

Congress. In fact, I introduced legislation to repeal this tax increase in 1997, and I am pleased to see Congress acting on this issue. I would remind my colleagues that the justification for increasing this tax in 1993 was to reduce the budget deficit. Now, President Clinton, who first proposed the tax increase, and most members of Congress say the deficit is gone. So, by the President's own reasoning, there is no need to keep this tax hike in place.

Because Social Security benefits are financed with tax dollars, taxing these benefits is yet another incidence of "double taxation." Furthermore, "taxing" benefits paid by the government is merely an accounting trick, a "shell game" which allows members of Congress to reduce benefits by subterfuge. This allows Congress to continue using the Social Security trust fund as a means of financing other government programs and mask the true size of the federal deficit.

Mr. Speaker, the Social Security Tax Relief Act, combined with our action earlier this year to repeal the earnings limitation, goes a long way toward reducing the burden imposed by the Federal Government on senior citizens. However, I hope my colleagues will not stop at repealing the 1993 tax increase, but will work to repeal all taxes on Social Security benefits. I am cosponsoring legislation to achieve this goal, H.R. 761.

Congress should also act on my Social Security Preservation Act (H.R. 219), which ensures that all money in the Social Security Trust Fund is spent solely on Social Security. When the government takes money for the Social Security Trust Fund, it promises the American people that the money will be there for them when they retire. Congress has a moral obligation to keep that promise.

In conclusion, Mr. Speaker, I urge my colleagues to help free senior citizens from oppressive taxation by supporting the Social Security Benefits Tax Relief Act (H.R. 4865). I also urge my colleagues to join me in working to repeal all taxes on Social Security benefits and ensuring that moneys from the Social Security trust fund are used solely for Social Security and not wasted on frivolous government programs.

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be determined by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 274, nays 157, not voting 4, as follows:

[Roll No. 458]

YEAS—274

Abercrombie	Bateman	Boucher
Aderholt	Berkley	Brady (TX)
Andrews	Berry	Bryant
Archer	Biggart	Burr
Armey	Bilbray	Burton
Bachus	Bilirakis	Buyer
Baird	Bishop	Callahan
Baker	Blagojevich	Calvert
Ballenger	Bliley	Camp
Barcia	Blunt	Campbell
Barr	Boehlert	Canady
Barrett (NE)	Boehner	Cannon
Bartlett	Bonilla	Capps
Barton	Bono	Castle
Bass	Boswell	Chabot

Chambliss	Houghton
Chenoweth-Hage	Hulshof
Clayton	Hunter
Clement	Hutchinson
Coble	Hyde
Coburn	Inslee
Collins	Isakson
Combest	Istook
Condit	Jenkins
Cook	John
Cooksey	Johnson (CT)
Costello	Johnson, Sam
Cox	Jones (NC)
Cramer	Kasich
Crane	Kelly
Cubin	King (NY)
Cunningham	Kingston
Danner	Klink
Davis (VA)	Knollenberg
Deal	Kolbe
Delahunt	Kuykendall
DeLay	LaHood
DeMint	Lampson
Diaz-Balart	Largent
Dickey	Latham
Dooley	LaTourette
Doolittle	Lazio
Dreier	Leach
Duncan	Lewis (CA)
Dunn	Lewis (KY)
Ehlers	Linder
Ehrlich	Lipinski
Emerson	LoBiondo
English	Lucas (KY)
Etheridge	Lucas (OK)
Everett	Maloney (CT)
Ewing	Manzullo
Fletcher	Martinez
Foley	McCarthy (NY)
Forbes	McCollum
Ford	McCrery
Fossella	McHugh
Fowler	McInnis
Franks (NJ)	McIntosh
Frelinghuysen	McIntyre
Galleghy	McKeon
Ganske	Metcalfe
Gekas	Mica
Gibbons	Miller (FL)
Gilchrest	Miller, Gary
Gillmor	Mink
Gilman	Mollohan
Goode	Moran (KS)
Goodlatte	Morella
Goodling	Myrick
Gordon	Nethercutt
Goss	Ney
Graham	Northup
Granger	Norwood
Green (WI)	Nussle
Gutknecht	Ose
Hall (TX)	Oxley
Hansen	Packard
Hastert	Paul
Hastings (WA)	Pease
Hayes	Peterson (MN)
Hayworth	Peterson (PA)
Hefley	Petri
Herger	Phelps
Hill (MT)	Pickering
Hilleary	Pitts
Hobson	Pombo
Hoekstra	Porter
Holt	Portman
Hooley	Pryce (OH)
Horn	Quinn
Hostettler	

NAYS—157

Ackerman
Allen
Baca
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Bereuter
Berman
Blumenauer
Bonior
Borski
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capuano
Cardin
Carson

Clay
Clyburn
Conyers
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Doyle
Edwards
Engel
Eshoo

Radanovich
Rahall
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sandlin
Sanford
Saxton
Scarborough
Schaffner
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wise
Wolf
Young (FL)

Jackson (IL)
Jackson-Lee
(TX)
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Klecza
Kucinich
LaFalce
Lantos
Larson
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McDermott
McGovern
McKinney
McNulty
Meehan
Meek (FL)

Meeks (NY)
Menendez
Millender
McDonald
Miller, George
Minge
Moakley
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Price (NC)
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo

Sanders
Sawyer
Schakowsky
Scott
Serrano
Sherman
Slaughter
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Taylor (MS)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOT VOTING—4

Greenwood	Vento
Jefferson	Young (AK)

□ 1602

Ms. KAPTUR and Mr. HILLIARD changed their vote from "yea" to "nay."

Mr. FORD changed his vote from "nay" to "yea."

So, two-thirds not having voted in favor thereof, the veto of the President was sustained and the bill was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The message and the bill is referred to the Committee on Ways and Means.

The Clerk will notify the Senate of the action of the House.

MAKING IN ORDER A MOTION TO SUSPEND THE RULES ON TODAY

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent to authorize the Speaker to entertain a motion to suspend the rules and pass H.R. 4844 today.

The SPEAKER pro tempore (Mr. WALDEN of Oregon). Is there any objection to the request of the gentleman from Pennsylvania?

There was no objection.

