overseas. They were put aboard a segregated train for a two-day ride to Newport News, Va.

A stop in Houston showed the men that many of their white countrymen wouldn't accept them, even though the troopers would put their lives on the line for them.

''We were in cramped quarters on the train, and the colonel got us out and had us marching up and down the platform to stretch our legs,'' said Mr. Greene, the Madisonville native who lives in Silverton.

''The mayor of Houston heard we were there, and he came out and said, 'Get them niggers back on the train.' And that's exactly what he said.

''So the colonel has us go back to a train car and assemble our .50-caliber machine guns. We went back out and marched until it was time to switch trains.''

Many historians consider Buffalo Soldiers unsung heroes, troopers who did jobs a lot of white soldiers didn't want to.

''Blacks were second-class citizens in the military, and blacks were second-class citizens in society,'' said Pat O'Brien, a history professor and 20th century America expert at Emporia State University in Emporia, Kan.

Emporia is near Junction City, Kan., home of the Ninth and Tenth Cavalry Association, which is raising money to build a Buffalo Soldiers memorial there.

''In many ways, World War II—and the performance of the black soldiers—provided the context for the civil rights movement,'' Mr. O'Brien said. ''It readily exposed the paradox—how could you fight against one thing overseas and promote it at home.''

Mr. Greene, who joined the combat engineers and worked as a welder, landed at Normandy on D-Day. He was wounded six days later when the Jeep in which he was riding ran over a mine.

He took shrapnel in the head, hand and stomach. The next 14 days were a blur. He received the Purple Heart and an honorable discharge at a Cleveland hospital on Aug. 4, 1945.

Mr. Greene came home to Cincinnati and went to work as a railway mail clerk. He experienced more racism at home than he did abroad.

''I was in the same boxcars sorting the same mail, and they wouldn't let me join the union,'' he said.

Paul Greene, his son, was a U.S. Marine killed in Vietnam in 1966. Paul Greene was 19.

''I'm proud of my son's service to his country,'' Linwood Greene Jr. said slowly. ''I'm proud of my service to my country.''

Mr. Snow, who also received an honorable discharge, didn't think he would live to see the United States again.

''I had as much fun as I could because I thought I would be gone at any minute,'' he said. ''God was with me. That's how I didn't get hurt.''

Mr. Denson is most proud of his honorable discharge, dated Nov. 6, 1945. He also received the American Theater Ribbon, Good Conduct Medal and Victory Medal.

''The No. 1 thing is that honorable discharge. A lot of things happen in the service, and they had a lot of ways of busting you down,'' said Mr. Denson, who retired in 1981 from Cincinnati Public Schools as a plant operator.

Not far behind are his feelings for his unit.

''I liked the outfit. I liked the horses. I learned a lot,'' he said. ''We didn't come in until the tail end, but we did a good job.

''No, we weren't actors. We were the real thing.''●

SENATE RESOLUTION 264—CONGRATULATING AND THANKING CHAIRMAN ROBERT F. BENNETT AND VICE CHAIRMAN CHRISTOPHER J. DODD FOR THEIR TREMENDOUS LEADERSHIP, POISE, AND DEDICATION IN LEADING THE SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY PROBLEM AND COMMENDING THE MEMBERS OF THE COMMITTEE FOR THEIR FINE WORK

Mr. LOTT (for himself, Mr. DASCHLE, Mr. MOYNIHAN, Mr. STEVENS, Mr. BYRD, and Mr. EDWARDS) submitted the following resolution; which was considered and agreed to:

S. RES. 264

Whereas Senator Robert F. Bennett and Senator Christopher J. Dodd had the foresight to urge Majority Leader Lott and Senator Daschle to establish the Special Committee on the Year 2000 Technology Problem under Senate Resolution on April 2, 1998;

Whereas under Chairman Bennett's and Vice Chairman Dodd's leadership, the Special Committee on the Year 2000 Technology Problem always acted in a bipartisan manner;

Whereas Chairman Bennett and Vice Chairman Dodd presided over 35 hearings on various aspects of technology infrastructure including utilities, health care, telecommunications, transportation, financial services, Government involvement, and litigation;

Whereas the Special Committee on the Year 2000 Technology Problem became the central repository for Y2K computer problem information both nationally and internationally;

Whereas Chairman Bennett and Vice Chairman Dodd guided the Senate in working with the White House, the House of Representatives, the United Nations, and other international organizations, and the private sector in addressing the Y2K computer problem;

Whereas under Chairman Bennett's and Vice Chairman Dodd's leadership, the Committee issued 3 excellent reports that quickly became the authoritative source on the progress of the Federal Government, the private sector, and foreign countries on the Y2K computer problem;

Whereas Chairman Bennett, Vice Chairman Dodd, and the committee helped the Federal Government, industry, nations, and global enterprises learn that by working together we can solve the kinds of technology problems we will likely face in the 21st century;

Whereas Chairman Bennett and Vice Chairman Dodd always conducted hearings in a thoughtful and judicious manner, with the intent of addressing key issues so that the Senate could better evaluate and solve the problem;

Whereas because of Chairman Bennett's and Vice Chairman Dodd's initiative, the Nation and the world began to take the Y2K computer problem seriously and worked to resolve the problem; and

Whereas due to Chairman Bennett's and Vice Chairman Dodd's tremendous leadership, dedication, and the work of the Special Committee on the Year 2000 Technology Problem, the first potential catastrophe of the new century was avoided: Now, therefore, be it

Resolved, That the Senate congratulates and thanks Chairman Robert F. Bennett and Vice Chairman Christopher J. Dodd—

(1) for their tremendous leadership in addressing a massive and pervasive problem; a problem that was largely unknown, but thanks to Chairman Bennett and Vice Chairman Dodd was studied, evaluated, and resolved;

(2) for presiding over the Special Committee on the Year 2000 Technology Problem which did its work in a bipartisan and fair manner; and

(3) for helping the Government and the Nation minimize the Y2K computer problem.

