition, the conference agreement contains a transition rule regarding the minimum cost requirement. Under this rule, an employer must satisfy the minimum benefit requirement with respect to a qualified transfer that occurs after the date of enactment during the portion of the cost maintenance period of such transfer that overlaps the benefit maintenance period of a qualified transfer that occurs on or before the date of enactment. For example, suppose an employer (with a calendar year taxable year) made a qualified transfer in 1998. The minimum benefit requirement must be satisfied for calendar years 1998, 1999, 2000, 2001, and 2002. Suppose the employer also makes a qualified transfer in 2000. Then, the employer is required to satisfy the minimum benefit requirement in 2000, 2001, and 2002, and is required to satisfy the minimum cost requirement in 2003 and 2004.

F. Modify Installment Method and Prohibit its Use by Accrual Method Taxpayers (sections 453 and 453A of the Code)

Present Law

An accrual method taxpayer is generally required to recognize income when all the events have occurred that fix the right to the receipt of the income and the amount of the income can be determined with reasonable accuracy. The installment method of accounting provides an exception to this general principle of income recognition by allowing a taxpayer to defer the recognition of income from the disposition of certain property until payment is received. Sales to customers in the ordinary course of business are not eligible for the installment method, except for sales of property that is used or produced in the trade or business of farming and sales of timeshares and residential lots if an election to pay interest under section 453(l)(2)(B)) is made.

A pledge rule provides that if an installment obligation is pledged as security for any indebtedness, the net proceeds[31] of such indebtedness are treated as a payment on the obligation, triggering the recognition of income. Actual payments received on the installment obligation subsequent to the receipt of the loan proceeds are not taken into account until such subsequent payments exceed the loan proceeds that were treated as payments. The pledge rule does not apply to sales of property used or produced in the trade or business of farming, to sales of timeshares and residential lots where the taxpayer elects to pay interest under section 453(l)(2)(B), or to dispositions where the sales price does not exceed $150,000.

An additional rule requires the payment of interest on the deferred tax that is attributable to most large installment sales.

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, generally prohibits the use of the installment method of accounting for dispositions of property that would otherwise be reported for Federal income tax purposes using an accrual method of accounting and modifies the installment sale pledge rule to provide that entering into any arrangement that gives the taxpayer the right to satisfy an obligation with an installment note will be treated in the same manner as the direct pledge of the installment note.

Prohibition on the use of the installment method for accrual method dispositions

S. 1792 generally prohibits the use of the installment method of accounting for dispositions of property that would otherwise be reported for Federal income tax purposes

[28] Title I of the Employee Retirement Income Security Act of 1974, as amended (''ERISA''), provides that plan participants, the Secretaries of Treasury and the Department of Labor, the plan administrator, and each employee organization representing plan participants must be notified 60 days before a qualified transfer of excess assets to a retiree health benefits account occurs (ERISA sec. 103(e)). ERISA also provides that a qualified transfer is not a prohibited transaction under ERISA (ERISA sec. 408(b)(13)) or a prohibited reversion of assets to the employer (ERISA sec. 403(c)(1)). For purposes of these provisions, a qualified transfer is generally defined as a transfer pursuant to section 420 of the Internal Revenue Code, as in effect on January 1, 1995.

[29] S. 1792 modifies the corresponding provisions of ERISA.

[30] The conference agreement modifies the corresponding provisions of ERISA.

[31] The net proceeds equal the gross loan proceeds less the direct expenses of obtaining the loan.

using an accrual method of accounting. The provision does not change present law regarding the availability of the installment method for dispositions of property used or produced in the trade or business of farming. The provision also does not change present law regarding the availability of the installment method for dispositions of timeshares or residential lots if the taxpayer elects to pay interest under section 453(l).

The provision does not change the ability of a cash method taxpayer to use the installment method. For example, a cash method individual owns all of the stock of a closely held accrual method corporation. This individual sells his stock for cash, a ten year note, and a percentage of the gross revenues of the company for next ten years. The provision does not change the ability of this individual to use the installment method in reporting the gain on the sale of the stock.

Modifications to the pledge rule

S. 1792 modifies the pledge rule to provide that entering into any arrangement that gives the taxpayer the right to satisfy an obligation with an installment note will be treated in the same manner as the direct pledge of the installment note. For example, a taxpayer disposes of property for an installment note. The disposition is properly reported using the installment method. The taxpayer only recognizes gain as it receives the deferred payment. However, were the taxpayer to pledge the installment note as security for a loan, it would be required to treat the proceeds of such loan as a payment on the installment note, and recognize the appropriate amount of gain. Under the provision, the taxpayer would also be required to treat the proceeds of a loan as payment on the installment note to the extent the taxpayer had the right to ''put'' or repay the loan by transferring the installment note to the taxpayer's creditor. Other arrangements that have a similar effect would be treated in the same manner.

The modification of the pledge rule applies only to installment sales where the pledge rule of present law applies. Accordingly, the provision does not apply to (1) installment method sales made by a dealer in timeshares and residential lots where the taxpayer elects to pay interest under section 453(l)(2)(B), (2) sales of property used or produced in the trade or business of farming, or (3) dispositions where the sales price does not exceed $150,000, since such sales are not subject to the pledge rule under present law.

Effective date.—The provision is effective for sales or other dispositions entered into on or after the date of enactment.

Conference Agreement

The conference agreement includes the provision in S. 1792.

G. Denial of Charitable Contribution Deduction for Transfers Associated with

Split-dollar Insurance Arrangements (new sec. 501(c)(28) of the Code)

Present Law

Under present law, in computing taxable income, a taxpayer who itemizes deductions generally is allowed to deduct charitable contributions paid during the taxable year. The amount of the deduction allowable for a taxable year with respect to any charitable contribution depends on the type of property contributed, the type of organization to which the property is contributed, and the income of the taxpayer (secs. 170(b) and 170(e)). A charitable contribution is defined to mean a contribution or gift to or for the use of a charitable organization or certain other entities (sec. 170(c)). The term ''contribution or gift'' is not defined by statute, but generally is interpreted to mean a voluntary transfer of money or other property without receipt of adequate consideration and with donative intent. If a taxpayer receives or expects to receive a quid pro quo in exchange for a transfer to charity, the taxpayer may be able to deduct the excess of the amount transferred over the fair market value of any benefit received in return, provided the excess payment is made with the intention of making a gift.[32]

In general, no charitable contribution deduction is allowed for a transfer to charity of less than the taxpayer's entire interest (i.e., a partial interest) in any property (sec. 170(f)(3)). In addition, no deduction is allowed for any contribution of $250 or more unless the taxpayer obtains a contemporaneous written acknowledgment from the donee organization that includes a description and good faith estimate of the value of any goods or services provided by the donee organization to the taxpayer in consideration, whole or part, for the taxpayer's contribution (sec. 170(f)(8)).

House Bill

No provision.

Senate Amendment

Deduction denial

No provision. However, S. 1792, as passed by the Senate, contains a provision[33] that restates present law to provide that no charitable contribution deduction is allowed for purposes of Federal tax, for a transfer to or for the use of an organization described in section 170(c) of the Internal Revenue Code, if in connection with the transfer (1) the organization directly or indirectly pays, or has previously paid, any premium on any ''personal benefit contract'' with respect to the transferor, or (2) there is an understanding or expectation that any person will directly or indirectly pay any premium on any ''personal benefit contract'' with respect to the transferor. It is intended that an organization be considered as indirectly paying premiums if, for example, another person pays premiums on its behalf.

A personal benefit contract with respect to the transferor is any life insurance, annuity, or endowment contract, if any direct or indirect beneficiary under the contract is the transferor, any member of the transferor's family, or any other person (other than a section 170(c) organization) designated by the transferor. For example, such a beneficiary would include a trust having a direct or indirect beneficiary who is the transferor or any member of the transferor's family, and would include an entity that is controlled by the transferor or any member of the transferor's family. It is intended that a beneficiary under the contract include any beneficiary under any side agreement relating to the contract. If a transferor contributes a life insurance contract to a section 170(c) organization and designates one or more section 170(c) organizations as the sole beneficiaries under the contract, generally, it is not intended that the deduction denial rule under the provision apply. If, however, there is an outstanding loan under the contract upon the transfer of the contract, then the transferor is considered as a beneficiary. The fact that a contract also has other direct or indirect beneficiaries (persons who are not the transferor or a family member, or designated by the transferor) does not prevent it from being a personal benefit contract. The provision is not intended to affect situations in which an organization pays premiums under a legitimate fringe benefit plan for employees.

It is intended that a person be considered as an indirect beneficiary under a contract if, for example, the person receives or will receive any economic benefit as a result of amounts paid under or with respect to the contract. For this purpose, as described below, an indirect beneficiary is not intended to include a person that benefits exclusively under a bona fide charitable gift annuity (within the meaning of sec. 501(m)).

In the case of a charitable gift annuity, if the charitable organization purchases an annuity contract issued by an insurance company to fund its obligation to pay the charitable gift annuity, a person receiving payments under the charitable gift annuity is not treated as an indirect beneficiary, provided certain requirements are met. The requirements are that (1) the charitable organization possess all of the incidents of ownership (within the meaning of Treas. Reg. sec. 20.2042–1(c)) under the annuity contract purchased by the charitable organization; (2) the charitable organization be entitled to all the payments under the contract; and (3) the timing and amount of payments under the contract be substantially the same as the timing and amount of payments to each person under the organization's obligation under the charitable gift annuity (as in effect at the time of the transfer to the charitable organization).

Under the provision, an individual's family consists of the individual's grandparents, the grandparents of the individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

In the case of a charitable gift annuity obligation that is issued under the laws of a State that requires, in order for the charitable gift annuity to be exempt from insurance regulation by that State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in that State, then the foregoing requirements (1) and (2) are treated as if they are met, provided that certain additional requirements are met. The additional requirements are that the State law requirement was in effect on February 8, 1999, each beneficiary under the charitable gift annuity is a bona fide resident of the State at the time the charitable gift annuity was issued, the only persons entitled to payments under the annuity contract issued by the insurance company are persons entitled to payments under the charitable gift annuity when it was issued, and (as required by clause (iii) of subparagraph (D) of the provision) the timing and amount of payments under the annuity contract to each person are substantially the same as the timing and amount of payments to the person under the charitable gift annuity (as in effect at the time of the transfer to the charitable organization).

In the case of a charitable remainder annuity trust or charitable remainder unitrust (as defined in section 664(d)) that holds a life insurance, endowment or annuity contract issued by an insurance company, a person is not treated as an indirect beneficiary under the contract held by the trust, solely by reason of being a recipient of an annuity or unitrust amount paid by the trust, provided that the trust possesses all of the incidents of ownership under the contract and is entitled to all the payments under such contract. No inference is intended as to the applicability of other provisions of the Code with respect to the acquisition by the trust of a life insurance, endowment or annuity contract, or the appropriateness of such an investment by a charitable remainder trust.