RAILROAD RETIREMENT AND SURVIVORS' IMPROVEMENT ACT OF 2000

Mr. SHUSTER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4844) to modernize the financing of the railroad retirement system and to provide enhanced benefits to employees and beneficiaries, as amended.

The Clerk read as follows:

H.R. 4844

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
 (a) SHORT TITLE.—This Act may be cited as the "Railroad Retirement and Survivors' Improvement Act of 2000".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO RAILROAD RETIREMENT ACT OF 1974

Sec. 101. Expansion of widow's and widower's benefits.

Sec. 102. Retirement age restoration.

Sec. 103. Vesting requirement.

Sec. 104. Repeal of railroad retirement maximum.

Sec. 105. Investment of railroad retirement assets.

Sec. 106. Elimination of supplemental annuity account.

Sec. 107. Transfer authority revisions.

Sec. 108. Annual ratio projections and certifications by the Railroad Retirement Board.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

Sec. 201. Amendments to the Internal Revenue Code of 1986.

Sec. 202. Exemption from tax for Railroad Retirement Investment Trust.

Sec. 203. Repeal of supplemental annuity tax.

Sec. 204. Employer, employee representative, and employee tier 2 tax rate adjustments.

TITLE I—AMENDMENTS TO RAILROAD RETIREMENT ACT OF 1974

SEC. 101. EXPANSION OF WIDOW'S AND WIDOWER'S BENEFITS.

(a) IN GENERAL.—Section 4(g) of the Railroad Retirement Act of 1974 is amended by adding at the end the following new subdivision:

“(10)(i) If for any month the unreduced annuity provided under this section for a widow or widower is less than the widow's or widower's initial minimum amount computed pursuant to paragraph (ii) of this subdivision, the unreduced annuity shall be increased to that initial minimum amount. For the purposes of this subdivision, the unreduced annuity is the annuity without regard to any deduction on account of work, without regard to any reduction for entitlement to an annuity under section 2(a)(1) of this Act, without regard to any reduction for entitlement to a benefit under title II of the Social Security Act, and without regard to any reduction for entitlement to a public service pension pursuant to sections 202(e)(7), 202(f)(2), or section 202(g)(4) of the Social Security Act.

“(ii) For the purposes of this subdivision, the widow or widower's initial minimum amount is the amount of the unreduced annuity computed at the time an annuity is awarded to that widow or widower, except that—

“(A) in subsection (g)(1)(i) ‘100 per centum’ shall be substituted for ‘50 per centum’; and

“(B) in subsection (g)(2)(ii) ‘130 per centum’ shall be substituted for ‘80 per centum’ both places it appears.

“(iii) If a widow or widower who was previously entitled to a widow's or widower's annuity under section 2(d)(1)(ii) of this Act becomes entitled to a widow's or widower's annuity under section 2(d)(1)(i) of this Act, a new initial minimum amount shall be computed at the time of award of the widow's or widower's annuity under section 2(d)(1)(i) of this Act.”.

(b) EFFECTIVE DATE.—

(1) GENERALLY.—The amendment made by this section shall take effect January 1, 2001 and shall apply to annuity amounts accruing for months after December 2000 in the case of annuities awarded on or after that date and in the case of annuities awarded before that date if the annuity amount under section 4(g) of the Railroad Retirement Act was computed under section 4(g), as amended by Public Law 97-35.

(2) SPECIAL RULE FOR ANNUITIES AWARDED BEFORE JANUARY 1, 2001.—In applying the amendments made by this section to annuities awarded before January 1, 2001, the calculation of the initial minimum amount under new section 4(g)(10)(ii) of the Act shall be made as of the date of award of the widow's or widower's annuity.

SEC. 102. RETIREMENT AGE RESTORATION.

(a) EMPLOYEE ANNUITIES.—Section 3(a)(2) of the Railroad Retirement Act of 1974 is amended by inserting after “(2)” the following: “For purposes of this subsection, individuals entitled to an annuity under section 2(a)(1)(ii) of this Act shall, except for the purposes of recomputations in accordance with section 215(f) of the Social Security Act, be deemed to have attained retirement age (as defined by section 216(l) of the Social Security Act).”.

(b) SPOUSE AND SURVIVOR ANNUITIES.—Section 4(a)(2) of the Railroad Retirement Act of 1974 is amended by striking “if an” and all that follows through “section 2(c)(1) of this Act” and inserting “a spouse entitled to an annuity under section 2(c)(1)(ii)(B) of this Act”.

(c) CONFORMING REPEALS.—Sections 3(a)(3), 4(a)(3), and 4(a)(4) of the Railroad Retirement Act are repealed.

(d) EFFECTIVE DATES.—

(1) GENERALLY.—Except as provided in paragraph (2), the amendments made by this section shall apply to annuities that begin to accrue on or after January 1, 2001.

(2) EXCEPTION.—The amount of the annuity provided for a spouse under section 4(a) shall be computed under section 4(a)(3), as in effect before the date of the enactment of this section, if the annuity amount provided under section 3(a) for the individual on whose employment record the spouse annuity is based was computed under section 3(a)(3), as in effect before the date of the enactment of this section.

SEC. 103. VESTING REQUIREMENT.

(a) CERTAIN ANNUITIES FOR INDIVIDUALS.—Section 2(a) of the Railroad Retirement Act of 1974 is amended—

(1) by inserting in subdivision (1) “or, for purposes of paragraphs (i), (iii), and (v), five years of service, all of which accrues after December 31, 1995,” after “ten years of service”, and

(2) by adding at the end the following:

“(4) An individual who is entitled to an annuity under paragraph (v) of subdivision (1), but who does not have at least ten years of service, shall, prior to the month in which the individual attains age 62, be entitled only to an annuity amount computed under section 3(a) of this Act (without regard to section 3(a)(2) of this Act) or section 3(f)(3) of this Act. Upon attainment of age 62, such an individual may also be entitled to an annuity amount computed under section 3(b), but such annuity amount shall be reduced for early retirement in the same manner as if the individual were entitled to an annuity under section 2(a)(1)(iii).”.