AMENDMENTS SUBMITTED

THE AFFORDABLE EDUCATION ACT OF 1999

DODD (AND OTHERS) AMENDMENT NO. 2857

Mr. REID (for Mr. DODD (for himself, Mr. REID, Mr. KENNEDY, and Mr. REED)) proposed an amendment to the bill (S. 1134) to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes; as follows:

Strike section 101 and insert the following:

SEC. 101. IDEA.

There are appropriated to carry out part B of the Individuals with Disabilities Education Act $1,200,000,000, which amount is equal to the projected revenue increase resulting from striking the amendments made to the Internal Revenue Code of 1986 by section 101 of this Act as reported by the Committee on Finance of the Senate.

WYDEN AMENDMENT NO. 2858

(Ordered to lie on the table.)

Mr. WYDEN submitted an amendment intended to be proposed by him to the bill, S. 1134, supra; as follows:

At the appropriate place, insert the following:

SEC. . DETENTION OF JUVENILES WHO UNLAWFULLY POSSESS FIREARMS IN SCHOOLS.

Section 4112(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7112(a)) is amended—

(1) in paragraph (4), by striking ''and'' at the end;

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following:

''(5) contains an assurance that the State has in effect a policy or practice that requires State and local law enforcement agencies to detain in an appropriate juvenile community-based placement or in an appropriate juvenile justice facility, for not less than 24 hours, any juvenile who unlawfully possesses a firearm in a school, upon a finding by a judicial officer that the juvenile may be a danger to himself or herself or to the community; and''.

KERRY AMENDMENT NO. 2859

(Ordered to lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill, S. 1134, supra; as follows:

On page 21, between lines 3 and 4, insert:

SEC. 204. EXCLUSION OF NATIONAL SERVICE EDUCATIONAL AWARDS.

(a) IN GENERAL.—Section 117 (relating to qualified scholarships) is amended by adding at the end the following:

''(e) QUALIFIED NATIONAL SERVICE EDUCATIONAL AWARDS.—

''(1) IN GENERAL.—Gross income for any taxable year shall not include any qualified national service educational award.

''(2) QUALIFIED NATIONAL SERVICE EDUCATIONAL AWARD.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified national service educational award' means any amount received by an individual in a taxable year as a national service educational award or other amount under section 148 of the National and Community Service Act of 1990 (42 U.S.C. 12604) to the extent such amount does not exceed the qualified tuition and related expenses (as defined in subsection (b)(2)) of the individual for such taxable year.

''(B) LIMITATION.—The total amount of the qualified tuition and related expenses (as so defined) which may be taken into account under subparagraph (A) with respect to an individual for the taxable year shall be reduced (after the application of the reduction provided in section 25A(g)(2)) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A with respect to such expenses.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts received in taxable years beginning after December 31, 1999.

HUTCHISON AMENDMENT 2860

(Ordered to lie on the table.)

Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill, S. 1134, supra; as follows:

At the appropriate place, insert the following:

SEC. ___. CAREERS TO CLASSROOMS.

(a) DEFINITIONS.—In this section:

(1) IN GENERAL.—The terms ''elementary school'', ''local educational agency'', ''secondary school'', and ''Secretary'' have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(2) ALTERNATIVE CERTIFICATION OR LICENSURE REQUIREMENTS.—The term ''alternative certification or licensure requirements'' means State or local teacher certification or licensure requirements that permit a demonstrated competence in appropriate subject areas gained in careers outside of education to be substituted for traditional teacher training course work.

(3) ELIGIBLE INDIVIDUAL.—The term ''eligible individual'' means an individual who has received—

(A) in the case of an individual applying for assistance for placement as an elementary school or secondary school teacher, a baccalaureate or advanced degree from an institution of higher education; or

(B) in the case of an individual applying for assistance for placement as a teacher's aide in an elementary school or secondary school, an associate, baccalaureate, or advanced degree from an institution of higher education.

(4) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)

(5) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, American Samoa, the Federated States of Micronesia, Guam, the Republic of the Marshall Islands, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, the Republic of Palau, and the United States Virgin Islands.

(b) PLACEMENT PROGRAM.—The Secretary may establish a program of awarding grants to States—

(1) to enable the States to assist eligible individuals to obtain—

(A) certification or licensure as elementary school or secondary school teachers; or

(B) the credentials necessary to serve as teachers' aides; and

(2) to facilitate the employment of the eligible individuals by local educational agencies identified under subsection (c)(2) as experiencing a shortage of teachers or teachers' aides.

(c) STATES WITH ALTERNATIVE CERTIFICATION REQUIREMENTS AND TEACHER AND TEACHER'S AIDE SHORTAGES.—Upon the establishment of the placement program authorized by subsection (b), the Secretary shall—

(1) conduct a survey of States to identify those States that have alternative certification or licensure requirements for teachers;

(2) periodically request information from States identified under paragraph (1) to identify in these States those local educational agencies that—

(A) are receiving grants under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) as a result of having within their jurisdictions concentrations of children from low-income families; and

(B) are also experiencing a shortage of qualified teachers, in particular a shortage of science, mathematics, computer science, or engineering teachers; and

(3) periodically request information from all States to identify local educational agencies that—

(A) are receiving grants under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) as a result of having within their jurisdictions concentrations of children from low-income families; and

(B) are experiencing a shortage of teachers' aides.

(d) SELECTION OF ELIGIBLE INDIVIDUALS.—

(1) IN GENERAL.—Selection of eligible individuals to participate in the placement program authorized by subsection (b) shall be made on the basis of applications submitted to a State. An application shall be in such form and contain such information as the State may require.

(2) PRIORITY.—In selecting eligible individuals to receive assistance for placement as elementary school or secondary school teachers, the State shall give priority to eligible individuals who—

(A) have substantial, demonstrated career experience in science, mathematics, computer science, or engineering and agree to seek employment as science, mathematics, computer science, or engineering teachers in elementary schools or secondary schools; or

(B) have substantial, demonstrated career experience in another subject area identified by the State as important for national educational objectives and agree to seek employment in that subject area in elementary schools or secondary schools.