Nothing in the provision is intended to suggest that a life insurance, endowment, or annuity contract would be a personal benefit

[32] United States v. American Bar Endowment, 477 U.S. 105 (1986). Treas. Reg. sec. 1.170A–1(h).

[33] The provision is similar to H.R. 630, introduced by Mr. Archer and Mr. Rangel (106th Cong., 1st Sess.).

contract, solely because an individual who is a recipient of an annuity or unitrust amount paid by a charitable remainder annuity trust or charitable remainder unitrust uses such a payment to purchase a life insurance, endowment or annuity contract, and a beneficiary under the contract is the recipient, a member of his or her family, or another person he or she designates.

Excise tax

The provision imposes on any organization described in section 170(c) of the Code an excise tax, equal to the amount of the premiums paid by the organization on any life insurance, annuity, or endowment contract, if the premiums are paid in connection with a transfer for which a deduction is not allowable under the deduction denial rule of the provision (without regard to when the transfer to the charitable organization was made). The excise tax does not apply if all of the direct and indirect beneficiaries under the contract (including any related side agreement) are organizations described in section 170(c). Under the provision, payments are treated as made by the organization, if they are made by any other person pursuant to an understanding or expectation of payment. The excise tax is to be applied taking into account rules ordinarily applicable to excise taxes in chapter 41 or 42 of the Code (e.g., statute of limitation rules).

Reporting

The provision requires that the charitable organization annually report the amount of premiums that is paid during the year and that is subject to the excise tax imposed under the provision, and the name and taxpayer identification number of each beneficiary under the life insurance, annuity or endowment contract to which the premiums relate, as well as other information required by the Secretary of the Treasury. For this purpose, it is intended that a beneficiary include any beneficiary under any side agreement to which the section 170(c) organization is a party (or of which it is otherwise aware). Penalties applicable to returns required under Code section 6033 apply to returns under this reporting requirement. Returns required under this provision are to be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

Regulations

The provision provides for the promulgation of regulations necessary or appropriate to carry out the purposes of the provisions, including regulations to prevent the avoidance of the purposes of the provision. For example, it is intended that regulations prevent avoidance of the purposes of the provision by inappropriate or improper reliance on the limited exceptions provided for certain beneficiaries under bona fide charitable gift annuities and for certain noncharitable recipients of an annuity or unitrust amount paid by a charitable remainder trust.

Effective date

The deduction denial provision applies to transfers after February 8, 1999 (as provided in H.R. 630). The excise tax provision applies to premiums paid after the date of enactment. The reporting provision applies to premiums paid after February 8, 1999 (determined as if the excise tax imposed under the provision applied to premiums paid after that date).

No inference is intended that a charitable contribution deduction is allowed under present law with respect to a charitable split-dollar insurance arrangement. The provision does not change the rules with respect to fraud or criminal or civil penalties under present law; thus, actions constituting fraud or that are subject to penalties under present law would still constitute fraud or be subject to the penalties after enactment of the provision.

Conference Agrement

The conference agreement includes the provision in S. 1792.

H. Distributions by a Partnership to a Corporate Partner of Stock in Another Corporation (sec. 732 of the Code)

Present Law

Present law generally provides that no gain or loss is recognized on the receipt by a corporation of property distributed in complete liquidation of another corporation in which it holds 80 percent of the stock (by vote and value) (sec. 332). The basis of property received by a corporate distributee in the distribution in complete liquidation of the 80–percent-owned subsidiary is a carryover basis, i.e., the same as the basis in the hands of the subsidiary (provided no gain or loss is recognized by the liquidating corporation with respect to the distributed property) (sec. 334(b)).

Present law provides two different rules for determining a partner's basis in distributed property, depending on whether or not the distribution is in liquidation of the partner's interest in the partnership. Generally, a substituted basis rule applies to property distributed to a partner in liquidation. Thus, the basis of property distributed in liquidation of a partner's interest is equal to the partner's adjusted basis in its partnership interest (reduced by any money distributed in the same transaction) (sec. 732(b)).

By contrast, generally, a carryover basis rule applies to property distributed to a partner other than in liquidation of its partnership interest, subject to a cap (sec. 732(a)). Thus, in a non-liquidating distribution, the distributee partner's basis in the property is equal to the partnership's adjusted basis in the property immediately before the distribution, but not to exceed the partner's adjusted basis in its partnership interest (reduced by any money distributed in the same transaction). In a non-liquidating distribution, the partner's basis in its partnership interest is reduced by the amount of the basis to the distributee partner of the property distributed and is reduced by the amount of any money distributed (sec. 733).

If corporate stock is distributed by a partnership to a corporate partner with a low basis in its partnership interest, the basis of the stock is reduced in the hands of the partner so that the stock basis equals the distributee partner's adjusted basis in its partnership interest. No comparable reduction is made in the basis of the corporation's assets, however. The effect of reducing the stock basis can be negated by a subsequent liquidation of the corporation under section 332.[34]

House Bill

No provision.

Senate Amendment

In general

No provision. However, S. 1792, as passed by the Senate, contains a provision that provides for a basis reduction to assets of a corporation, if stock in that corporation is distributed by a partnership to a corporate partner. The reduction applies if, after the distribution, the corporate partner controls the distributed corporation.

Amount of the basis reduction

Under the provision, the amount of the reduction in basis of property of the distributed corporation generally equals the amount of the excess of (1) the partnership's adjusted basis in the stock of the distributed corporation immediately before the distribution, over (2) the corporate partner's basis in that stock immediately after the distribution.

The provision limits the amount of the basis reduction in two respects. First, the amount of the basis reduction may not exceed the amount by which (1) the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds (2) the corporate partner's adjusted basis in the stock of the distributed corporation. Thus, for example, if the distributed corporation has cash of $300 and other property with a basis of $600 and the corporate partner's basis in the stock of the distributed corporation is $400, then the amount of the basis reduction could not exceed $500 (i.e., ($300+$600)—$400 = $500).

Second, the amount of the basis reduction may not exceed the adjusted basis of the property of the distributed corporation. Thus, the basis of property (other than money) of the distributed corporation could not be reduced below zero under the provision, even though the total amount of the basis reduction would otherwise be greater.

The provision provides that the corporate partner recognizes long-term capital gain to the extent the amount of the basis reduction exceeds the basis of the property (other than money) of the distributed corporation. In addition, the corporate partner's adjusted basis in the stock of the distribution is increased in the same amount. For example, if the amount of the basis reduction were $400, and the distributed corporation has money of $200 and other property with an adjusted basis of $300, then the corporate partner would recognize a $100 capital gain under the provision. The corporate partner's basis in the stock of the distributed corporation is also increased by $100 in this example, under the provision.

The basis reduction is allocated among assets of the controlled corporation in accordance with the rules provided under section 732(c).

Partnership distributions resulting in control

The basis reduction generally applies with respect to a partnership distribution of stock if the corporate partner controls the distributed corporation immediately after the distribution or at any time thereafter. For this purpose, the term control means ownership of stock meeting the requirements of section 1504(a)(2) (generally, an 80–percent vote and value requirement).

The provision applies to reduce the basis of any property held by the distributed corporation immediately after the distribution, or, if the corporate partner does not control the distributed corporation at that time, then at the time the corporate partner first has such control. The provision does not apply to any distribution if the corporate partner does not have control of the distributed corporation immediately after the distribution and establishes that the distribution was not part of a plan or arrangement to acquire control.

For purposes of the provision, if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined (by reason of being distributed from a partnership) in whole or in part by reference to section 732(a)(2) or (b), then the corporation is treated as receiving a distribution of stock from a partnership. For example, if a partnership distributes property other than stock (such as real estate) to a corporate partner, and that corporate partner contributes the real estate to another corporation in a section 351 transaction,

[34] In a similar situation involving the purchase of stock of a subsidiary corporation as replacement property following an involuntary conversion, the Code generally requires the basis of the assets held by the subsidiary to be reduced to the extent that the basis of the stock in the replacement corporation itself is reduced (sec. 1033).

then the stock received in the section 351 transaction is not treated as distributed by a partnership, and the basis reduction under this provision does not apply. As another example, if a partnership distributes stock to two corporate partners, neither of which have control of the distributed corporation, and the two corporate partners merge and the survivor obtains control of the distributed corporation, the stock of the distributed corporation that is acquired as a result of the merger is treated as received in a partnership distribution; the basis reduction rule of the provision applies.

In the case of tiered corporations, a special rule provides that if the property held by a distributed corporation is stock in a corporation that the distributed corporation controls, then the provision is applied to reduce the basis of the property of that controlled corporation. The provision is also reapplied to any property of any controlled corporation that is stock in a corporation that it controls. Thus, for example, if stock of a controlled corporation is distributed to a corporate partner, and the controlled corporation has a subsidiary, the amount of the basis reduction allocable to stock of the subsidiary is applied again to reduce the basis of the assets of the subsidiary, under the special rule.

The provision also provides for regulations, including regulations to avoid double counting and to prevent the abuse of the purposes of the provision. It is intended that regulations prevent the avoidance of the purposes of the provision through the use of tiered partnerships.

Effective date

The provision is effective for distributions made after July 14, 1999, except that in the case of a corporation that is a partner in a partnership on July 14, 1999, the provision is effective for distributions by that partnership to the corporation after the date of enactment.

Conference Agreement

The conference agreement includes the provision of S. 1792, with a modification to the effective date.

Effective date.—The provision is effective generally for distributions made after July 14, 1999. However, in the case of a corporation that is a partner in a partnership as of July 14, 1999, the provision is effective for any distribution made (or treated as made) to that partner from that partnership after June 30, 2001. In the case of any such distribution after the date of enactment and before July 1, 2001, the rule of the preceding sentence does not apply unless that partner makes an election to have the rule apply to the distribution on the partner's return of Federal income tax for the taxable year in which the distribution occurs.

No inference is intended that distributions that are not subject to the provision achieve a particular tax result under present law, and no inference is intended that enactment of the provision limits the application of tax rules or principles under present or prior law.

I. Treatment of Real Estate Investment Trusts (REITs)

1. Provisions relating to REITs (secs. 852, 856, and 857 of the Code)

Present Law

A real estate investment trust (''REIT'') is an entity that receives most of its income from passive real-estate related investments and that essentially receives pass-through treatment for income that is distributed to shareholders.

If an electing entity meets the requirements for REIT status, the portion of its income that is distributed to the investors each year generally is taxed to the investors without being subjected to a tax at the REIT level. In general, a REIT must derive its income from passive sources and not engage in any active trade or business.