(b) COMPUTATION RULE FOR INDIVIDUALS' ANNUITIES.—Section 3(a) of the Railroad Retirement Act of 1974, as amended by section 102 of this Act, is further amended by adding at the end the following new subdivision:

“(3) If an individual entitled to an annuity under section 2(a)(1)(i) or (iii) of this Act on the basis of less than ten years of service is entitled to a benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act which began to accrue before the annuity under section 2(a)(1)(i) or (iii) of this Act, the annuity amount provided such individual under this subsection, shall be computed as though the annuity under this Act began to accrue on the later of (A) the date on which the benefit under section

202(a), section 202(b), or section 202(c) of the Social Security Act began or (B) the date on which the individual first met the conditions for entitlement to an age reduced annuity under this Act other than the conditions set forth in sections 2(e)(1) and 2(e)(2) of this Act and the requirement that an application be filed.”.

(c) SURVIVORS' ANNUITIES.—Section 2(d)(1) of the Railroad Retirement Act of 1974 is amended by inserting “or five years of service, all of which accrues after December 31, 1995,” after “ten years of service”.

(d) LIMITATION ON ANNUITY AMOUNTS.—Section 2 of the Railroad Retirement Act of 1974 is amended by adding at the end the following:

“(i) An individual entitled to an annuity under this section who has completed five years of service, all of which accrues after 1995, but who has not completed ten years of service, and the spouse, divorced spouse, and survivors of such individual, shall not be entitled to an annuity amount provided under section 3(a), section 4(a), or section 4(f) of this Act unless the individual, or the individual's spouse, divorced spouse, or survivors, would be entitled to a benefit under the Social Security Act on the basis of the individual's employment record under both the Railroad Retirement Act and the Social Security Act.”.

(e) COMPUTATION RULE FOR SPOUSES' ANNUITIES.—Section 4(a) of the Railroad Retirement Act of 1974, as amended by section 102 of this Act, is further amended by adding at the end the following new subdivision:

“(3) If a spouse entitled to an annuity under section 2(c)(1)(ii)(A), section 2(c)(1)(ii)(C), or section 2(c)(2) of this Act or a divorced spouse entitled to an annuity under section 2(c)(4) of this Act on the basis of the employment record of an employee who will have completed less than 10 years of service is entitled to a benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act which began to accrue before the annuity under section 2(c)(1)(ii)(A), section 2(c)(1)(ii)(C), section 2(c)(2), or section 2(c)(4) of this Act, the annuity amount provided under this subsection shall be computed as though the annuity under this Act began to accrue on the later of (A) the date on which the benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act began or (B) the first date on which the annuitant met the conditions for entitlement to an age reduced annuity under this Act other than the conditions set forth in sections 2(e)(1) and 2(e)(2) of this Act and the requirement that an application be filed.”.

(f) APPLICATION DEEMING PROVISION.—Section 5(b) of the Railroad Retirement Act of 1974 is amended by striking the second sentence and inserting the following: “An application filed with the Board for an employee annuity, spouse annuity, or divorced spouse annuity on the basis of the employment record of an employee who will have completed less than ten years of service shall be deemed to be an application for any benefit to which such applicant may be entitled under this Act or section 202(a), section 202(b), or section 202(c) of the Social Security Act. An application filed with the Board for an annuity on the basis of the employment record of an employee who will have completed ten years of service shall, unless the applicant specified otherwise, be deemed to be an application for any benefit to which such applicant may be entitled under this Act or title II of the Social Security Act.”.

(g) CREDITING SERVICE UNDER THE SOCIAL SECURITY ACT.—Section 18(2) of the Railroad Retirement Act of 1974 is amended—

(1) by inserting “or less than five years of service, all of which accrues after December

31, 1995," after "ten years of service" every place it occurs; and

(2) by inserting "or five or more years of service, all of which accrues after December 31, 1995," after "ten or more years of service".

(h) AUTOMATIC BENEFIT ELIGIBILITY ADJUSTMENTS.—Section 19 of Railroad Retirement Act of 1974 is amended—

(1) by inserting "or five or more years of service, all of which accrues after December 31, 1995," after "ten years of service" in subsection (c); and

(2) by inserting "or five or more years of service, all of which accrues after December 31, 1995," after "ten years of service" in subsection (d)(2).

(i) CONFORMING AMENDMENTS.—

(1) Section 6(e)(1) of the Railroad Retirement Act of 1974 is amended by inserting "or five or more years of service, all of which accrues after December 31, 1995," after "ten years of service".

(2) Section 7(b)(2) of the Railroad Retirement Act of 1974 is amended by inserting "or five or more years of service, all of which accrues after December 31, 1995," after "ten years of service".

(3) Section 205(i) of the Social Security Act is amended by inserting "or five or more years of service, all of which accrues after December 31, 1995," after "ten years of service".

(j) EFFECTIVE DATE.—The amendments made by this section shall take effect January 1, 2001.

SEC. 104. REPEAL OF RAILROAD RETIREMENT MAXIMUM.

(a) EMPLOYEE ANNUITIES.—Section 3(f) of the Railroad Retirement Act of 1974 is amended by striking paragraph (1).

(b) SPOUSE AND SURVIVOR ANNUITIES.—Section 4 of the Railroad Retirement Act of 1974 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective January 1, 2001, and shall apply to annuity amounts accruing for months after December 2000.

SEC. 105. INVESTMENT OF RAILROAD RETIREMENT ASSETS.

(a) ESTABLISHMENT OF RAILROAD RETIREMENT INVESTMENT TRUST.—Section 15 of the Railroad Retirement Act of 1974 is amended by inserting after subsection (i) the following:

"(j) RAILROAD RETIREMENT INVESTMENT TRUST.—

"(I) ESTABLISHMENT.—The Railroad Retirement Investment Trust (hereinafter in this subsection referred to as the "Trust") is hereby established. The Trust shall manage and invest the assets of the Railroad Retirement Trust Fund (hereinafter in this section referred to as the "Fund"), which is hereby established as a trust organized in the District of Columbia and shall, to the extent not inconsistent with this Act, be subject to the laws of the District of Columbia applicable to such trusts.

"(2) NOT A FEDERAL AGENCY OR INSTRUMENTALITY.—The Trust is not a department, agency, or instrumentality of the Government of the United States and shall not be subject to title 31, United States Code.