(e) AGREEMENT.—An eligible individual selected to participate in the placement program authorized by subsection (b) shall be required to enter into an agreement with the State, in which the eligible individual agrees—

(1) to obtain, within such time as the State may require, certification or licensure as an elementary school or secondary school teacher or the necessary credentials to serve as a teacher's aide in an elementary school or secondary school; and

(2) to accept—

(A) in the case of an eligible individual selected for assistance for placement as a teacher, an offer of full-time employment as an elementary school or secondary school teacher for not less than two school years with a local educational agency identified under subsection (c)(2), to begin the school year after obtaining that certification or licensure; or

(B) in the case of an eligible individual selected for assistance for placement as a teacher's aide, an offer of full-time employment as a teacher's aide in an elementary school or secondary school for not less than 2 school years with a local educational agency identified under subsection (c)(3), to begin the school year after obtaining the necessary credentials.

(f) STIPEND FOR PARTICIPANTS.—

(1) IN GENERAL.—The State shall pay to an eligible individual participating in the placement program a stipend in an amount equal to the lesser of—

(A) $5,000; or

(B) the total costs of the type described in paragraphs (1), (2), (3), (8), and (9) of section 472 of the Higher Education Act of 1965 (20 U.S.C. 10871l) incurred by the eligible individual while obtaining teacher certification or licensure or the necessary credentials to serve as a teacher's aide and employment as an elementary school or secondary school teacher or teacher aide.

(2) RELATION TO OTHER ASSISTANCE.—A stipend paid under paragraph (1) shall be taken into account in determining the eligibility of the eligible individual for Federal student financial assistance provided under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(g) GRANTS TO FACILITATE PLACEMENT.—

(1) TEACHERS.—In the case of an eligible individual in the placement program obtaining teacher certification or licensure, the State may offer to enter into an agreement under this subsection with the first local educational agency identified under subsection (b)(2) that employs the eligible individual as a full-time elementary school or secondary school teacher after the eligible individual obtains teacher certification or licensure.

(2) TEACHER'S AIDES.—In the case of an eligible individual in the program obtaining credentials to serve as a teacher's aide, the State may offer to enter into an agreement under this subsection with the first local educational agency identified under subsection (b)(3) that employs the participant as a full-time teacher's aide.

(3) AGREEMENTS CONTRACTS.—Under an agreement referred to in paragraph (1) or (2)—

(A) the local educational agency shall agree to employ the eligible individual full time for not less than 2 consecutive school years (at a basic salary to be certified to the State) in a school of the local educational agency that—

(i) serves a concentration of children from low-income families; and

(ii) has an exceptional need for eligible individuals; and

(B) the State shall agree to pay to the local educational agency for each eligible individual, from amounts provided under this section, $5,000 per year for a maximum of 2 years.

(h) REIMBURSEMENT UNDER CERTAIN CIRCUMSTANCES.—

(1) IN GENERAL.—If an eligible individual in the placement program fails to obtain teacher certification or licensure, employment as an elementary school or secondary school teacher, or employment as a teacher's aide as required under the agreement or voluntarily leaves, or is terminated for cause, from the employment during the 2 years of required service, the eligible individual shall be required to reimburse the State for any stipend paid to the eligible individual under subsection (f)(1) in an amount that bears the same ratio to the amount of the stipend as the unserved portion of required service bears to the 2 years of required service. A State shall forward the proceeds of any reimbursement received under this paragraph to the Secretary.

(2) OBLIGATION TO REIMBURSE.—The obligation to reimburse the State under this subsection is, for all purposes, a debt owing the United States. A discharge in bankruptcy under title 11 shall not release a participant from the obligation to reimburse the State. Any amount owed by an eligible individual under paragraph (1) shall bear interest at the rate equal to the highest rate being paid by the United States on the day on which the reimbursement is determined to be due for securities having maturities of 90 days or less and shall accrue from the day on which the eligible individual is first notified of the amount due.

(i) EXCEPTIONS TO REIMBURSEMENT PROVISIONS.—

(1) IN GENERAL.—An eligible individual in the placement program shall not be considered to be in violation of an agreement entered into under subsection (e) during any period in which the participant—

(A) is pursuing a full-time course of study related to the field of teaching at an institution of higher education;

(B) is serving on active duty as a member of the Armed Forces;

(C) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(D) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

(E) is seeking and unable to find full-time employment as a teacher or teacher's aide in an elementary school or secondary school for a single period not to exceed 27 months; or

(F) satisfies the provisions of additional reimbursement exceptions that may be prescribed by the Secretary.

(2) FORGIVENESS.—An eligible individual shall be excused from reimbursement under subsection (h) if the eligible individual becomes permanently totally disabled as established by sworn affidavit of a qualified physician. The Secretary may also waive reimbursement in cases of extreme hardship to the participant, as determined by the Secretary.

ROBB (AND OTHERS) AMENDMENT NO. 2861

Mr. ROBB (for himself, Mr. HARKIN, Mr. CONRAD, and Mr. LAUTENBERG) proposed an amendment to the bill, S. 1134, supra; as follows:

Strike section 101 and insert:

SEC. 101. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) (defining education individual retirement account) is amended by striking ''$500'' and inserting ''the contribution limit for such taxable year''.

(2) CONTRIBUTION LIMIT.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(4) CONTRIBUTION LIMIT.—The term 'contribution limit' means $500 ($2,000 in the case of any taxable year beginning after December 31, 2000, and ending before January 1, 2004).''

(3) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking ''$500'' and inserting ''the contribution limit (as defined in section 530(b)(4)) for such taxable year''.

(b) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

''The age limitations in the preceding sentence and paragraphs (5) and (6) of subsection (d) shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary).''