A REIT must satisfy a number of tests on a year by year basis that relate to the entity's (1) organizational structure; (2) source of income; (3) nature of assets; and (4) distribution of income. Under the source-of-income tests, at least 95 percent of its gross income generally must be derived from rents from real property, dividends, interest, and certain other passive sources (the ''95 percent test''). In addition, at least 75 percent of its gross income generally must be from real estate sources, including rents from real property and interest on mortgages secured by real property. For purposes of the 95 and 75 percent tests, qualified income includes amounts received from certain ''foreclosure property,'' treated as such for 3 years after the property is acquired by the REIT in foreclosure after a default (or imminent default) on a lease of such property or on indebtedness which such property secured.

In general, for purposes of the 95 percent and 75 percent tests, rents from real property do not include amounts for services to tenants or for managing or operating real property. However, there are some exceptions. Qualified rents include amounts received for services that are ''customarily furnished or rendered'' in connection with the rental of real property, so long as the services are furnished through an independent contractor from whom the REIT does not derive any income. Amounts received for services that are not ''customarily furnished or rendered'' are not qualified rents.

An independent contractor is defined as a person who does not own, directly or indirectly, more than 35 percent of the shares of the REIT. Also, no more than 35 percent of the total shares of stock of an independent contractor (or of the interests in assets or net profits, if not a corporation) can be owned directly or indirectly by persons owning 35 percent or more of the interests in the REIT. In addition, a REIT cannot derive any income from an independent contractor.

Rents for certain personal property leased in connection with real property are treated as rents from real property if the adjusted basis of the personal property does not exceed 15 percent of the aggregate adjusted bases of the real and the personal property.

Rents from real property do not include amounts received from any corporation if the REIT owns 10 percent or more of the voting power or of the total number of shares of all classes of stock of such corporation. Similarly, in the case of other entities, rents are not qualified if the REIT owns 10 percent of more in the assets or net profits of such person.

At the close of each quarter of the taxable year, at least 75 percent of the value of total REIT assets must be represented by real estate assets, cash and cash items, and Government securities. Also, a REIT cannot own securities (other than Government securities and certain real estate assets) in an amount greater than 25 percent of the value of REIT assets. In addition, it cannot own securities of any one issuer representing more than 5 percent of the total value of REIT assets or more than 10 percent of the voting securities of any corporate issuer. Securities for purposes of these rules are defined by reference to the Investment Company Act of 1940.[35]

Under an exception to the ownership rule, a REIT is permitted to have a wholly owned subsidiary corporation, but the assets and items of income and deduction of such corporation are treated as those of the REIT, and thus can affect the qualification of the REIT under the income and asset tests.

A REIT generally is required to distribute 95 percent of its income before the end of its taxable year, as deductible dividends paid to shareholders. This rule is similar to a rule for regulated investment companies (''RICs'') that requires distribution of 90 percent of income. Both REITS and RICs can make certain ''deficiency dividends'' after the close of the taxable year, and have these treated as made before the end of the year. The regulations applicable to REITS state that a distribution will be treated as a ''deficiency dividend'' (and, thus, as made before the end of the prior taxable year) only to the extent the earnings and profits for that year exceed the amount of distributions actually made during the taxable year.[36]

A REIT that has been or has combined with a C corporation[37] will be disqualified if, as of the end of its taxable year, it has accumulated earnings and profits from a non-REIT year. A similar rule applies to regulated investment companies (''RICs''). In the case of a REIT, any distribution made in order to comply with this requirement is treated as being first from pre-REIT accumulated earnings and profits. RICs do not have a similar ordering rule.

In the case of a RIC, any distribution made within a specified period after determination that the investment company did not qualify as a RIC for the taxable year will be treated as applying to the RIC for the non-RIC year, ''for purposes of applying [the earnings and profits rule that forbids a RIC to have non-RIC earnings and profits] to subsequent taxable years.'' The REIT rules do not specify any particular separate treatment of distributions made after the end of the taxable year for purposes of the earnings and profits rule. Treasury regulations under the REIT provisions state that ''distribution procedures similar to those * * * for regulated investment companies apply to non-REIT earnings and profits of a real estate investment trust.''[38]

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, provides as follows:

Investment limitations and taxable REIT subsidiaries

General rule.—Under the provision, a REIT generally cannot own more than 10 percent of the total value of securities of a single issuer, in addition to the present law rule that a REIT cannot own more than 10 percent of the outstanding voting securities of a single issuer. In addition, no more than 20 percent of the value of a REIT's assets can be represented by securities of the taxable REIT subsidiaries that are permitted under the bill.

Exception for safe-harbor debt.—For purposes of the new 10–percent value test, securities are generally defined to exclude safe harbor debt owned by a REIT (as defined for purposes of sec. 1361(c)(5)(B)(i) and (ii)) if the issuer is an individual, or if the REIT (and any taxable REIT subsidiary of such REIT) owns no other securities of the issuer. However, in the case of a REIT that owns securities of a partnership, safe harbor debt is excluded from the definition of securities only

[35] 15 U.S.C. 80a–1 and following. See Code section 856(c)(5)(F).

[36] Treas. Reg. sec. 1.858–1(b)(2).

[37] A ''C corporation'' is a corporation that is subject to taxation under the rules of subchapter C of the Internal Revenue Code, which generally provides for a corporate level tax on corporate income. Thus, a C corporation is not a pass-through entity. Earnings and profits of a C corporation, when distributed to shareholders, are taxed to the shareholders as dividends.

[38] Treas. Reg. sec. 1.857–11(c).

if the REIT owns at least 20–percent or more of the profits interest in the partnership. The purpose of the partnership rule requiring a 20 percent profits interest is to assure that if the partnership produces income that would be disqualified income to the REIT, the REIT will be treated as receiving a significant portion of that income directly through its partnership interest, even though it also may derive qualified interest income through its safe harbor debt interest.

Exception for taxable REIT subsidiaries.—An exception to the limitations on ownership of securities of a single issuer applies in the case of a ''taxable REIT subsidiary'' that meets certain requirements. To qualify as a taxable REIT subsidiary, both the REIT and the subsidiary corporation must join in an election. In addition, any corporation (other than a REIT or a qualified REIT subsidiary under section 856(i) that does not properly elect with the REIT to be a taxable REIT subsidiary) of which a taxable REIT subsidiary owns, directly or indirectly, more than 35 percent of the vote or value is automatically treated as a taxable REIT subsidiary.

Securities (as defined in the Investment Company Act of 1940) of taxable REIT subsidiaries could not exceed 20 percent of the total value of a REIT's assets.

A taxable REIT subsidiary can engage in certain business activities that under present law could disqualify the REIT because, but for the proposal, the taxable REIT subsidiary's activities and relationship with the REIT could prevent certain income from qualifying as rents from real property. Specifically, the subsidiary can provide services to tenants of REIT property (even if such services were not considered services customarily furnished in connection with the rental of real property), and can manage or operate properties, generally for third parties, without causing amounts received or accrued directly or indirectly by the REIT for such activities to fail to be treated as rents from real property. However, rents paid to a REIT generally are not qualified rents if the REIT owns more than 10 percent of the value, (as well as of the vote) of a corporation paying the rents. The only exceptions are for rents that are paid by taxable REIT subsidiaries and that also meet a limited rental exception (where 90 percent of space is leased to third parties at comparable rents) and an exception for rents from certain lodging facilities (operated by an independent contractor).

However, the subsidiary cannot directly or indirectly operate or manage a lodging or healthcare facility. Nevertheless, it can lease a qualified lodging facility (e.g., a hotel) from the REIT (provided no gambling revenues were derived by the hotel or on its premises); and the rents paid are treated as rents from real property so long as the lodging facility was operated by an independent contractor for a fee. The subsidiary can bear all expenses of operating the facility and receive all the net revenues, minus the independent contractor's fee.

For purposes of the rule that an independent contractor may operate a qualified lodging facility, an independent contractor will qualify so long as, at the time it enters into the management agreement with the taxable REIT subsidiary, it is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not related to the REIT or the taxable REIT subsidiary. The REIT may receive income from such an independent contractor with respect to certain pre-existing leases.

Also, the subsidiary generally cannot provide to any person rights to any brand name under which hotels or healthcare facilities are operated. An exception applies to rights provided to an independent contractor to operate or manage a lodging facility, if the rights are held by the subsidiary as licensee or franchisee, and the lodging facility is owned by the subsidiary or leased to it by the REIT.

Interest paid by a taxable REIT subsidiary to the related REIT is subject to the earnings stripping rules of section 163(j). Thus the taxable REIT subsidiary cannot deduct interest in any year that would exceed 50 percent of the subsidiary's adjusted gross income.

If any amount of interest, rent, or other deductions of the taxable REIT subsidiary for amounts paid to the REIT is determined to be other than at arm's length (''redetermined'' items) , an excise tax of 100 percent is imposed on the portion that was excessive. ''Safe harbors'' are provided for certain rental payments where (1) the amounts are de minimis, (2) there is specified evidence that charges to unrelated parties are substantially comparable, (3) certain charges for services from the taxable REIT subsidiary are separately stated, or (4) the subsidiary's gross income from the service is not less than 150 percent of the subsidiary's direct cost in furnishing the service.

In determining whether rents are arm's length rents, the fact that such rents do not meet the requirements of the specified safe harbors shall not be taken into account. In addition, rent received by a REIT shall not fail to qualify as rents from real property by reason of the fact that all or any portion of such rent is redetermined for purposes of the excise tax.

The Treasury Department is to conduct a study to determine how many taxable REIT subsidiaries are in existence and the aggregate amount of taxes paid by such subsidiaries and shall submit a report to the Congress describing the results of such study.

Health Care REITS

The provision permits a REIT to own and operate a health care facility for at least two years, and treat it as permitted ''foreclosure'' property, if the facility is acquired by the termination or expiration of a lease of the property. Extensions of the 2 year period can be granted.

Conformity with regulated investment company rules

Under the provision, the REIT distribution requirements are modified to conform to the rules for regulated investment companies. Specifically, a REIT is required to distribute only 90 percent, rather than 95 percent, of its income.

Definition of independent contractor

If any class of stock of the REIT or the person being tested as an independent contractor is regularly traded on an established securities market, only persons who directly or indirectly own 5 percent or more of such class of stock shall be counted in determining whether the 35 percent ownership limitations have been exceeded.

Modification of earnings and profits rules for RICs and REITS

The rule allowing a RIC to make a distribution after a determination that it had failed RIC status, and thus meet the requirement of no non-RIC earnings and profits in subsequent years, is modified to clarify that, when the sole reason for the determination is that the RIC had non-RIC earnings and profits in the initial year (i.e. because it was determined not to have distributed all C corporation earnings and profits), the procedure would apply to permit RIC qualification in the initial year to which such determination applied, in addition to subsequent years.