"(3) BOARD OF TRUSTEES.—

"(A) GENERALLY.—The Trust shall have a Board of Trustees, consisting of 7 members, each appointed by a unanimous vote of the Railroad Retirement Board. The Railroad Retirement Board may remove any member so appointed by unanimous vote. Of the 7 members, 3 shall represent the interests of labor, 3 shall represent the interests of management, and 1 shall represent the interests of the general public. The members of the Board of Trustees shall not be considered of-

ficers or employees of the Government of the United States.

"(B) QUALIFICATIONS.—Members of the Board of Trustees shall be appointed only from among persons who have experience and expertise in the management of financial investments and pension plans. No member of the Railroad Retirement Board shall be eligible to be a member of the Board of Trustees.

"(C) TERMS.—Except as provided in this subparagraph, each member shall be appointed for a 3-year term. The initial members appointed under this paragraph shall be divided into 3 equal groups so nearly as may be, of which one group will be appointed for a 1-year term, one for a 2-year term, and one for a 3-year term. A vacancy in the Board of Trustees shall not affect the powers of the Board of Trustees and shall be filled in the same manner as the selection of the member whose departure caused the vacancy. Upon the expiration of a term of a member of the Board of Trustees, that member shall continue to serve until a successor is appointed.

"(4) POWERS OF THE BOARD OF TRUSTEES.—The Board of Trustees shall—

"(A) retain independent advisers to assist it in the formulation and adoption of its investment guidelines;

"(B) retain independent investment managers to invest the assets of the Fund in a manner consistent with such investment guidelines;

"(C) invest assets in the Fund, pursuant to the policies adopted in subparagraph (A);

"(D) pay administrative expenses of the Fund and the Trust from the money in the Fund; and

"(E) transfer money to the disbursing agent to pay benefits payable under this Act from money in the Fund and administrative expenses related to those benefits.

"(5) REPORTING REQUIREMENTS AND FIDUCIARY STANDARDS.—The following reporting requirements and fiduciary standards shall apply with respect to the Railroad Retirement Trust and the Railroad Retirement Trust Fund (and the assets held in such Trust Fund):

"(A) DUTIES OF THE BOARD OF TRUSTEES.—The Railroad Retirement Trust and each member of the Board of Trustees shall discharge their duties with respect to the assets of the Fund solely in the interest of the Railroad Retirement Board and through it, the participants and beneficiaries of the programs funded under this Act—

"(i) for the exclusive purpose of—

"(I) providing benefits to participants and their beneficiaries; and

"(II) defraying reasonable expenses of administering the functions of the Trust;

"(ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

"(iii) by diversifying investments so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

"(iv) in accordance with Trust governing documents and instruments insofar as such documents and instruments are consistent with this Act.

"(B) PROHIBITIONS WITH RESPECT TO MEMBERS OF THE BOARD OF TRUSTEES.—No member of the Board of Trustees shall—

"(i) deal with the assets of the Fund in the trustee's own interest or for the trustee's own account;

"(ii) in an individual or in any other capacity act in any transaction involving the assets of the Fund on behalf of a party (or represent a party) whose interests are adverse to the interests of the Trust, the Fund, the

Railroad Retirement Board, or the interests of participants or beneficiaries; or

"(iii) receive any consideration for the trustee's own personal account from any party dealing with the assets of the Fund.

"(C) EXCULPATORY PROVISIONS AND INSURANCE.—Any provision in an agreement or instrument that purports to relieve a trustee from responsibility or liability for any responsibility, obligation or duty under this Act shall be void: *Provided, however*, That nothing shall preclude—

"(i) the Trust from purchasing insurance for its trustees or for itself to cover liability or losses occurring by reason of the act or omission of a trustee, if such insurance permits recourse by the insurer against the trustee in the case of a breach of a fiduciary obligation by such trustee;

"(ii) a trustee from purchasing insurance to cover liability under this section from and for his own account; or

"(iii) an employer or an employee organization from purchasing insurance to cover potential liability of one or more trustees with respect to their fiduciary responsibilities, obligations, and duties under this section.

"(D) BONDING.—Every trustee and every person who handles funds or other property of the Fund (hereafter in this subsection referred to as "Trust official") shall be bonded. Such bond shall provide protection to the Fund against loss by reason of acts of fraud or dishonesty on the part of any Trust official, directly or through the connivance of others, and shall be in accordance with the following:

"(i) The amount of such bond shall be fixed at the beginning of each fiscal year of the Trust by the Railroad Retirement Board. Such amount shall not be less than 10 percent of the amount of the funds handled. In no case shall such bond be less than \$1,000 nor more than \$500,000, except that the Railroad Retirement Board, after consideration of the record, may prescribe an amount in excess of \$500,000, subject to the 10 percent limitation of the preceding sentence.

"(ii) It shall be unlawful for any Trust official to receive, handle, disburse, or otherwise exercise custody or control of any of the funds or other property of the Fund without being bonded as required by this subsection and it shall be unlawful for any Trust official, or any other person having authority to direct the performance of such functions, to permit such functions, or any of them, to be performed by any Trust official, with respect to whom the requirements this subsection have not been met.

"(iii) It shall be unlawful for any person to procure any bond required by this subsection from any surety or other company or through any agent or broker in whose business operations such person has any control or significant financial interest, direct or indirect.

"(E) AUDIT AND REPORT.—

"(i) The Trust shall annually engage an independent qualified public accountant to audit the financial statements of the Fund.

"(ii) The Trust shall submit an annual management report to the Congress not later than 180 days after the end of the Trust's fiscal year. A management report under this subsection shall include—

"(I) a statement of financial position;

"(II) a statement of operations;

"(III) a statement of cash flows;

"(IV) a statement on internal accounting and administrative control systems;

"(V) the report resulting from an audit of the financial statements of the Trust conducted under subparagraph (E)(i); and

"(VI) any other comments and information necessary to inform the Congress about the

operations and financial condition of the Trust and the Fund.

“(iii) The Trust shall provide the President, the Railroad Retirement Board, and the Director of the Office of Management and Budget a copy of the management report when it is submitted to Congress.

“(F) ENFORCEMENT.—The Railroad Retirement Board may bring a civil action—

“(i) to enjoin any act or practice by the Railroad Retirement Investment Trust, its Board of Trustees or its employees or agents that violates any provision of this Act; or

“(ii) to obtain other appropriate relief to redress such violations, or to enforce any provisions of this Act.