(c) ENTITIES PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking ''The maximum amount which a contributor'' and inserting ''In the case of a contributor who is an individual, the maximum amount the contributor''.

(d) TIME WHEN CONTRIBUTIONS DEEMED MADE.—

(1) IN GENERAL.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(5) TIME WHEN CONTRIBUTIONS DEEMED MADE.—An individual shall be deemed to have made a contribution to an education individual retirement account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).''

(2) EXTENSION OF TIME TO RETURN EXCESS CONTRIBUTIONS.—Subparagraph (C) of section 530(d)(4) (relating to additional tax for distributions not used for educational expenses) is amended—

(A) by striking clause (i) and inserting the following new clause:

''(i) such distribution is made before the 1st day of the 6th month of the taxable year following the taxable year, and'', and

(B) by striking ''DUE DATE OF RETURN'' in the heading and inserting ''JUNE''.

(e) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 530(d)(2)(C) is amended to read as follows:

''(C) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

''(i) CREDIT COORDINATION.—

''(I) IN GENERAL.—Except as provided in subclause (II), subparagraph (A) shall not apply for any taxable year to any qualified higher education expenses with respect to any individual if a credit is allowed under section 25A with respect to such expenses for such taxable year.

''(II) SPECIAL COORDINATION RULE.—In the case of any taxable year beginning after December 31, 2000, and before January 1, 2004, subclause (I) shall not apply, but the total amount of qualified higher education expenses otherwise taken into account under subparagraph (A) with respect to an individual for such taxable year shall be reduced (after the application of the reduction provided in section 25A(g)(2)) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A with respect to such expenses.

''(ii) COORDINATION WITH QUALIFIED TUITION PROGRAMS.—If the aggregate distributions to which subparagraph (A) and section 529(c)(3)(B) apply exceed the total amount of qualified higher education expenses otherwise taken into account under subparagraph (A) (after the application of clause (i)) with respect to an individual for any taxable year, the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under subparagraph (A) and section 529(c)(3)(B).''

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25A is amended to read as follows:

''(e) ELECTION NOT TO HAVE SECTION APPLY.—A taxpayer may elect not to have this section apply with respect to the qualified tuition and related expenses of an individual for any taxable year.''

(B) Section 135(d)(2)(A) is amended by striking ''allowable'' and inserting ''allowed''.

(C) Section 530(b)(2)(A) is amended by striking '', reduced as provided in section 25A(g)(2)''.

(D) Section 530(d)(2)(D) is amended—

(i) by striking ''or credit'', and

(ii) by striking ''CREDIT OR'' in the heading.

(E) Section 4973(e)(1) is amended by adding ''and'' at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 101A. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) FINDINGS.—Congress makes the following findings:

(1) Record numbers of students are enrolled in our Nation's elementary and secondary schools and that record is expected to be broken every year through 2007. The record numbers are straining many school facilities. Addressing that growth will require an increasing commitment of resources to build and modernize schools, and to hire and train new teachers. In addition, the increasing use of technology in the workplace is creating new demands to incorporate computers and other high-technology equipment into the classroom and into curricula.

(2) The General Accounting Office (in this section referred to as the ''GAO'') has performed a comprehensive survey of the Nation's public elementary and secondary school facilities and has found severe levels of disrepair in all areas of the United States. The GAO report concluded that more than 14,000,000 children attend schools in need of extensive repair or replacement, 7,000,000 children attend schools with life safety code violations, and 12,000,000 children attend schools with leaky roofs.

(3) The General Accounting Office has found the problem of crumbling schools transcends demographic and geographic boundaries. At 38 percent of urban schools, 30 percent of rural schools, and 29 percent of suburban schools, at least one building is in need of extensive repair or should be completely replaced.

(4) The condition of school facilities has a direct effect on the safety of students and teachers and on the ability of students to learn. Academic research has provided a direct correlation between the condition of school facilities and student achievement. At Georgetown University, researchers have found the test scores of students assigned to schools in poor condition can be expected to fall 10.9 percentage points below the test scores of students in buildings in excellent condition. Similar studies have demonstrated up to a 20 percent improvement in

test scores when students were moved from a poor facility to a new facility.

(5) Furthermore, a recent study by the Environmental Working Group concluded that portable trailers, utilized by many school districts to accommodate school over-crowding, can ''expose children to toxic chemicals at levels that pose an unacceptable risk of cancer or other serious illnesses.'' Because ventilation in portable trailers is poor, the pollution through the build-up of toxins can be significant. This is particularly hazardous to those children who have asthma. The prevalence of asthma in children increased by 160 percent between 1980 and 1994. The report also stated, ''Schools are facing two epidemics: an epidemic of deteriorating facilities and an epidemic of asthma among children.''

(6) The General Accounting Office has found most schools are not prepared to incorporate modern technology in the classroom. Forty-six percent of schools lack adequate electrical wiring to support the full-scale use of technology. More than a third of schools lack the requisite electrical power. Fifty-six percent of schools have insufficient phone lines for modems.

(7) The Department of Education has reported that elementary and secondary school enrollment, already at a record high level, will continue to grow over the next 10 years, and that in order to accommodate this growth, the United States will need to build an additional 2,400 schools.

(8) The General Accounting Office has determined the cost of bringing schools up to good, overall condition to be $112,000,000,000, not including the cost of modernizing schools to accommodate technology, or the cost of building additional facilities needed to meet record enrollment levels.

(9) Schools run by the Bureau of Indian Affairs (in this section referred to as the ''BIA'') for Native American children are also in dire need of repair and renovation. The General Accounting Office has reported that the cost of total inventory repairs needed for BIA facilities is $754,000,000. The December 1997 report by the Comptroller General of the United States states that, ''Compared with other schools nationally, BIA schools are generally in poorer physical condition, have more unsatisfactory environmental factors, more often lack key facilities requirements for education reform, and are less able to support computer and communications technology.''