The RIC earnings and profits rules are also modified to provide an ordering rule similar to the REIT rule, treating a distribution to meet the requirement of no non-RIC earnings and profits as coming first from the earliest earnings and profits accumulated in any year for which the RIC did not qualify as a RIC. In addition, the REIT deficiency dividend rules are modified to take account of this ordering rule.

Provision regarding rental income from certain personal property

The provision modifies the present law rule that permits certain rents from personal property to be treated as real estate rental income if such personal property does not exceed 15 percent of the aggregate of real and personal property. The provision replaces the present law comparison of the adjusted bases of properties with a comparison based on fair market values.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000. The provision with respect to modification of earnings and profits rules is effective for distributions after December 31, 2000.

In the case of the provisions relating to permitted ownership of securities of an issuer, special transition rules apply. The new rules forbidding a REIT to own more than 10 percent of the value of securities of a single issuer do not apply to a REIT with respect to securities held directly or indirectly by such REIT on July 12, 1999, or acquired pursuant to the terms of written binding contract in effect on that date and at all times thereafter until the acquisition.

Also, securities received in a tax-free exchange or reorganization, with respect to or in exchange for such grandfathered securities would be grandfathered. The grandfathering of such securities ceases to apply if the REIT acquires additional securities of that issuer after that date, other than pursuant to a binding contract in effect on that date and at all times thereafter, or in a reorganization with another corporation the securities of which are grandfathered.

This transition also ceases to apply to securities of a corporation as of the first day after July 12, 1999 on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than pursuant to a binding contract in effect on such date and at all times thereafter, or in a reorganization or transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Code. If a corporation makes an election to become a taxable REIT subsidiary, effective before January 1, 2004 and at a time when the REIT's ownership is grandfathered under these rules, the election is treated as a reorganization under section 368(a)(1)(A) of the Code.

The new 10 percent of value limitation for purposes of defining qualified rents is effective for taxable years beginning after December 31, 2000. There is an exception for rents paid under a lease or pursuant to a binding contract in effect on July 12, 1999 and at all times thereafter.

Conference Agreement

The conference agreement includes the provision in S. 1792. The conference agreement clarifies the RIC and REIT earnings and profits ordering rules in the case of a distribution to meet the requirements that there be no non-RIC or non-REIT earnings and profits in any year.

Both the RIC and REIT earnings and profits rules are modified to provide a more specific ordering rule, similar to the present-law REIT rule. The new ordering rule treats a distribution to meet the requirement of no non-RIC or non-REIT earnings and profits as coming, on a first-in, first-out basis, from earnings and profits which, if not distributed, would result in a failure to meet such requirement. Thus, such earnings and profits

are deemed distributed first from earnings and profits that would cause such a failure, starting with the earliest RIC or REIT year for which such failure would occur.

2. Modify estimated tax rules for closely held REITs (sec. 6655 of the Code)

Present Law

If a person has a direct interest or a partnership interest in income-producing assets (such as securities generally, or mortgages) that produce income throughout the year, that person's estimated tax payments must reflect the quarterly amounts expected from the asset.

However, a dividend distribution of earnings from a REIT is considered for estimated tax purposes when the dividend is paid. Some corporations have established closely held REITS that hold property (e.g. mortgages) that if held directly by the controlling entity would produce income throughout the year. The REIT may make a single distribution for the year, timed such that it need not be taken into account under the estimated tax rules as early as would be the case if the assets were directly held by the controlling entity. The controlling entity thus defers the payment of estimated taxes.

House Bill

No provision.

Senate Amendment

No provision, but S. 1792, as passed by the Senate, provides that in the case of a REIT that is closely held, any person owning at least 10 percent of the vote or value of the REIT is required to accelerate the recognition of year-end dividends attributable to the closely held REIT, for purposes of such person's estimated tax payments. A closely held REIT is defined as one in which at least 50 percent of the vote or value is owed by five or fewer persons. Attribution rules apply to determine ownership.

No inference is intended regarding the treatment of any transaction prior to the effective date.

Effective date.—The provision is effective for estimated tax payments due on or after November 15, 1999.

Conference Agreement

The conference agreement includes the provision in S. 1792, effective for estimated tax payments due on or after December 15, 1999.

TAX COMPLEXITY ANALYSIS

Section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998 (the ''IRS Reform Act'') requires the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Department of the Treasury) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the House Committee on Ways and Means, the Senate Committee on Finance, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code and has widespread applicability to individuals or small businesses.

The staff of the Joint Committee on Taxation has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Internal Revenue Code and that have widespread applicability to individuals or small businesses.

ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS INCLUDED IN THE CONFERENCE AGREEMENT FOR H.R. 1180 [1]

[Fiscal years 2000–2009, in millions of dollars]

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000–2004	2000–2009
The "Tax Relief Extension Act of 1999"													
I. Extension of Expiring Provisions													
A. Treatment of Nonrefundable Personal Credits Under the Alternative Individual Minimum Tax (through 12/31/01).	tybi 1999	−972	−977	−943	.....	.....	.....	.....	.....	.....	.....	−2,892	−2,892
Research Tax Credit, and Increase AIC Rates by 1 Percentage Point, and Expand to Puerto Rico and the Other Possessions; Delay Claiming of Credit [2] (through 6/30/04).	(3)	.....	−1,661	−4,082	−2,541	−2,242	−1,343	−708	−386	−150	−26	−10,526	−2,892
C. Exemption from Subpart F for Active Financing Income (through 12/31/01).	tyba 12/31/99	−187	−785	−744	.....	.....	.....	.....	.....	.....	.....	−1,716	−1,716
D. Suspension of 100% Net Income Limitation for Marginal Properties (through 12/31/01/).	tyba 12/31/99	−23	−35	−12	.....	.....	.....	.....	.....	.....	.....	−71	−71
E. Work Opportunity Tax Credit (through 12/31/01).	wpoifibwa 6/30/99	−229	−321	−293	−151	−58	−19	−3	.....	.....	.....	−1,051	−1,073
F. Welfare-to-Work Tax Credit (through 12/31/01).	wpoifibwa 6/20/99	−49	−77	−79	−47	−19	−7	−2	.....	.....	.....	−272	−281
G. Extension of Employer Provided Educational Assistance for Undergraduate Courses (through 12/31/01).	cba 5/31/00	−134	−318	−132	.....	.....	.....	.....	.....	.....	.....	−584	−584
H. Extend and Modify Tax Credit for Electricity Produced From Wind and Closed-Loop Biomass Facilities—credit to include electricity produced from poultry waste (through 12/31/01).	(4)	−9	−25	−33	−33	−34	−35	−36	−37	−38	−38	−135	−318
I. Reauthorization of Generalized System of Preferences (through 9/30/01 (5)).	7/1/99	−438	−360	.....	.....	.....	.....	.....	.....	.....	.....	−798	−798
J. Extend Qualified Zone Academy Bond Program (3-year carryforward for 1998 and 1999 authority; 2-year carryforward thereafter) (through 12/31/01).	tybi 2000	−3	−11	−20	−28	−30	−30	−30	−30	−30	−30	−92	−242
K. Extend the $5,000 Credit for First-Time Homebuyers in the District of Columbia (through 12/31/01).	1/1/01	.....	.....	−5	−15	(6)	(6)	(6)	(6)	(6)	(6)	−20	−20
L. Extend Brownfields Environmental Remediation (through 12/31/01).	DOE	11	−43	−59	−20	−2	−1	2	5	6	8	−114	−93
M. Increase Amount of Rum Excise Tax That is Covered Over to Puerto Rico and the U.S. Virgin Islands (from $10.50 per proof gallon to $13.25 per proof gallon) (through 12/31/01) (5) (7).	(8)	−20	−115	−15	.....	.....	.....	.....	.....	.....	.....	−150	−150
Total of Extension of Expiring Provisions	.....	**−2,053**	**−4,733**	**−6,427**	**−2,820**	**−2,385**	**−1,435**	**−777**	**−448**	**−212**	**−86**	**−18,421**	**−150**
II. Other Time-Sensitive Revenue Provisions													
A. Prohibit Disclosure of Advance Pricing Agreements (APAs) and Related Information; Require the IRS to Submit to Congress an Annual Report of Such Agreements.	DOE	No Revenue Effect											
B. Authority to Postpone Certain Tax-Related Deadlines by Reason of Year 2000 Failures.	DOE	Negligible Revenue Effect											
C. Add the Sreptococcus Pneumoniae Vaccine to the List of Taxable Vaccines in the Federal Vaccine Insurance Program; Study of Program.	sbda DOE	4	7	9	10	10	10	10	10	10	11	39	91
D. Delay the Requirement that Registered Motor Fuels Terminals Offer Dyed Kerosene as a Condition of Registration (through 12/31/01).	DOE	Negligible Revenue Effect											
E. Provide that Federal Farm Production Payments are Taxable in the Year of Receipt.	DOE	Negligible Revenue Effect											
Total of Other Time-Sensitive Revenue Provisions.		**4**	**7**	**9**	**10**	**10**	**10**	**10**	**10**	**10**	**11**	**39**	**91**
III. Revenue Offset Provisions													
A. Modify Individual Estimated Tax Safe Harbor to 108.6% for Tax Year 2000 and 110% for Tax Year 2001.	tyba 12/31/99	1,560	840	−2,400									
B. Clarify the Tax Treatment of Income and Losses from Derivatives.	DOE	(9)	1	1	1	1	1	1	1	1	1	4	9
C. Information Reporting on Cancellation of Indebtedness by Non-Bank Financial Institutions.	coia 12/31/99		7	7	7	7	7	7	7	7	7	28	63

ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS INCLUDED IN THE CONFERENCE AGREEMENT FOR H.R. 1180 [1]—Continued

[Fiscal years 2000–2009, in millions of dollars]