“(6) RULES AND ADMINISTRATIVE POWERS.—The Board of Trustees shall have the authority to make rules to govern its operations, employ professional staff, and contract with outside advisers to provide legal, accounting, investment advisory or other services necessary for the proper administration of this subsection. In the case of contracts with investment advisory services, compensation for such services may be on a fixed contract fee basis or on such other terms and conditions as are customary for such services.

“(7) QUORUM.—Five members of the Board of Trustees constitute a quorum to do business. Investment guidelines must be adopted by a unanimous vote of the entire Board of Trustees. All other decisions of the Board of Trustees shall be decided by a majority vote of the quorum present. All decisions of the Board of Trustees shall be entered upon the records of the Board of Trustees.”

(b) CONFORMING AND TECHNICAL AMENDMENTS GOVERNING INVESTMENTS.—Subsection 15(e) of the Railroad Retirement Act of 1974 is amended—

(1) beginning in the first sentence, by striking “, the Dual Benefits Payments Account” and all that follows through “may be made only” in the second sentence and inserting “and the Dual Benefits Payments Account as are not transferred to the Railroad Retirement Investment Trust as the Board may determine”;

(2) by striking “the Second Liberty Bond Act, as amended” and inserting “chapter 31 of title 31”; and

(3) by striking “the foregoing requirements” and inserting “the requirements of this subsection”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this section.

SEC. 106. ELIMINATION OF SUPPLEMENTAL ANNUITY ACCOUNT.

(a) SOURCE OF PAYMENTS.—Section 7(c)(1) of the Railroad Retirement Act of 1974 is amended by striking “payments of supplemental annuities under section 2(b) of this Act shall be made from the Railroad Retirement Supplemental Account, and”.

(b) ELIMINATION OF ACCOUNT.—Section 15(c) of the Railroad Retirement Act of 1974 is repealed.

(c) IN GENERAL.—Section 15(a) of the Railroad Retirement Act of 1974 is amended by striking “, except those portions of the amounts covered into the Treasury under sections 3211(b).” and all that follows through the end of the subsection and inserting a period.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect January 1, 2001, except that the Railroad Retirement Supplemental Account shall continue to exist until the transfer authorized by the following sentence occurs. As soon as possible after December 31, 2000, the Board shall determine the balance in the Railroad Retirement Supplemental Account and shall direct the Secretary of the Treasury to transfer such amount to the Railroad Retirement Trust Fund and the Secretary shall make such transfer.

SEC. 107. TRANSFER AUTHORITY REVISIONS.

(a) RAILROAD RETIREMENT ACCOUNT.—Section 15 of the Railroad Retirement Act of 1974 is amended by adding after subsection (j) the following:

“(k) TRANSFERS TO THE FUND.—The Board shall, upon establishment of the Railroad Retirement Trust Fund and from time to time thereafter, direct the Secretary of the Treasury to transfer, in such manner as will maximize the investment returns to the Railroad Retirement system, that portion of the Railroad Retirement Account that is not needed to pay current administrative expenses of the Board to the Railroad Retirement Trust Fund. The Secretary shall make that transfer.”.

(b) RAILROAD RETIREMENT TRUST FUND.—Section 15 of the Railroad Retirement Act of 1974, as amended by subsection (a), is further amended by adding after subsection (k) the following:

“(1) RAILROAD RETIREMENT TRUST FUND.—The Railroad Retirement Trust shall from time to time transfer to the disbursing agent described in section 7(b)(4) such amounts as may be necessary to pay benefits under this Act (other than benefits paid from the Social Security Equivalent Benefit Account or the Dual Benefit Payments Account).”

(c) SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT.—Section 15A(d)(2) of the Railroad Retirement Act of 1974 is amended to read as follows:

“(2) Upon establishment of the Railroad Retirement Trust Fund and from time to time thereafter, the Board shall direct the Secretary of the Treasury to transfer, in such manner as will maximize the investment returns to the Railroad Retirement system, the balance of the Social Security Equivalent Benefit Account not needed to pay current benefits required to be paid from that Account to the Railroad Retirement Trust Fund, and the Secretary shall make that transfer. Any balance transferred under this paragraph shall be used by the Railroad Retirement Trust only to pay benefits under this Act or to purchase obligations of the United States that are backed by the full faith and credit of the United States pursuant to chapter 31 of title 31, United States Code. The proceeds of sales of, and the interest income from, such obligations shall be used by the Trust only to pay benefits under this Act.”.

(2) TRANSFERS TO DISBURSING AGENT.—Section 15A(c)(1) of the Railroad Retirement Act of 1974 is amended by adding at the end the following: “The Secretary shall from time to time transfer to the disbursing agent under section 7(b)(4) amounts necessary to pay those benefits.”.

(3) CONFORMING AMENDMENT.—Section 15A(d)(1) of the Railroad Retirement Act of 1974 is amended by striking the second and third sentences.

(d) DUAL BENEFITS PAYMENTS ACCOUNT.—Section 15(d)(1) of the Railroad Retirement Act of 1974 is amended by adding at the end the following: “The Secretary of the Treasury shall from time to time transfer from the Dual Benefits Payments Account to the disbursing agent under section 7(b)(4) amounts necessary to pay benefits payable from that Account.”.

(e) CERTIFICATION BY THE BOARD AND PAYMENT.—Paragraph (4) of section 7(b) of the Railroad Retirement Act of 1974 is amended to read as follows:

“(4)(A) The Railroad Retirement Board, after consultation with the Board of Trustees of the Railroad Retirement Trust and the Secretary of the Treasury, shall enter into an arrangement with a nongovernmental financial institution to serve as disbursing agent for benefits payable under this Act who shall disburse consolidated benefits under this Act to each recipient.

“(B) The Board shall from time to time certify—

“(i) to the Secretary of the Treasury the amounts required to be transferred from the Social Security Equivalent Benefit Account and the Dual Benefits Payments Account to the disbursing agent to make payments of benefits and the Secretary of the Treasury shall transfer those amounts;

“(ii) to the Board of Trustees of the Railroad Retirement Investment Trust the amounts required to be transferred from the Railroad Retirement Investment Trust to the disbursing agent to make payments of benefits and the Board of Trustees shall transfer those amounts; and

“(iii) to the disbursing agent the name and address of each individual entitled to receive a payment, the amount of such payment, and the time at which the payment should be made.”.