(10) Across the Nation, schools will need to recruit and hire an additional 2,000,000 teachers during the period from 1998 through 2008. More than 200,000 teachers will be needed annually, yet current teacher development programs produce only 100,000 to 150,000 teachers per year. This level of recruitment is simply the level needed to maintain existing student-teacher ratios.

(11) The rapid growth in the student population, in addition to the imminent shortage of qualified teachers and recent efforts by Congress to help States reduce class size, present urgent infrastructure needs across the Nation.

(12) State and local financing mechanisms have proven inadequate to meet the challenges facing today's aging school facilities. Large numbers of local educational agencies have difficulties securing financing for school facility improvement.

(13) The Federal Government has provided resources for school construction in the past. For example, between 1933 and 1939, the Federal Government assisted in 70 percent of all new school construction.

(14) The Federal Government can support elementary and secondary school facilities without interfering in issues of local control, and should help communities leverage additional funds for the improvement of elementary and secondary school facilities.

(b) PUBLIC SCHOOL MODERNIZATION.—Chapter 1 is amended by adding at the end the following new subchapter:

"Subchapter X—Public School Modernization Provisions

''Part I. Credit to holders of qualified public school modernization bonds.

''Part II. Qualified school construction bonds.

''Part III. Incentives for education zones.

"PART I—CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS

''Sec. 1400F. Credit to holders of qualified public school modernization bonds.

"SEC. 1400F. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified public school modernization bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified public school modernization bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (1), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of issuance of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

''(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term 'qualified public school modernization bond' means—

''(A) a qualified school construction bond, and

''(B) a qualified zone academy bond.

''(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(e) OTHER DEFINITIONS.—For purposes of this subchapter—

''(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia but does not include any other State agency.

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) PUBLIC SCHOOL FACILITY.—The term 'public school facility' shall not include any facility which is not owned by a State or local government or any agency or instrumentality of a State or local government.

''(f) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(h) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified public school modernization bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

''(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified public school modernization bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding qualified public school modernization bonds on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

''(j) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

''(k) CREDIT TREATED AS ALLOWED UNDER PART IV OF SUBCHAPTER A.—For purposes of subtitle F, the credit allowed by this section shall be treated as a credit allowable under part IV of subchapter A of this chapter.

''(l) REPORTING.—Issuers of qualified public school modernization bonds shall submit reports similar to the reports required under section 149(e).

''(m) TERMINATION.—This section shall not apply to any bond issued after September 30, 2005.

"PART II—QUALIFIED SCHOOL CONSTRUCTION BONDS

''Sec. 1400G. Qualified school construction bonds.

"SEC. 1400G. QUALIFIED SCHOOL CONSTRUCTION BONDS.

''(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this subchapter, the term 'qualified school construction bond' means any bond issued as part of an issue if—

''(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue,

''(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

''(3) the issuer designates such bond for purposes of this section, and

''(4) the term of each bond which is part of such issue does not exceed 15 years.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the sum of—

''(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

''(2) if such issuer is a large local educational agency (as defined in subsection (e)(4)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

''(1) $11,800,000,000 for 2001,

''(2) $11,800,000,000 for 2005, and

''(3) except as provided in subsection (f), zero after 2001 and before 2005, and after 2005.

''(d) SIXTY-FIVE PERCENT OF LIMITATION ALLOCATED AMONG STATES.—

''(1) IN GENERAL.—Sixty-five percent of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to issuers within such State and such allocations may be made only if there is an approved State application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

''(3) MINIMUM ALLOCATIONS TO STATES.—

''(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

''(i) the amount allocated to such State under this subsection for such year, and

''(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of the amount to be allocated under paragraph (1) for the calendar year.

''(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

''(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

''(5) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts otherwise allocated under this subsection, $200,000,000 for calendar year 2001, and $200,000,000 for calendar year 2005, shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7871) shall be treated as qualified issuers for purposes of this subchapter.

''(6) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

''(i) health and safety problems at such facilities,

''(ii) the capacity of public schools in the State to house projected enrollments, and

''(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

''(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

''(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

''(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

''(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State shall be binding if such State reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

''(e) THIRTY-FIVE PERCENT OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

''(1) IN GENERAL.—Thirty-five percent of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

''(3) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in subsection (d)(1).

''(4) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term 'large local educational agency' means, with respect to a calendar year, any local educational agency if such agency is—

''(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

''(B) 1 of not more than 25 local educational agencies (other than those described in subparagraph (A)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

''(5) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the local educational agency or the State with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

''(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

''(ii) the overcrowded conditions of the agency's schools and the capacity of such schools to house projected enrollments, and

''(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

''(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how the agency will—

''(i) give high priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

''(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own,

''(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State

that would have occurred in the absence of such allocation, and

''(iv) ensure that the needs of both rural and urban areas are recognized, and

''(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(6) shall apply for purposes of this paragraph.

''(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(1) the amount allocated under subsection (d) to any State, exceeds

''(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under subsection (d)(5) or (e).

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—A bond shall not be treated as failing to meet the requirement of subsection (a)(1) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued.

''(2) BINDING COMMITMENT REQUIREMENT.—Paragraph (1) shall apply to an issue only if, as of the date of issuance, there is a reasonable expectation that—

''(A) at least 10 percent of the proceeds of the issue will be spent within the 6-month period beginning on such date for the purpose for which such issue was issued, and

''(B) the remaining proceeds of the issue will be spent with due diligence for such purpose.

''(3) EARNINGS ON PROCEEDS.—Any earnings on proceeds during the temporary period shall be treated as proceeds of the issue for purposes of applying subsection (a)(1) and paragraph (1) of this subsection.

''PART III—INCENTIVES FOR EDUCATION ZONES

''Sec. 1400H. Qualified zone academy bonds.

''SEC. 1400H. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this subchapter—

''(1) IN GENERAL.—The term 'qualified zone academy bond' means any bond issued as part of an issue if—

''(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by a local educational agency,

''(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

''(C) the issuer—

''(i) designates such bond for purposes of this section,

''(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

''(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

''(D) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1400G(g) shall apply for purposes of paragraph (1).