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000–2004	2000–2009
D. Prevent the Conversion of Ordinary Income or Short-Term Capital Gains into Income Eligible for Long-Term Capital Gain Rates.	teio/a 7/12/99	15	45	47	49	51	54	58	62	66	70	207	517
E. Allow Employers to Transfer Excess Defined Benefit Plan Assets to a Special Account for Health Benefits of Retirees (through 12/31/05).	tmi tyba 12/31/00		19	38	39	40	43	23				136	200
F. Repeal Installment Method for Most Accrual Basis Taxpayers; Adjust Pledge Rules.	iso/a DOE	477	677	406	257	72	8	21	35	48	62	1,889	2,063
G. Deny Deduction and Impose Excise Tax With Respect to Charitable Split-Dollar Life Insurance Arrangements.	([10])						Negligible Revenue Effect						
H. Distributions by a Partnership to a Corporate Partner of Stock in Another Corporation.	([11])	2	4	7	10	10	10	10	10	10	10	33	83
I. Real Estate Investment Trust (REIT) Provisions.													
1. Impose 10% vote or value test	tyba 12/31/00		2	8	8	8	9	9	9	10	10	26	73
2. Treatment of income and services provided by taxable REIT subsidiaries, with 20% asset limitation.	tyba 12/31/00		50	131	44	19	−9	−39	−72	−107	−146	244	−129
3. Personal property treatment for determining rents from real property for REITs.	tyba 12/31/00		−1	−1	−1	−1	−1	−1	−1	−1	−1	−3	−7
4. Special foreclosure rule for health care REITs.	tyba 12/31/00						Negligible Revenue Effect						
5. Conformity with RIC 90% distribution rules.	tyba 12/31/00		1	1	1	1	1	1	1	1	1	3	5
6. Clarification of definition of independent operators for REITs.	tyba 12/31/00						Negligible Revenue Effect						
7. Modification of earnings and profits rules.	da 12/31/00	.....	−6	−3	−3	−3	−4	−4	−4	−4	−4	−16	−35
8. Modify estimated tax rules for closely-owned REIT dividends.	epdo/a 12/15/99	40	1	1	1	1	1	1	1	1	1	45	52
Total of Revenue Offset Provisions		**2,094**	**1,640**	**−1,757**	**413**	**206**	**120**	**87**	**49**	**32**	**11**	**2,596**	**2,894**
Net total		**45**	**−3,086**	**−8,175**	**−2,397**	**−2,169**	**−1,305**	**−680**	**−389**	**−170**	**−64**	**−15,786**	**−18,392**

[1] Another Title of H.R. 1180 contains an additional revenue provision that modifies the definition of an eligible foster child for purposes of the earned income credit: Effective—tyba 12/31/99; 2000—2; 2001—36; 2002—38; 2003—38; 2004—39; 2005—40; 2006—41; 2007—42; 2008—43; 2009—43; 2000–04—153; 2000–09—362.

[2] For expenses incurred after 6/30/99 and before 10/1/00, credit cannot be claimed until after 9/30/00. For expenses incurred after 9/30/00 and before 10/1/01, credit cannot be claimed until after 9/30/01.

[3] Extension of credit effective for expenses incurred after 6/30/99; increase in AIC rates effective for taxable years beginning after 6/30/99; expansion of the credit to include U.S. possessions effective for expenditures paid or incurred beginning after 6/30/99.

[4] For wind and closed-loop biomass, provision applies to production from facilities placed in service after 6/30/99 and before 1/1/02; for poultry waste, provision applies to production from facilities placed in service after 12/31/99 and before 1/1/02.

[5] Estimate provided by the Congressional Budget Office.

[6] Loss of less than $500,000.

[7] A special rule applies to the payment of the $2.75 increase in the cover-over rate for periods before 10/1/00.

[8] Effective for rum imported into the United States after 6/30/99.

[9] Gain of less than $500,000.

[10] Effective for transfers made after 2/8/99 and for premiums paid after the date of enactment.

[11] Effective 7/14/99 (except with respect to partnerships in existence on 7/14/99, the provision is effective 6/30/01).

Legend for "Effective" column: cba = courses beginning after; coia = cancellation of indebtedness after; da = distributions after; DOE = date of enactment; epdo/a = estimated payments due on or after; iso/a = installment sales on or after; sbda = sales beginning the day after; teio/a = transactions entered into on or after; tmi = transfers made in; tyba = taxable years beginning after; tybi = taxable years beginning in; wpoifibwa = wages paid or incurred for individuals beginning work after.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

BILL ARCHER,
TOM BLILEY,
DICK ARMEY,
Managers on the Part of the House.

W.V. ROTH, Jr.,
TRENT LOTT,
Managers on the Part of the Senate.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 3 minutes p.m.), the House stood in recess subject to the call of the Chair.

0305

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 3 o'clock and 5 minutes a.m.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 7 minutes a.m.), the House stood in recess subject to the call of the Chair.

0346

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 3 o'clock and 46 minutes a.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.J. RES. 82, FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000, AND H.J. RES. 83, FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–480) on the resolution (H. Res. 385) providing for consideration of the joint resolution (H.J. Res. 82) making further continuing appropriations for the fiscal year 2000, and for other purposes, and for consideration of the joint resolution (H.J. Res. 83) making further continuing appropriations for the fiscal year 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3194, CONSOLIDATED APPROPRIATIONS AND DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–48) on the resolution (H. Res. 386) waiving points of order against the conference report to accompany the bill (H.R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1180, TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–482 on the resolution (H. Res. 387) providing for consideration of the bill (H.R. 1180) to amend the Social Security Act to expand the availability

of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes, which was referred to the House Calendar and ordered to be printed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCINTYRE (at the request to Mr. GEPHARDT) for Tuesday, November 16, 1999, on account of family medical reasons.

Mr. WISE (at the request of Mr. GEPHARDT) for today on account of surgery.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCNULTY) to revise and extend their remarks and include extraneous material:)

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. MALONEY of Connecticut, for 5 minutes, today.

(The following Members (at the request of Mr. PAUL) to revise and extend their remarks and include extraneous material:)

Mr. PAUL, for 5 minutes, today.

Mr. FOSSELLA, for 5 minutes, today.

Mr. TANCREDO, for 5 minutes, today.

Mr. ROHRABACHER, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Mrs. MORELLA, for 5 minutes.

ENROLLED JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res: 80. Joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res: 80. Joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

ADJOURNMENT

Mr. GOSS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 48 minutes a.m.), the House adjourned until today, Thursday, November 18, 1999, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

5390. A letter from the Administrator, Farm Service Agency, Department of Agriculture, transmitting the Department's final rule—Providing Notice to Deliquent Farm Loan Program Borrowers of the Potential for Cross-Servicing (RIN: 0560–AF89) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5391. A letter from the Congressional Review Coordinator, Department of Agriculture, transmitting the Department's final rule—Mediterranean Fruit Fly; Removal of Quarantined Area [Docket No. 98–083–7] received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5392. A letter from the Congressional Review Coordinator, Department of Agriculture, transmitting the Department's final rule—User Fees; Agricultural Quarantine and Inspection Services [Docket No. 98–073–2] (RIN: 0579–AB05) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5393. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Paraquat; Pesticide Tolerances for Emergency Exemptions [OPP–300949; FRL–6392–9] (RIN: 2070–AB78) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5394. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to reform the state inspection of meat and poultry in the United States; to the Committee on Agriculture.

5395. A letter from the Acting Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Comprehensive Small Business Subcontracting Plans [DFARS Case 99–D306] received November 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

5396. A letter from the Acting Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Contract Goal for Small Disadvantaged Business and Certain Institutions of Higher Education [DFARS Case 99–D305] received November 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

5397. A letter from the Acting Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Debarment Investigation and Reports [DFARS Case 99–D013] received November 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

5398. A letter from the Acting Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Subcontracting Goals for Purchases Benefiting People Who Are Blind or Severely Disabled [DFARS Case 99–D304] received November 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

5399. A letter from the Secretary of Defense, transmitting the approved retirement and advancement to the grade of vice admiral of Vice Admiral Daniel T. Oliver; to the Committee on Armed Services.

5400. A letter from the Federal Register Liaison Officer, Regulations and Legislation Division, Department of the Treasury, transmitting the Department's final rule—Safety and Soundness Standards [Docket No. 99–50] (RIN: 1550–AB27) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

5401. A letter from the Federal Register Liaison Officer, Regulations and Legislation Division, Department of the Treasury, transmitting the Department's final rule—Interagency Guidelines Establishing Year 2000 Standards for Safety and Soundness [Docket No. 99–35] (RIN: 1550–AB27) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

5402. A letter from the Acting Executive Director, Emergency Oil and Gas Guaranteed Loan Board, transmitting the Board's final rule—Emergency Oil and Gas Guaranteed Loan Program (RIN: 3003–ZA00) received November 10, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

5403. A letter from the Managing Director, Office of the General Counsel, Federal Housing Finance Board, transmitting the Board's final rule—Allocation of Joint and Several Liability on Consolidated Obligations Among the Federal Home Loan Banks [No. 99–51] (RIN: 3069–AA78) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

5404. A letter from the Director, Executive Office of the President, transmitting Congressional Budget Office and Office of Management and Budget estimates under the Balanced Budget and Emergency Deficit Control Act of 1985, pursuant to Public Law 105—33 section 10205(2) (111 Stat. 703); to the Committee on the Budget.

5405. A letter from the Under Secretary, Food, Nutrition and Consumer Services, Department of Agriculture, transmitting the Department's final rule—National School Lunch Program, School Breakfast Program and Child and Adult Care Food Program: Amendments to the Infant Meal Pattern (RIN: 0584–AB81) received November 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

5406. A letter from the Director, Corporate Policy and Research Department, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule—Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits—received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

5407. A letter from the Environmental Protection Agency, transmitting a report on the Benefits and Costs of the Clean Air Act, 1990 to 2010; to the Committee on Commerce.

5408. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval of Municipal Waste Combustor State Plan For Designated Facilities and Pollutants: Indiana [IN94–1a; FRL–6476–9] received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

5409. A letter from the Secretary of Health and Human Services, transmitting a report

on telemedicine; to the Committee on Commerce.

5410. A letter from the Acting Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Air Force's Proposed Letter(s) of Offer and Acceptance (LOA) to Israel for defense articles and services (Transmittal No. 00–12), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

5411. A letter from the Director, Defense Security Assistance Agency, Department of Defense, transmitting a copy of Transmittal No. 00–0A, which relates to the Department of the Army's proposed enhancements or upgrades from the level of sensitivity of technology or capability of defense article(s) previously sold to Singapore, pursuant to 22 U.S.C. 2776(b)(5); to the Committee on International Relations.

5412. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Russia, Ukraine, Norway, United Kingdom, and Cayman Islands [Transmittal No. DTC 124–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

5413. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Canada [Transmittal No. DTC 99–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

5414. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Canada [Transmittal No. DTC 103–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

5415. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

5416. A letter from the Assistant Secretary for Administration and Management, Department of Labor, transmitting the Department's A–76 inventory of commercial activities; to the Committee on Government Reform.

5417. A letter from the Chairman, Federal Maritime Commission, transmitting the Annual Inventory of Commercial Activities for 1999; to the Committee on Government Reform.

5418. A letter from the Executive Director for Operations, Nuclear Regulatory Commission, transmitting a copy of the ''Performance of Commercial Activities Inventory''; to the Committee on Government Reform.