(f) BENEFIT PAYMENTS.—Section 7(c)(1) of the Railroad Retirement Act of 1974 is amended—

(1) by striking “from the Railroad Retirement Account” and inserting “by the disbursing agent under subsection (b)(4) from money transferred to it from the Railroad Retirement Trust Fund or the Social Security Equivalent Benefit Account, as the case may be”; and

(2) by inserting “by the disbursing agent under subsection (b)(4) from money transferred to it” after “Public Law 93-445 shall be made”.

(g) TRANSITIONAL RULE FOR EXISTING OBLIGATION.—In making transfers under subsections (a) and (c), the Board shall consult with the Secretary of the Treasury to design an appropriate method to transfer obligations held as of the date of enactment or to convert such obligations to cash prior to transfer. The Railroad Retirement Trust may hold to maturity any obligations so received or may redeem them prior to maturity, as the Trust deems appropriate.

SEC. 108. ANNUAL RATIO PROJECTIONS AND CERTIFICATIONS BY THE RAILROAD RETIREMENT BOARD.

(a) PROJECTIONS.—Section 22(a)(1) of the Railroad Retirement Act of 1974 is amended—

(1) by adding the following sentence after the first sentence: “On or before May 1 of each year beginning in 2002, the Railroad Retirement Board shall compute its projection of the account benefits ratio and the average account benefits ratio (as defined by section 3241(c) of the Internal Revenue Code of 1986) for each of the next succeeding five fiscal years.”; and

(2) by striking “the projection prepared pursuant to the preceding sentence” and inserting “the projections prepared pursuant to the preceding two sentences”.

(b) CERTIFICATIONS.—The Railroad Retirement Act of 1974 is amended by adding at the end the following:

“COMPUTATION AND CERTIFICATION OF ACCOUNT BENEFIT RATIOS

“SEC. 23. (a) On or before November 1, 2002, the Railroad Retirement Board shall—

“(1) compute the account benefits ratios for each of the most recent 10 preceding fiscal years, and

“(2) certify the account benefits ratios for each such fiscal year to the Secretary.

“(b) On or before November 1 of each year after 2002, the Railroad Retirement Board shall—

“(1) compute the account benefits ratio for the fiscal year ending in such year, and

“(2) certify the account benefits ratio for such fiscal year to the Secretary.

“(c) DEFINITION.—As used in this section, the term ‘account benefit ratio’ has the meaning given that term in section 3241(c) of the Internal Revenue Code of 1986.”.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

SEC. 201. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.

Except as otherwise provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 202. EXEMPTION FROM TAX FOR RAILROAD RETIREMENT INVESTMENT TRUST.

Subsection (c) of section 501 is amended by adding at the end the following new paragraph:

“(28) The Railroad Retirement Investment Trust established under section 15(j) of the Railroad Retirement Act of 1974.”

SEC. 203. REPEAL OF SUPPLEMENTAL ANNUITY TAX.

(a) REPEAL OF TAX ON EMPLOYEE REPRESENTATIVES.—Section 3211 is amended by striking subsection (b).

(b) REPEAL OF TAX ON EMPLOYERS.—Section 3221 is amended by striking subsections (c) and (d).

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

SEC. 204. EMPLOYER, EMPLOYEE REPRESENTATIVE, AND EMPLOYEE TIER 2 TAX RATE ADJUSTMENTS.

(a) RATE OF TAX ON EMPLOYERS.—Subsection (b) of section 3221 is amended to read as follows:

“(b) TIER 2 TAX.—
“(1) IN GENERAL.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the applicable percentage of the compensation paid during any calendar year by such employer for services rendered to such employer.
“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term ‘applicable percentage’ means—
“(A) 15.6 percent in the case of compensation paid during 2001,
“(B) 14.2 percent in the case of compensation paid during 2002, and
“(C) in the case of compensation paid during any calendar year after 2002, the percentage determined under section 3241 for such calendar year.”

(b) RATE OF TAX ON EMPLOYEE REPRESENTATIVES.—Section 3211, as amended by section 203, is amended by striking subsection (a) and inserting the following new subsections:
“(a) TIER 1 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the compensation received during any calendar year by such employee representative for services rendered by such employee representative. For purposes of the preceding sentence, the term ‘applicable percentage’ means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3101 and subsections (a) and (b) of section 3111 for the calendar year.
“(b) TIER 2 TAX.—
“(1) IN GENERAL.—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the compensation received during any calendar year by such employee representatives for services rendered by such employee representative.
“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term ‘applicable percentage’ means—
“(A) 14.75 percent in the case of compensation received during 2001,
“(B) 14.20 percent in the case of compensation received during 2002, and

“(C) in the case of compensation received during any calendar year after 2002, the percentage determined under section 3241 for such calendar year.
“(c) CROSS REFERENCE.—
“(C) IN GENERAL.—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the applicable percentage of the compensation received during any calendar year by such employee for services rendered by such employee.
“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term ‘applicable percentage’ means—
“(A) 4.90 percent in the case of compensation received during 2001 or 2002, and
“(B) in the case of compensation received during any calendar year after 2002, the percentage determined under section 3241 for such calendar year.”

(c) RATE OF TAX ON EMPLOYERS.—Subsection (b) of section 3201 is amended to read as follows:
“(b) TIER 2 TAX.—
“(1) IN GENERAL.—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the applicable percentage of the compensation received during any calendar year by such employee for services rendered by such employee.
“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term ‘applicable percentage’ means—
“(A) 4.90 percent in the case of compensation received during 2001 or 2002, and
“(B) in the case of compensation received during any calendar year after 2002, the percentage determined under section 3241 for such calendar year.”