''(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

''(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the local educational agency) of—

''(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(iii) services of employees as volunteer mentors,

''(iv) internships, field trips, or other educational opportunities outside the academy for students, or

''(v) any other property or service specified by the local educational agency.

''(3) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

''(C) the comprehensive education plan of such public school or program is approved by the local educational agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the Richard B. Russell National School Lunch Act.

''(4) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

''(B) acquiring the land on which such facility is to be constructed with part of the proceeds of such issue,

''(C) providing equipment for use at such academy,

''(D) developing course materials for education to be provided at such academy, and

''(E) training teachers and other school personnel in such academy.

''(b) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

''(A) $400,000,000 for 1998,

''(B) $400,000,000 for 1999,

''(C) $400,000,000 for 2000,

''(D) $400,000,000 for 2001, and

''(C) except as provided in paragraph (3), zero after 2001.

''(2) ALLOCATION OF LIMITATION.—

''(A) ALLOCATION AMONG STATES.—

''(i) 1998 AND 1999 LIMITATIONS.—The national zone academy bond limitations for calendar years 1998 and 1999 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

''(ii) LIMITATION AFTER 1999.—The national zone academy bond limitation for any calendar year after 1999 shall be allocated by the Secretary among the States in the manner prescribed by section 1400G(d); except that in making the allocation under this clause, the Secretary shall take into account—

''(I) Basic Grants attributable to large local educational agencies (as defined in section 1400G(e)(4)).

''(II) the national zone academy bond limitation.

''(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

''(C) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under subparagraph (B) for such calendar year.

''(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(A) the limitation amount under this subsection for any State, exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (a) (or the corresponding provisions of prior law) with respect to qualified zone academies within such State,

the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess. 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.''

(c) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1400F(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1400F(d)(2)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''

(d) CONFORMING AMENDMENTS.—

(1) Subchapter U of chapter 1 is amended by striking part IV, by redesignating part V as part IV, and by redesignating section 1397F as section 1397E.

(2) The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Public school modernization provisions.''

(3) The table of parts of subchapter U of chapter 1 is amended by striking the last 2 items and inserting the following item:

''Part IV. Regulations.''

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to obligations issued after December 31, 1999.

(2) REPEAL OF RESTRICTION ON ZONE ACADEMY BOND HOLDERS.—In the case of bonds to which section 1397E of the Internal Revenue Code of 1986 (as in effect before the date of the enactment of this Act) applies, the limitation of such section to eligible taxpayers (as defined in subsection (d)(6) of such section) shall not apply after the date of the enactment of this Act.

SEC. 101C. PUBLIC SCHOOL REPAIR AND RENOVATION.

Title XII of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8501 et seq.) is amended to read as follows:

''TITLE XII—PUBLIC SCHOOL REPAIR AND RENOVATION

''SEC. 12001. FINDINGS.

''Congress finds the following:

''(1) The General Accounting Office estimated in 1995 that it would cost $112,000,000,000 to bring our Nation's school facilities into good overall condition.

''(2) The General Accounting Office also found in 1995 that 60 percent of the Nation's schools, serving 28,000,000 students, reported that 1 or more building features, such as roofs and plumbing, needed to be extensively repaired, overhauled, or replaced.

''(3) The National Center for Education Statistics reported that the average age for a school building in 1998 was 42 years and that local educational agencies with relatively high rates of poverty tend to have relatively old buildings.

''(4) School condition is positively correlated with student achievement, according to a number of research studies.

''(5) The results of a recent survey indicate that the condition of schools with large proportions of students living on Indian lands is particularly poor.

''(6) While school repair and renovation are primarily a State and local concern, some States and communities are not, on their own, able to meet the burden of providing adequate school facilities for all students, and the poorest communities have had the greatest difficulty meeting this need. It is, therefore, appropriate for the Federal Government to provide assistance to high-need communities for school repair and renovation.

''SEC. 12002. PURPOSE.

''The purpose of this title is to assist high-need local educational agencies in making urgent repairs and renovations to public school facilities in order to—

''(1) reduce health and safety problems, including violations of State or local fire codes, faced by students; and

''(2) improve the ability of students to learn in their school environment.

''SEC. 12003. AUTHORIZED ACTIVITIES.

''(a) IN GENERAL.—A recipient of a grant or loan under this title shall use the grant or loan funds to carry out the purpose of this title by—

''(1) repairing or replacing roofs, electrical wiring, or plumbing systems;

''(2) repairing, replacing, or installing heating, ventilation, or air conditioning systems;

''(3) ensuring that repairs and renovations under this title comply with the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 relating to the accessibility of public school programs to individuals with disabilities; and

''(4) making other types of school repairs and renovations that the Secretary may reasonably determine are urgently needed, particularly projects to correct facilities problems that endanger the health and safety of students and staff such as violations of State or local fire codes.

''(b) LIMITATION.—The Secretary shall not approve an application for a grant or loan under this title unless the applicant demonstrates to the Secretary's satisfaction that the applicant lacks sufficient funds, from other sources, to carry out the repairs or renovations for which the applicant is requesting assistance.

''SEC. 12004. GRANTS TO LOCAL EDUCATIONAL AGENCIES WITH HIGH CONCENTRATIONS OF STUDENTS LIVING ON INDIAN LANDS.

''(a) GRANTS AUTHORIZED.—From funds available under section 12008(a), the Secretary shall award grants to local educational agencies to enable the agencies to carry out the authorized activities described in section 12003 and subsection (e).

''(b) ELIGIBILITY.—A local educational agency is eligible for a grant under this section if the number of children determined under section 8003(a)(1)(C) of this Act for that agency constituted at least 50 percent of the number of children who were in average daily attendance at the schools of the agency during the preceding school year.

''(c) ALLOCATION OF FUNDS.—The Secretary shall allocate funds available to carry out this section to eligible local educational agencies based on their respective numbers of children in average daily attendance who are counted under section 8003(a)(1)(C) of this Act.