5419. A letter from the Executive Director, Securities and Exchange Commission, transmitting the Commission's commercial activities inventory as required under the Federal Activities Inventory Reform Act of 1998; to the Committee on Government Reform.

5420. A letter from the Administrator, Small Business Administration, transmitting the Inventory of Commercial Activities for 1999; to the Committee on Government Reform.

5421. A letter from the Director, Trade and Development Agency, transmitting information on their audit and internal management activities; to the Committee on Government Reform.

5422. A letter from the Independent Counsel, transmitting the fifth annual report for the Office of Independent Counsel, pursuant to 28 U.S.C. 595(a)(2); to the Committee on the Judiciary.

5423. A letter from the Attorney General, transmitting the position of the Department of Justice in the Supreme Court in Dickerson v. United States, No. 99–5525, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

5424. A letter from the Program Manager, Bureau of Alcohol, Tobacco and Firearms, transmitting the Bureau's final rule—Implementation of Public Law 104–132, the Antiterrorism and Effective Death Penalty Act of 1996, Relating to the Marking of Plastic Explosives for the Purpose of Detection (96R–029P) received November 8, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

5425. A letter from the Assistant Secretary, Civil Works, Department of the Army, transmitting a report on the Tennessee-Tombigbee Waterway Mitigation Project, Alabama and Mississippi; to the Committee on Transportation and Infrastructure.

5426. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Sassafras River, Georgetown, MD [CGD05–99–006] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5427. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Miles River, Easton, MD [CGD05–99–003] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5428. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Niantic River, CT [CGD01–99–087] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5429. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Illinois River, IL [CCGD08–99–014] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5430. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Kennebec River, ME [CGD01–98–174] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5431. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Hackensack River, Passaic River, NJ [CGD01–99–076] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5432. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Pequonnock River, CT [CGD01–99–086] (RIN: 2115–AE47) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5433. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Regulated Navigation Area; Strait of Juan de Fuca and Adjacent Coastal Waters of Washington; Makah Whale Hunting [CGD 13–98–023] (RIN: 2115–AE84) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5434. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Safety Zones: All Coast Guard and Navy Vessels Involved in Evidence Transport, Narragansett Bay, Davisville Depot, Davisville, Rhode Island [CGD1–99–185] (RIN: 2115–AA97) received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5435. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Annuity Contracts [Revenue Procedure 99–44] received November 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

5436. A letter from the Secretary of Health and Human Services, transmitting a report on development of a Medical Support Incentive for the Child Support Enforcement program; to the Committee on Ways and Means.

5437. A letter from the Comptroller General, General Accounting Office, transmitting certification that the trustees have paid all claims arising from the American Trader incident, and have established a reserve as required, pursuant to 43 U.S.C. 1653(c)(4); jointly to the Committees on Transportation and Infrastructure and Resources.

5438. A letter from the Assistant Attorney General, Department of Justice, transmitting a draft of proposed legislation to enhance federal law enforcement's ability to combat illegal money laundering; jointly to the Committees on the Judiciary, Commerce, Ways and Means, and Banking and Financial Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURTON: Committee on Government Reform. H.R. 1827. A bill to improve the economy and efficiency of Government operations by requiring the use of recovery audits by Federal agencies; with amendments (Rept. 106–474). Referred to the Committee of the Whole House on the State of the Union.

Mr. DREIER: Committee on Rules. House Resolution 382. Resolution providing for consideration of motions to suspend the rules (Rept. 106–475). Referred to the House Calendar.

Mr. DIAZ-BALART: Committee on Rules. House Resolution 383. Resolution waiving a requirement of clause 6(a) of rule XIII with respect to consideration of certain resolutions reported from the Committee on Rules (Rept. 106–476). Referred to the House Calendar.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 1167. A bill to amend the Indian Self-Determination and Education Assistance Act to provide for further self-governance by Indian tribes, and for other purposes; with an amendment (Rept. 106–477). Referred to the Committee of the Whole House on the State of the Union.

Mr. ARCHER: Committee of Conference. Conference report on H.R. 1180. A bill to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes (Rept. 106–478). Ordered to be printed.

Mr. YOUNG of Florida: Committee of Conference. Conference report on H.R. 3194. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part

against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–479). Ordered to be printed.

Mr. GOSS: Committee on Rules. House Resolution 385. Resolution providing for consideration of the joint resolution (H.J. Res. 82) making further continuing appropriations for the fiscal year 2000, and for other purposes, and for consideration of the joint resolution (H.J. Res. 83) making further continuing appropriations for the fiscal year 2000, and for other purposes (Rept. 106–480). Referred to the House Calendar.

Mr. LINDER: Committee on Rules. House Resolution 386. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–481). Referred to the House Calendar.

Mr. HASTINGS of Washington: Committee on Rules. House Resolution 387. Resolution waiving points of order against the conference report to accompany the bill (H.R. 1180) to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes (Rept. 106–482). Referred to the House Calendar.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

H.R. 1838. Referral to the Committee on Armed Services extended for a period ending not later than November 18, 1999.

H.R. 3081. Referral to the Committee on Education and the Workforce extended for a period ending not later than November 18, 1999.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. YOUNG of Alaska:

H.R. 3417. A bill to complete the orderly withdrawal of the National Oceanic and Atmospheric Administration from the civil administration of the Pribilof Islands, Alaska; to the Committee on Resources.

By Mr. KANJORSKI (for himself, Ms. KAPTUR, Mr. WAMP, Mr. WHITFIELD, Mrs. BIGGERT, Mr. KLINK, Mr. BROWN of Ohio, Mr. UDALL of Colorado, Mr. BRADY of Pennsylvania, Mr. HOLDEN, and Ms. SLAUGHTER):

H.R. 3418. A bill to establish a compensation program for employees of the Department of Energy, its contractors, subcontractors, and beryllium vendors, who sustained a beryllium-related illness due to the performance of their duty; to establish a compensation program for certain workers at the Paducah, Kentucky, gaseous diffusion plant; to establish a pilot program for examining the possible relationship between workplace exposure to radiation and hazardous materials and illnesses or health conditions, and for other purposes; to the Committee on the Judiciary, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SHUSTER (for himself, Mr. OBERSTAR, Mr. PETRI, and Mr. RAHALL):

H.R. 3419. A bill to amend title 49, United States Code, to establish the Federal Motor Carrier Safety Administration, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. BILBRAY (for himself, Mr. NORWOOD, Mr. THOMPSON of California, and Mr. BRYANT):

H.R. 3420. A bill to improve the Medicare telemedicine program, to provide grants for the development of telehealth networks, and for other purposes; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. YOUNG of Florida:

H.R. 3421. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes; to the Committee on Appropriations.

By Mr. YOUNG of Florida:

H.R. 3422. A bill making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes; to the Committee on Appropriations.

By Mr. YOUNG of Florida:

H.R. 3423. A bill making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; to the Committee on Appropriations.

By Mr. YOUNG of Florida:

H.R. 3424. A bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2000, and for other purposes; to the Committee on Appropriations.

By Mr. YOUNG of Florida:

H.R. 3425. A bill making miscellaneous appropriations for the fiscal year ending September 30, 1999, and for other purposes; to the Committee on Appropriations.

By Mr. THOMAS:

H.R. 3426. A bill to amend titles XVIII, XIX, and XXI of the Social Security Act to make corrections and refinements in the Medicare, Medicaid, and State children's health insurance programs, as revised by the Balanced Budget Act of 1997; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of New Jersey (for himself, Ms. MCKINNEY, Mr. GILMAN, and Mr. GEJDENSON):

H.R. 3427. A bill to authorize appropriations for the Department of State for fiscal years 2000 and 2001; to provide for enhanced security at United States diplomatic facilities; to provide for certain arms control, nonproliferation, and other national security measures; to provide for reform of the United Nations, and for other purposes; to the Committee on International Relations.

By Mr. BLUNT:

H.R. 3428. A bill to provide for the modification and implementation of the final rule for the consideration and reform of Federal milk marketing orders, and for other purposes; to the Committee on Agriculture.

By Mr. BARRETT of Nebraska (for himself, Mr. BEREUTER, Mr. LATHAM, and Mr. BILBRAY):

H.R. 3429. A bill to amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to authorize the establishment of a voluntary legal employment authentication program (LEAP) as a successor to the current pilot programs for employment eligibility confirmation; to the Committee on the Judiciary, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. CAPPS:

H.R. 3430. A bill to amend the Public Health Service Act to authorize grants for the prevention of alcoholic beverage consumption by persons who have not attained the legal drinking age; to the Committee on Commerce.

By Mr. ENGEL (for himself, Mr. RUSH, and Ms. JACKSON-LEE of Texas):

H.R. 3431. A bill to reduce restrictions on broadcast ownership and to improve diversity of broadcast ownership; to the Committee on Commerce.

By Mr. JOHN (for himself, Mr. TAUZIN, Mr. BAKER, Mr. MCCRERY, Mr. JEFFERSON, Mr. COOKSEY, Mr. VITTER, Mr. ORTIZ, Mr. BRADY of Texas, Mr. GREEN of Texas, Mr. SMITH of Texas, Mr. QUINN, Mr. PETERSON of Pennsylvania, Mr. REYNOLDS, and Mr. ENGLISH):

H.R. 3432. A bill to direct the Minerals Management Service to grant the State of Louisiana and its lessees a credit in the payment of Federal offshore royalties to satisfy the authorization for compensation contained in the Oil Pollution Act of 1990 for oil and gas drainage in the West Delta field; to the Committee on Resources.

By Mrs. LOWEY:

H.R. 3433. A bill to amend the Public Health Service Act to authorize the Director of the National Institute of Environmental Health Sciences to make grants for the development and operation of research centers regarding environmental factors that may be related to the etiology of breast cancer; to the Committee on Commerce.

By Mrs. LOWEY:

H.R. 3434. A bill to expand the educational and work opportunities of welfare recipients under the program of block grants to States for temporary assistance for needy families; to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. METCALF (for himself and Mr. GOODE):

H.R. 3435. A bill to amend the Fair Debt Collection Practices Act to reduce the cost of credit, and for other purposes; to the Committee on Banking and Financial Services.

By Mrs. MORELLA (for herself and Mr. ALLEN):

H.R. 3436. A bill to amend the Internal Revenue Code of 1986 to make the dependent care credit refundable, and for other purposes; to the Committee on Ways and Means.

By Mr. NADLER (for himself and Mrs. LOWEY):

H.R. 3437. A bill to amend the Internal Revenue Code of 1986 to provide for inflation adjustments to the income threshold amounts applicable in determining the portion of Social Security benefits subject to tax; to the Committee on Ways and Means.