(d) DETERMINATION OF RATE.—Chapter 22 is amended by adding at the end thereof the following new subchapter:

“Subchapter E—Tier 2 Tax Rate Determination
“Sec. 3241. Determination of tier 2 tax rate based on average account benefits ratio.
“SEC. 3241. DETERMINATION OF TIER 2 TAX RATE BASED ON AVERAGE ACCOUNT BENEFITS RATIO.
“(a) IN GENERAL.—For purposes of sections 3201(b), 3211(b), and 3221(b), the applicable percentage for any calendar year is the percentage determined in accordance with the table in subsection (b).
“(b) TAX RATE SCHEDULE.—

“(c) DEFINITIONS RELATED TO DETERMINATION OF RATES OF TAX.—
“(1) AVERAGE ACCOUNT BENEFITS RATIO.—For purposes of this section, the term ‘average account benefits ratio’ means, with respect to any calendar year, the average determined by the Secretary of the account benefits ratios for the 10 most recent fiscal years ending before such calendar year. If the amount determined under the preceding sentence is not a multiple of 0.1, such amount shall be increased to the next highest multiple of 0.1.
“(2) ACCOUNT BENEFITS RATIO.—For purposes of this section, the term ‘account benefits ratio’ means, with respect to any fiscal year, the amount determined by the Railroad Retirement Board by dividing the fair market value of the assets in the Railroad Retirement Account and of the Railroad Retirement Investment Trust (and for years before 2001, the Social Security Equivalent Benefits Account) as of the close of such fiscal year by the total benefits and adminis-

	Average account benefits ratio		Applicable percentage for sections 3211(b) and 3221(b)	Applicable percentage for section 3201(b)
	At least	But less than		
2.5	2.5	22.1	4.9	
3.0	3.0	18.1	4.9	
3.5	3.5	15.1	4.9	
4.0	4.0	14.1	4.9	
4.5	4.5	13.1	4.9	
5.0	5.0	12.6	4.4	
5.5	5.5	12.1	3.9	
6.0	6.0	11.6	3.4	
6.5	6.5	11.1	2.9	
7.0	7.0	10.1	1.9	
7.5	7.5	9.1	0.9	
8.0	8.0	8.2	0	
8.5	8.5			
9.0	9.0			

trative expenses paid from the Railroad Retirement Account and the Railroad Retirement Investment Trust during such fiscal year.
“(d) NOTICE.—No later than December 1 of each calendar year, the Secretary shall publish a notice in the Federal Register of the rates of tax determined under this section which are applicable for the following calendar year.”

(e) CONFORMING AMENDMENTS.—
(1) Section 24(d)(3)(A)(iii) is amended by striking “section 3211(a)(1)” and inserting “section 3211(a)”.

(2) Section 72(r)(2)(B)(i) is amended by striking “section 3211(a)(2)” and inserting “section 3211(b)”.

(3) Paragraphs (2)(A)(iii)(II) and (4)(A) of section 3231(e) is amended by striking “3211(a)(1)” and inserting “3211(a)”.

(4) Section 3231(e)(2)(B)(ii)(I) is amended by striking “3211(a)(2)” and inserting “3211(b)”.

(5) The table of subchapters for chapter 22 is amended by adding at the end the following new item:
“Subchapter E. Tier 2 tax rate determination.”

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

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. SHUSTER) and the gentleman from Minnesota (Mr. OBERSTAR) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent to yield 5 minutes of my time to the gentleman from Michigan (Mr. SMITH) and that he be allowed to control said time.

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

There was no objection.

Mr. OBERSTAR. Mr. Speaker, I ask unanimous consent to yield 5 minutes of my time to the gentleman from Michigan (Mr. SMITH) for the purposes of yielding time to others, as well for the purposes of managing 5 minutes.

Mr. SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan will control 10 minutes.

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

Mr. Speaker, I rise today in strong support of this bipartisan measure which represents the most comprehensive modernization of the railroad retirement system in nearly two decades.

The bill is also the fruit of an arduous 2-year labor-management negotiating process, followed by consideration in two different committees of the House. I particularly want to commend on the Committee of Transportation and Infrastructure our ranking member, the gentleman from Minnesota (Mr. OBERSTAR); the gentleman from Wisconsin (Mr. PETRI), chairman of the Subcommittee on Ground Transportation; and the gentleman from West Virginia (Mr. RAHALL), the ranking member, who have all provided

very able and diligent assistance in putting this package together.

I also want to acknowledge and commend the bipartisan efforts of the Committee on Ways and Means leadership. Specifically, we could not be poised to pass such important legislation today without the work of the gentleman from Texas (Chairman ARCHER); the gentleman from New York (Mr. RANGEL), the ranking member; the gentleman from Florida (Mr. SHAW), the subcommittee chairman; and the gentleman from California (Mr. MATSUI), the subcommittee ranking member. Both committees have shown that they can pull together to produce a major reform package such as this one.

I will not attempt to detail the very complex bill here today, only to touch on some of the highlights. Reducing the pension retirement age to 60 with 30 years of service; providing for full inheritance of pension annuities by surviving spouses and cutting the vesting requirement in half to put it on the same 5-year basis with most other pension plans. While increasing benefits, this bill allows for payroll tax reductions, based on the performance of the underlying trust fund. Having a professionally managed investment portfolio will allow railroad retirees to benefit from returns comparable to those available in other pension plans.

I want to stress, Mr. Speaker, that this legislation in no way prejudices whatever decision this Congress might make with regard to Social Security reform. This bill is addressed only to the pension or the Tier II part of railroad retirement. Tier I, the railroad counterpart of Social Security, is not touched in any way.

From a fiscal standpoint, when we apply common sense to this bill, it is assuring a sound and prosperous future for railroad retirement. First, it creates an automatic tax adjustment mechanism so that the payroll tax rates can float up or down reflecting the performance of the pension assets.

Secondly, this automatic adjustment mechanism is structured to assure a minimum of 4 years of benefit reserves.

Third, by diversifying the investment of the Tier II pension assets, it helps both rail workers and employers grow their retirement fund more rapidly than is permitted under current law.

Mr. Speaker, this bill is a win for all, for railroad workers, for railroad retirees, for the railroads that provide a key part of our transport network and for the taxpayer, through enhanced fiscal soundness of the railroad retirement system. I strongly urge its approval.

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

Mr. OBERSTAR. Mr. Speaker, I yield myself 6 minutes.

The legislation before us, Mr. Speaker, will bring substantial benefits to the more than 1 quarter million men and women who work on America's railroads and the more than 700,000 retirees and survivors of retired railroad

workers. At the same time, this legislation allows for a significant reduction in the payroll taxes paid by the Nation's railroads.

It is a win for railroads. It is a win for railroad labor. It is a win for retirees.

I want to compliment our chairman, the gentleman from Pennsylvania (Mr. SHUSTER), for the splendid work that he has done and the cooperation extended across the aisle, as we have done so often on so many issues in our committee.