''(d) APPLICATIONS.—Each eligible local educational agency that desires to receive a grant under this section shall submit an application to the Secretary that includes—

''(1) a statement of how the agency will use the grant funds;

''(2) a description of the steps the agency will take to adequately maintain the facilities that the agency repairs, renovates, or constructs with those funds; and

''(3) such other information and assurances as the Secretary may reasonably require.

''(e) CONSTRUCTION OF NEW SCHOOLS.—In addition to any other activity authorized under section 12003, an eligible local educational agency may use grant funds received under this section to construct a new school if the agency demonstrates to the Secretary's satisfaction that the agency will replace an existing school that is in such poor condition that renovating the school will not be cost-effective.

''SEC. 12005. GRANTS TO HIGH-POVERTY LOCAL EDUCATIONAL AGENCIES.

''(a) GRANTS AUTHORIZED.—From funds available under section 12008(b)(1), the Secretary shall make grants, on a competitive basis, to local educational agencies with poverty rates of 20 percent or greater to enable the agencies to carry out the authorized activities described in section 12003.

''(b) CRITERIA FOR AWARDING GRANTS.—In making grants under this section, the Secretary shall consider—

''(1) the poverty rate, the need for school repairs and renovations, and the fiscal capacity of each local educational agency; and

''(2) such other factors as the Secretary determines appropriate.

''(c) APPLICATIONS.—Each eligible local educational agency that desires to receive a grant under this section shall submit an application to the Secretary that includes—

''(1) a description of the agency's urgent need for school repair and renovation and of how the agency will use funds available under this section to meet those needs;

''(2) information on the fiscal effort that the agency is making in support of education and evidence demonstrating that the agency lacks the capacity to meet the agency's urgent school repair and renovation needs without assistance made available under this section;

''(3) a description of the steps the agency will take to adequately maintain the facilities that the agency repairs or renovates with the assistance; and

''(4) such other information and assurances as the Secretary may reasonably require.

''SEC. 12006. SCHOOL RENOVATION GRANTS AND LOANS.

''(a) GRANTS AND LOANS.—From funds available under section 12008(b)(2), the Secretary shall make grants, and shall pay the cost of loans made, on a competitive basis, to local educational agencies that lack the ability to fund urgent school repairs without a grant or loan provided under this section, to enable the agencies to carry out the authorized activities described in section 12003.

''(b) LOAN PERIOD.—Each loan under this section shall be for a period of 7 years and shall carry an interest rate of 0 percent.

''(c) CRITERIA FOR MAKING GRANTS AND LOANS.—In making grants and loans under this section, the Secretary shall consider—

''(1) the extent of poverty, the need for school repairs and renovations, and the fiscal capacity of each local educational agency; and

''(2) such other factors as the Secretary determines appropriate.

''(d) APPLICATIONS.—Each eligible local educational agency that desires to receive a grant or loan under this section shall submit an application to the Secretary that includes the information described in section 12005(c).

''(e) CREDIT STANDARDS.—In carrying out this section, the Secretary—

''(1) shall not extend credit without finding that there is reasonable assurance of repayment; and

''(2) may use credit enhancement techniques, as appropriate, to reduce the credit risk of loans.

''SEC. 12007. PROGRESS REPORTS.

''The Secretary shall require recipients of grants and loans under this title to submit progress reports and such other information as the Secretary determines necessary to ensure compliance with this title and to evaluate the impact of the activities assisted under this title.

''SEC. 12008. AUTHORIZATION OF APPROPRIATIONS.

''(a) GRANTS UNDER SECTION 12004.—For the purpose of making grants under section 12004, there are authorized to be appropriated $50,000,000 for fiscal year 2001 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(b) GRANTS UNDER SECTION 12005 AND GRANTS AND LOANS UNDER SECTION 12006.—For the purpose of making grants under section 12005, and grants and loans under section 12006, there are authorized to be appropriated $1,250,000,000 for fiscal year 2001 and such sums as may be necessary for each of the succeeding 4 fiscal years, of which—

''(1) 10 percent shall be available for grants under section 12005; and

''(2) 90 percent shall be available to make grants and to pay the cost of loans under section 12006.

''(c) LIMITATION ON LOAN VOLUME.—Within the available resources and authority, gross obligations for the principal amount of direct loans offered by the Secretary under

section 12006 for fiscal year 2001 shall not exceed $7,000,000,000, or the amount specified in an applicable appropriations Act, whichever is greater.

"SEC. 12009. DEFINITIONS.

''For the purpose of this title, the following terms have the following meanings:

''(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given that term in section 14101(18)(A) and (B) of this Act.

''(2) PUBLIC SCHOOL FACILITY.—

''(A) IN GENERAL.—The term 'public school facility' means a public building whose primary purpose is the instruction of public elementary or secondary students.

''(B) EXCLUSIONS.—The term excludes athletic stadiums or any other structure or facility intended primarily for athletic exhibitions, contests, games, or events for which admission is charged to the general public.

''(3) REPAIR AND RENOVATION.—The term 'repair and renovation' used with respect to an existing public school facility, means the repair or renovation of the facility without increasing the size of the facility.''.

SEC. 101D. USE OF NET PROCEEDS.

Notwithstanding any other provision of law—

(1) section 439(a) of the General Education Provisions Act shall apply with respect to the construction, reconstruction, rehabilitation, or repair of any school facility to the extent funded by net proceeds obtained through any provision enacted or amended by this Act,

(2) such net proceeds may not be used to fund the construction, reconstruction, rehabilitation, or repair of any stadium or other facility primarily used for athletic or nonacademic events, and

(3) such net proceeds may be used to build small schools or create smaller learning environments within existing public school facilities.