By Mr. NADLER (for himself and Mrs. LOWEY):

H.R. 3438. A bill to repeal the 1993 tax increase on Social Security benefits; to the Committee on Ways and Means.

By Mr. OXLEY (for himself, Mrs. CUBIN, Mr. STEARNS, Mr. PALLONE, and Mr. EHRLICH):

H.R. 3439. A bill to prohibit the Federal Communications Commission from establishing rules authorizing the operation of new, low power FM radio stations; to the Committee on Commerce.

By Mr. SCOTT:

H.R. 3440. A bill to provide support for the Booker T. Washington Leadership Institute; to the Committee on Education and the Workforce.

By Mr. STARK:

H.R. 3441. A bill to amend title XVIII of the Social Security Act to require the provision of physical therapy, occupational therapy, speech-language pathology services, and respiratory therapy by a comprehensive outpatient rehabilitation facility (CORF) under the Medicare Program at a single, fixed location; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. STENHOLM (for himself, Mr. MINGE, Mr. ANDREWS, Mr. PETERSON of Minnesota, Mr. SANDLIN, Mr. HALL of Texas, Mr. BERRY, Mr. BOYD, and Mr. TANNER):

H.R. 3442. A bill to amend the Congressional Budget and Impoundment Control Act of 1974 to provide for the expedited consideration of certain proposed rescissions of budget authority; to the Committee on the Budget, and in addition to the Committees on Rules, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. YOUNG of Florida:

H.J. Res. 82. A joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes; to the Committee on Appropriations.

By Mr. YOUNG of Florida:

H.J. Res. 83. A joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes; to the Committee on Appropriations.

By Mr. HUNTER (for himself, Mr. BILBRAY, Mr. PACKARD, and Mr. CUNNINGHAM):

H. Con. Res. 232. Concurrent resolution expressing the sense of Congress concerning the safety and well-being of United States citizens injured while traveling in Mexico; to the Committee on International Relations.

By Mrs. MYRICK:

H. Con. Res. 233. Concurrent resolution urging the President to negotiate a new base rights agreement with the Government of Panama in order for United States Armed Forces to be stationed in Panama after December 31, 1999; to the Committee on International Relations, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WELLER (for himself, Mr. ROGAN, Mr. MATSUI, Mr. FOLEY, Mr. MCKEON, Mr. BUYER, Mr. ENGLISH, Mr. BECERRA, Mr. BERMAN, Mr. MCINTYRE, Mrs. BONO, Mr. KUYKENDALL, Mr. HAYES, and Mr. CONDIT):

H. Res. 384. A resolution calling on the United States Trade Representative Charlene Barshefsky to a make the issue of runaway film production and cultural content restrictions an issue at the World Trade Organization talks in Seattle; to the Committee on Ways and Means.

By Mr. SALMON (for himself, Mr. PAYNE, Mr. GILMAN, Ms. MILLENDER-MCDONALD, Mr. SCARBOROUGH, Mr. WYNN, Mr. MALONEY of Connecticut, Mr. ROTHMAN, Mr. FOLEY, Mr. SHERMAN, Mr. ROGAN, Mr. PASTOR, Ms. JACKSON-LEE of Texas, Mr. EVANS, Mr. CONYERS, Mr. NEY, Mr. THOMPSON of Mississippi, Mr. METCALF, Mr. SMITH of Washington, Mr. DAVIS of Virginia, Mr. FORD, Mr. BECERRA, Mr. ENGEL, Ms. BROWN of Florida, Mr. SABO, Mr. ABERCROMBIE, Mr. FORBES, Mr. HILLIARD, Mr. WELLER, Mr. HORN, Ms. PRYCE of Ohio, Mrs. MEEK of Florida, Mr. TOWNS, Mr. GUTIERREZ, Mr. CHABOT, Mr. CUMMINGS, Mr. OWENS, Ms. ROS-LEHTINEN, Mr. HASTINGS of Florida, Ms. WATERS, Mrs. CAPPS, Mrs. JOHNSON of Connecticut, Mr. JACKSON of Illinois, Mr. MEEKS of New York, Mrs. CLAYTON, Mr. PASCRELL, Mr. DAVIS of Illinois, and Mr. WATT of North Carolina):

H. Res. 388. A resolution expressing the sense of the House of Representatives with respect to government discrimination in Germany based on religion or belief; to the Committee on International Relations.

By Mr. SALMON (for himself, Mr. GILMAN, Mr. MCDERMOTT, Mr. PAYNE, Mr. PORTER, Mr. SCARBOROUGH, Mr. UDALL of Colorado, Mr. FRANK of Massachusetts, Mr. LANTOS, and Mr. FALEOMAVAEGA):

H. Res. 389. A resolution expressing the sense of the House of Representatives with respect to a dialog between the People's Republic of China and Tibet; to the Committee on International Relations.

By Ms. WATERS (for herself, Mr. TOWNS, Ms. LEE, Mr. SANDERS, and Mr. WYNN):

H. Res. 390. A resolution expressing the sense of the House of Representatives concerning the peace process in Angola; to the Committee on International Relations.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follwos:

H.R. 65: Mrs. FOWLER.
H.R. 73: Mr. WAMP.
H.R. 125: Ms. STABENOW.
H.R. 218: Mr. SMITH of Texas.
H.R. 220: Mr. SESSIONS.
H.R. 259: Mr. BALDACCI.
H.R. 271: Mr. GILMAN and Mr. KLINK.
H.R. 274: Ms. RIVERS.
H.R. 303: Mr. OXLEY and Mrs. Napolitano.
H.R. 347: Mr. WAMP.
H.R. 353: Ms. LEE and Mr. DIAZ-BALART.
H.R. 357: Mr. KLINK.
H.R. 382: Mr. LAMPSON, Mr. MEEHAN, and Mr. RANGEL.
H.R. 453: Ms. BERKLEY.
H.R. 531: Mr. LATHAM, Mr. HASTINGS of Washington, and Mr. DICKS.
H.R. 532: Mr. SCHAKOWSKY.
H.R. 534: Mrs. BIGGERT and Mr. VITTER.
H.R. 568: Mr. MASCARA.
H.R. 623: Mr. HAYWORTH.
H.R. 670: Mr. ACKERMAN, Mr. WEINER, Mr. MORAN of Virginia, Mr. NETHERCUTT, Mr. PORTER, Mr. SALMON, Mr. SMITH of Michigan, Mr. BECERRA, Ms. BERKLEY, Mr. ORTIZ, Mr. TAYLOR of Mississippi, Ms. WATERS, Mrs. WILSON, Mr. WU, Mr. WISE, Mr. BROWN of Ohio, Ms. NORTON, Mr. EDWARDS, Mr. BENTSEN, Mr. BERMAN, Mrs. BIGGERT, Mr. BLUNT, Mr. DREIER, Mr. FILNER, Mr. GILCHREST, Mr. GANSKE Mr. ISAKSON, Mr. LIPINSKI, Mrs. LOWEY, Mr. NADLER, Mrs. MORELLA, Mr. SABO, Ms. SANCHEZ, Mr. UPTON, Ms. ESHOO, Mrs. MCCARTHY of New York, Mr. LAMPSON, Mr. MEEKS of New York, Mr. KASICH, Mr. SHAYS, Mr. CROWLEY, Mr. DAVIS of Illinois, Mr. DEUTSCH, Mr. HORN, Mrs. JOHNSON of Connecticut, Ms. LEE, Mr. MCDERMOTT, Mr. MALONEY of Connecticut, Ms. MILLENDER-MCDONALD, Mr. PALLONE, Mr. POMEROY, and Mr. ROHRABACHER.
H.R. 714: Mr. FORBES.
H.R. 721: Mr. SKELTON, Mr. TURNER, Mr. ADERHOLT, Mr. CRAMER, Mrs. CLAYTON, and Mr. HILLIARD.
H.R. 728: Mr. SANDLIN and Mr. BERRY.
H.R. 730: Mr. MORAN of Virginia.
H.R. 731: Mr. MCGOVERN.
H.R. 735: Mr. GREEN of Texas, Mr. SUNUNU, and Mr. STUPAK.
H.R. 739: Mr. WATT of North Carolina and Mr. BALDACCI.
H.R. 872: Mr. HASTINGS of Florida.
H.R. 875: Mr. MEEHAN.
H.R. 984: Mr. BEREUTER.
H.R. 1044: Mr. POMEROY and Mr. ROGERS.
H.R. 1057: Ms. LEE.
H.R. 1082: Mr. VISCLOSKY.
H.R. 1098: Mr. WALDEN of Oregon.
H.R. 1103: Mr. SANDERS.
H.R. 1146: Mr. EVERETT.
H.R. 1216: Mrs. THURMAN, Mr. PASTOR, Mr. GORDON, and Mr. GEJDENSON.
H.R. 1244: Mr. RADANOVICH.
H.R. 1248: Mr. HOLT and Mr. CLEMENT.
H.R. 1271: Mr. GONZALEZ Mr. FATTAH, Mr. HOLT, Ms. RIVERS, Mr. OWENS, and Mr. RUSH.
H.R. 1274: Mr. CUMMINGS.
H.R. 1307: Mr. FROST, Mrs. BIGGERT, and Ms. MCKINNEY.
H.R. 1322: Ms. CARSON.
H.R. 1323: Mr. MCGOVERN.
H.R. 1371: Mrs. MALONEY of New York and Mr. FALEOMAVAEGA.
H.R. 1388: Mr. BENTSEN.
H.R. 1478: Mr. TIERNEY.
H.R. 1483: Mr. KLINK.
H.R. 1495: Mr. BRADY of Pennsylvania.
H.R. 1515: Ms. SANCHEZ, Ms. BERKLEY, and Mr. LUTHER.
H.R. 1525: Ms. ROYBAL-ALLARD.
H.R. 1543: Mr. TURNER.
H.R. 1581: Ms. BERKLEY.
H.R. 1622: Mr. PALLONE.
H.R. 1636: Mr. CUMMINGS.
H.R. 1684: Mr. CUMMINGS.
H.R. 1732: Mr. BECERRA and Ms. KAPTUR.
H.R. 1785: Mr. SANDERS and Mr. BALDACCI.
H.R. 1806: Ms. MCKINNEY, Ms. ROYBAL-ALLARD, Mrs. JONES of Ohio, and Mr. BERRY.
H.R. 1838: Mr. JONES of North Carolina.
H.R. 1841: Ms. BERKLEY.
H.R. 1871: Mr. RANGEL and Mrs. CHRISTENSEN.
H.R. 1885: Mr. GILMAN.
H.R. 1895: Mr. GORDON.
H.R. 1899: Mr. HOEFFEL and Mr. CASTLE.
H.R. 1967: Mr. EVERETT and Mrs. CHRISTENSEN.
H.R. 1983: Mr. FOLEY.
H.R. 2030: Mrs. CAPPS.
H.R. 2170: Mr. POMEROY.
H.R. 2244: Mr. DUNCAN, and Mr. SENSENBRENNER.
H.R. 2266: Mr. GUTIERREZ and Mr. KANJORSKI.
H.R. 2282: Ms. HOOLEY of Oregon and Mr. LOBIONDO.
H.R. 2345: Mr. KUCINICH.
H.R. 2362: Mr. STEARNS, Mr. DREIER, Mr. MCCOLLUM, and Mr. PITTS.
H.R. 2363: Mr. CHABOT.
H.R. 2420: Ms. MILLENDER-MCDONALD, Mr. BENTSEN, Mrs. CLAYTON, Mr. ANDREWS, Ms. PRYCE of Ohio, Mr. PHELPS, and Mr. SALMON.
H.R. 2498: Mr. BOYD, Mr. KANJORSKI, Ms. PELOSI, and Mr. RUSH.
H.R. 2512: Ms. BERKLEY.
H.R. 2548: Mr. KLINK.