NATIONAL SUSTAINABLE FUELS AND CHEMICALS ACT OF 1999

MURKOWSKI AMENDMENT NO. 2862

Mr. CRAPO (for Mr. MURKOWSKI) proposed an amendment to the bill (S. 935) to amend the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to authorize research to promote the conversion of biomass into biobased industrial products, and for other purposes; as follows:

In lieu of the language proposed to be inserted, insert the following:

"TITLE I—BIOMASS RESEARCH AND DEVELOPMENT ACT OF 1999

"SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Biomass Research and Development Act of 1999'.

"SEC. 2. FINDINGS.

''Congress finds that—

''(1) conversion of biomass into biobased industrial products offers outstanding potential for benefit to the national interest through improved strategic security and balance of payments, healthier rural economies, improved environmental quality, near-zero net greenhouse gas emissions, technology export, and sustainable resource supply;

''(2) the key technical challenges to be overcome in order for biobased industrial products to be cost competitive are finding new technology and reducing the cost of technology for converting biomass into desired biobased industrial products;

''(3) biobased fuels, such as ethanol, have the clear potential to be sustainable, low cost, and high performance fuels that are compatible with both current and future transportation systems and provide near zero net greenhouse gas emissions;

''(40 biobased chemicals—

''(A) can provide functional replacements for essentially all organic chemicals that are currently derived from petroleum; and

''(B) have the clear potential for environmentally benign product life cycles;

''(5) biobased power can provide environmental benefits, promote rural economic development, and diversify energy resource options;

''(6) many biomass feedstocks suitable for industrial processing show the clear potential for sustainable production, in some cases resulting in improved soil fertility and carbon sequestration;

''(7)(A) grain processing mills are biorefineries that produce a diversity of useful food, chemical, feed, and fuel products; and

''(B) technologies that result in further diversification of the range of value-added biobased industrial products can meet a key need for the grain processing industry;

''(8)(A) cellulosic feedstocks are attractive because of their low cost and widespread availability; and

''(B) research resulting in cost-effective technology to overcome the recalcitrance of cellulosic biomass would allow biorefineries to produce fuels and bulk chemicals on a very large scale, with a commensurately large realization of the benefit described in paragraph (1);

''(9) research into the fundamentals to understand important mechanisms of biomass conversion can be expected to accelerate the application and advancement of biomass processing technology by—

''(A) increasing the confidence and speed with which new technologies can be scaled up; and

''(B) giving rise to processing innovations based on new knowledge;

''(10) the added utility of biobased industrial products developed through improvements in processing technology would encourage the design of feedstocks that would meet future needs more effectively;

''(11) the creation of value-added biobased industrial products would create new jobs in construction, manufacturing, and distribution, as well as new higher-valued exports of products and technology;

''(12)(A) because of the relatively short-term time horizon characteristic of private sector investments, and because many benefits of biomass processing are in the national interest, it is appropriate for the Federal Government to provide precommercial investment in fundamental research and research-driven innovation in the biomass processing area; and

''(B) such an investment would provide a valuable complement to ongoing and past governmental support in the biomass processing area; and

''(13) several prominent studies, including studies by the President's Council of Advisors on Science and Technology and the National Research Council—

''(A) support the potential for large research-driven advances in technologies for production of biobased industrial products as well as associated benefits; and

''(B) document the need for a focused, integrated, and innovation-driven research effort to provide the appropriate progress in a timely manner.

"SEC. 3. DEFINITIONS.

''In this title:

''(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Biomass Research and Development Technical Advisory Committee established by section 6.

''(2) BIOBASED INDUSTRIAL PRODUCT.—The term 'biobased industrial product' means fuels, commercial chemicals, building materials, or electric power or heat produced from biomass.

''(3) BIOMASS.—The term 'biomass' means any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees, wood and wood wastes and residues, plants (including aquatic plants), grasses, residues, fibers, and animal wastes, municipal wastes and other waste materials.

''(4) BOARD.—The term 'Board' means the Biomass Research and Development Board established by section 5.

''(5) INITIATIVE.—The term 'Initiative' means the Biomass Research and Development Research Initiative established under section 7.

''(6) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given that term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

''(7) NATIONAL LABORATORY.—The term 'national laboratory' means a facility or group of facilities owned, leased, or operated by a Federal agency (including a contractor of the Federal agency) for the performance of research, development, or engineering.

''(8) POINT OF CONTACT.—The term 'point of contact' means a point of contact designated under section 4(d).

''(9) PROCESSING.—The term 'processing' means the derivation of biobased industrial products from biomass, including—

''(A) feedstock production;

''(B) harvest and handling;

''(C) pretreatment or thermochemical processing;

''(D) fermentation;

''(E) catalytic processing;

''(F) product recovery; and

''(G) coproduct production.

"SEC. 4. COOPERATION AND COORDINATION IN BIOMASS RESEARCH AND DEVELOPMENT.

''(a) IN GENERAL.—The Secretary of Agriculture and the Secretary of Energy shall cooperate with respect to, and coordinate, policies and procedures that promote research and development leading to the production of biobased industrial products.

''(b) PURPOSE.—The purpose of the cooperation and coordination shall be to—

''(1) understand the key mechanisms underlying the recalcitrance of biomass for conversion into biobased industrial products;

''(2) develop new and cost-effective technologies that would result in large-scale commercial production of low cost and sustainable biobased industrial products;

''(3) ensure that biobased industrial products are developed in a manner that enhances their economic, energy security, and environmental benefits; and

''(4) promote the development and use of agricultural and energy crops for conversion into biobased industrial products.

''(c) AREAS.—In carrying out this title, the Secretary of Agriculture and the Secretary of Energy, in consultation with heads of appropriate departments and agencies, shall promote research and development to—

''(1) advance the availability and widespread use of energy efficient, economically competitive, and environmentally sound biobased industrial products in a manner that is consistent with the goals of the United States relating to sustainable and secure supplies of food, chemicals, and fuel;

''(2) ensure full consideration of Federal land and land management programs as potential feedstock resources for biobased industrial products; and

''(3) assess the environmental, economic, and social impact of production of biobased