H.R. 2624: Mr. GREEN of Texas and Mr. LANTOS.
H.R. 2650: Mr. BARCIA.
H.R. 2655: Mr. TAYLOR of North Carolina.
H.R. 2697: Mr. THOMPSON of California.
H.R. 2706: Ms. ESHOO and Mr. PRICE of North Carolina.
H.R. 2709: Mr. BOYD, Mr. BERMAN, Mr. POMEROY, Mr. RAMSTAD, Ms. BALDWIN, Mr. RAHALL, Mr. GUTKNECHT, Mr. KUYKENDALL, Mr. HOYER, and Mr. RILEY.
H.R. 2713: Mr. THOMPSON of Mississippi.
H.R. 2733: Ms. HOOLEY of Oregon, Mr. POMEROY, and Mr. LOBIONDO.
H.R. 2738: Mr. RUSH.
H.R. 2749: Mr. POMEROY.
H.R. 2776: Ms. BALDWIN and Ms. BERKLEY.
H.R. 2790: Mr. WYNN, Mr. PAYNE, Mr. MCNULTY, Mr. HOEFFEL, and Mr. KENNEDY of Rhode Island.
H.R. 2801: Ms. HOOLEY of Oregon.
H.R. 2865: Ms. WOOLSEY and Mr. RANGEL.
H.R. 2867: Mr. PITTS.
H.R. 2878: Ms. LEE.
H.R. 2891: Mr. OXLEY.
H.R. 2892: Mr. EVANS.
H.R. 2895: Mr. RUSH, Mr. MCNULTY, Ms. SLAUGHTER, and Mr. HOEFFEL.
H.R. 2899: Mr. TIERNEY.
H.R. 2900: Mrs. JOHNSON of Connecticut.
H.R. 2902: Mrs. CHRISTENSEN, Mrs. CLAYTON, Mr. DINGELL, Mr. LUTHER, and Mr. ROMERO-BARCELO.
H.R. 2925: Mr. BASS and Mr. KOLBE.
H.R. 2966: Mr. ADERHOLT, Mr. ALLEN, Mr. BRADY of Pennsylvania, Mrs. CLAYTON, Mr. COMBEST, Mrs. CUBIN, Mr. DIXON, Mr. EVERETT, Mr. FLETCHER, Mr. GILCHREST, Mr. GILMAN, Mr. HAYES, Mr. HILL of Montana, Mr. INSLEE, Mr. JENKINS, Mr. JONES of North Carolina, Mrs. KELLY, Mr. LAMPSON, Mr. LANTOS, Mr. LEWIS of Georgia, Mr. LEWIS of Kentucky, Mr. MCINTOSH, Mr. MICA, Mr. NEY, Mr. PAUL, Mr. PRICE of North Carolina, Mr. RODRIGUEZ, Mr. SESSIONS, Mr. SMITH of Washington, Mr. TOWNS, Mr. WICKER, Mrs. WILSON and, Mr. WISE.
H.R. 2969: Mr. BARRETT of Wisconsin and Mr. ENGLISH.
H.R. 2995: Mr. BARCIA.
H.R. 3006: Mr. KUCINICH.
H.R. 3011: Mr. TERRY.
H.R. 3058: Ms. MCKINNEY.
H.R. 3091: Mr. GEPHARDT, Mr. LEWIS of Georgia, Ms. ROS-LEHTINEN, Mr. NEAL of Massachusetts, Mr. MENENDEZ, Mr. CAPUANO, Mr. KLECZKA, Mr. PHELPS, Mr. SHOWS, Mr. DEFAZIO, Mr. ANDREWS, Ms. MCKINNEY, Mr. BISHOP, Mr. SABO, Ms. NORTON, Mr. PALLONE, Mr. OBEY, Mr. NETHERCUTT, Mr. PRICE of North Carolina, Mr. BOSWELL, Mr. LEVIN, Mr. BERRY, Mr. SKELTON, Mr. ROTHMAN, Ms. DANNER, Ms. BERKLEY, Ms. ROYBAL-ALLARD, Mr. MORAN of Virginia, Mr. METCALF, Mr. DAVIS of Illinois, Mr. DEUTSCH, Mr. HOEFFEL, Mr. QUINN, Mr. BAIRD, Mr. BARCIA, Mr. KIND, Mr. VISCLOSKY, Mr. SMITH of Washington, Mr. COYNE, Mr. UDALL of New Mexico, Mr. MATSUI, Mrs. KELLY, Mr. BALDACCI, Mr. SHERWOOD, Mr. DIXON, Mr. BORSKI, and Mr. SNYDER.
H.R. 3099: Mrs. THURMAN.
H.R. 3107: Mr. KLINK, Mr. BENTSEN, and Mrs. MORELLA.
H.R. 3115: Mr. ROGERS.
H.R. 3141: Mr. MALONEY of Connecticut.
H.R. 3158: Mrs. MALONEY of New York and Mrs. CHRISTENSEN.
H.R. 3161: Mr. HOUGHTON.
H.R. 3180: Ms. PRYCE of Ohio and Mr. LUCAS of Kentucky.
H.R. 3192: Mr. BERRY.
H.R. 3235: Ms. MILLENDER-MCDONALD and Mr. GEORGE MILLER of California.
H.R. 3248: Mr. NORWOOD, Mr. WHITFIELD, and Mr. CANADY of Florida.
H.R. 3278: Mr. JONES of North Carolina, and Mr. BURR of North Carolina.
H.R. 3293: Mr. ROGERS and Ms. MILLENDER-MCDONALD.
H.R. 3294: Mr. THORNBERRY.
H.R. 3295: Mr. CONYERS, Mr. BERMAN, Mr. OBERSTAR, Mr. DAVIS of Virginia, and Ms. LOFGREN.
H.R. 3301: Ms. STABENOW, Mr. SANDERS, Mr. FOLEY, Mr. SERRANO, Ms. ROYBAL-ALLARD, and Mr. SHAYS.
H.R. 3319: Mr. ACKERMAN and Mr. RANGEL.
H.R. 3320: Mr. KLECZKA, Ms. MCCARTHY of Missouri, Mr. BLUMENAUER, Mr. SANDERS, Mr. CONYERS, Mr. FATTAH, Mr. MEEHAN, and Mr. COYNE.
H.R. 3324: Mr. THOMPSON of Mississippi, Mr. PASTOR, Mr. HILLIARD, Mr. LEACH, Mr. FARR of California, Mr. PHELPS, and Mr. KAPTUR.
H.R. 3382: Mr. SAXTON, Mr. FRANKS of New Jersey, Mr. SMITH of New Jersey, and Ms. ROS-LEHTINEN.
H.J. Res. 53: Mr. ISAKSON.
H.J. Res. 55: Mr. GEKAS.
H.J. Res. 64: Mr. ROYCE.
H.J. Res. 70: Mrs. MYRICK and Mr. ROHRABACHER.
H.J. Res. 77: Mr. ROGAN, Mr. COLLINS, Mr. HEFLEY, Mr. STUMP, Mr. BAKER, Mr. WAMP, Mr. DUNCAN, Mr. GOODE, Mr. BURTON of Indiana, Mr. TRAFICANT, and Mrs. CUBIN.
H. Con. Res. 38: Mr. PASCRELL, Mr. HOLT, Mrs. ROUKEMA, Mr. ANDREWS, and Mr. ROTHMAN.
H. Con. Res. 62: Mr. DELAHUNT.
H. Con. Res. 74: Mr. LANTOS.
H. Con. Res. 80: Mr. INSLEE.
H. Con. Res. 115: Mr. WATT of North Carolina.
H. Con. Res. 152: Ms. VELAZQUEZ.
H. Con. Res. 177: Mr. GEORGE MILLER of California, Mr. FALEOMAVAEGA, and Mr. CONYERS.
H. Con. Res. 218: Mr. DAVIS of Illinois, Mr. JACKSON of Illinois, Mr. COSTELLO, Mr. MOORE, Ms. LEE, Ms. BERKLEY, Mr. CLAY, and Mr. HOYER.
H. Con. Res. 220: Ms. ESHOO.
H. Con. Res. 228: Mr. MALONEY of Connecticut, Mr. MANZULLO, and Ms. LOFGREN.
H. Res. 107: Mrs. ROUKEMA, Mrs. MCCARTHY of New York, Ms. BROWN of Florida, Mr. CROWLEY, Mr. TOWNS, Mr. SAWYER, Mr. EVANS, Mr. ROMERO-BARCELO, and Mr. KUCINICH.
H. Res. 237: Mr. DIAZ-BALART.
H. Res. 238: Ms. HOOLEY of Oregon and Mr. POMEROY.

PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

67. The SPEAKER presented a petition of the Office of the City Clerk, Syracuse Common Council, relative to Resolution No. 59–R petitioning Congress and the President to enact a ''Jonny Gammage Law'' to protect the public from the illegal and excessive use of force by police officers and eliminate conflicts of interest within local judicial systems; to the Committee on the Judiciary.

68. Also, a petition of the Southern Governors' Association, relative to a resolution petitioning the United States for the speedy passage of legislation enhancing the Caribbean Basin Initiative program to foster the evolution of economic development and trade opportunities in Central America and the Caribbean; to the Committee on Ways and Means.

69. Also, a petition of the Southern Governors' Association, relative to a resolution petitioning Congress and federal agencies regarding U.S. drug interdiction efforts in the Caribbean Basin; jointly to the Committees on the Judiciary and International Relations.

NOTICE

The Conference Report No. 106–479 will be printed in Book II of today's Record.