Once again, we have brought a very contentious issue to fruition, through the committee process, through collaboration and cooperation and working out something that is in the best public interest.

I want to thank our ranking member on our side, the gentleman from West Virginia (Mr. RAHALL), for his leadership and working together with railroad labor railroads and the gentleman from Illinois (Mr. LIPINSKI) for the work that he did in previous years as the ranking member on the Subcommittee on Railroads and for his continued interest in and support of this issue and many other Members on our side and on the Republican side who have worked so hard to bring us to this point.

This point is an historic agreement reached by railroad labor and management after 2 years of very tough negotiations. The benefit improvements and tax cuts are made possible by changing current law that limits the investment of railroad retirement trust fund assets to only government securities.

The proposed changes govern how railroad retirement trust fund assets can be invested. The changes will not affect the solvency of the railroad retirement system. The Tier I portion, which is Social Security benefits, will continue to be invested only in government securities.

Tier II, the part of the system that offers pension plan type benefits above the Social Security benefit levels, will be eligible for investment in assets other than government securities. The projected increase in trust fund income from these changes are based on fairly conservative forecasts of the rates of return that can be earned from such a diversified portfolio, about 2 percentage points above the return on government securities.

Most importantly, if those investments fail to perform as well as expected, workers' pensions are further protected as this legislation and in the agreement that underlies the legislation which requires that the railroads absorb any future tax increase that might be necessary to keep this system solvent. Ultimately, the Federal Government continues to be responsible for the security of the railroad retirement system.

This legislation offers the first major benefit improvements in the railroad retirement program in more than 25 years.

Just a few of the improvements, and I will cite the primary benefits.

First, the age at which employees can retire with full benefits is reduced from 62 to 60 years with 30 years of service.

Second, the number of years required for vesting in the railroad retirement system is reduced from 10 years to 5 years.

Third, the benefit of widows and widowers will be expanded.

Fourth, the limits on certain Tier II annuities are repealed.

Fifth, the bill calls for automatic future improvements if the retirement plan becomes overfunded.

The bill allows for railroads' payroll taxes for Tier II benefits to decline from the current level of 16.1 percent to 13.1 percent. By the third year following passage of the bill, the railroads stand to gain nearly \$400 million a year from lower payroll taxes. These savings go directly to the railroads' bottom lines, can be used to make the investments they need in improving railroad infrastructure and to improve the wages and working conditions of railway workers.

It is important for us to point out that nothing in the legislation alters the fundamental nature of the railroad retirement program. Benefits will continue to be guaranteed in the final analysis by the Federal Government. This is a good bill. It is good for workers. It is good for retirees. It is good for their survivors. It is good for the railroads and for the national economy. I urge all Members to give it their support.

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

□ 1615

Mr. SMITH of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think the question before us is should we delve into using taxpayer money to, if you will, bail out a private pension retirement plan for railroad workers.

Let me just quote some of the facts developed by our Committee on the Budget, four reasons that Members should oppose this bill.

Number one may be the most important as far as the American taxpayers are concerned. The Committee on the Budget says it will cost \$33 billion of taxpayer money over the next 10 years. This bill increases benefits and reduces contributions to the Railroad Retirement System by \$7 billion over the next 10 years.

In addition, it allows the Railroad Retirement System to cash in \$15 billion in government bonds now held by the railroad industry pension fund. These actions will reduce the budget surplus, thereby increasing the Government's interest costs by \$13 billion over that time period. The net cost to U.S. taxpayers, including the offset, therefore, is \$33 billion.

Again, with all of the pension plans in this country, many of them facing

difficulty and insolvency as life spans continue to increase, it reminds me of some of the problems with Social Security. Social Security has some of the exact same problems as the railroad retirement pension plan.

Let me give the second reason suggested by the Committee on the Budget staff. This bill maintains a special subsidy available to no other industry. Under current law, income taxes paid by railroad retirees on their retirement benefits are transferred to the Railroad Retirement System. Therefore, they do not pay the taxes. This subsidy, which is available to no other industry, will cost taxpayers more than \$5 billion.

Number three, it allows the Railroad Retirement System to really raid Social Security. I ask my colleagues to consider the fact that Social Security is becoming insolvent, it is insolvent, and this bill in effect takes some of that Social Security solvency additionally away.

This bill allows the transfer of funds from the railroad retirement Social Security equivalent benefit account to the Social Security retirement trust fund. This transfer will result in Social Security funds being used to pay railroad retirement benefits.

Number four, I think it sets a bad precedent for Social Security reform. Instead of creating personal accounts with individual ownership and control over these accounts, this bill creates a government-appointed board to invest in the stock market on a collective basis. Under collective investments, there is no way to guarantee younger workers that they would receive any of the higher returns earned by the Government with their investment.

So, number one, we are bailing out to the tune of \$33 billion, according to the staff of the Committee on the Budget; number two, we are having government go into the business of investing those funds, and I think both precedents are dangerous as we look at Social Security.

Let me quote some information from the Congressional Research Service: "This Railroad Retirement and Survivors Improvement Act," as it is called, "proposes a number of substantive changes."

Number one, the bill would increase benefits for widows and widowers of railroad employees. It would lower the minimum age at which workers with 30 years of employment are eligible for those benefits. So we reduce the requirement for benefits while we ask the American taxpayer to bail them out, using some Social Security money. Something is wrong with this legislation as a precedent, as a way to solve a problem that the railroad retirees have. How many private pension funds do we really want to go into? Government got mixed up in it. It is quasi-governmental.

Mr. Speaker, at this time, so I will have some time to react to other statements, 10 minutes out of the 40 minutes is given against the bill, which I

think reflects some of the positive votes as it moved through two separate committees, I will reserve the balance of my time.

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

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

Mr. Speaker, before I yield to my good friend from the Committee on Ways and Means, I want to emphasize that of the \$33 billion that my good friend from Michigan talks about, the overwhelming majority of that money is paid for by the employers and the employees.

This is a self-financing trust fund. The only part which is not is \$6 billion over 10 years, which is transferred simply from government securities to private investment funds, and indeed I should think anybody who believes in the market and in free enterprise and entrepreneurialism would be in support of doing that, because it is going to generate more money.

So to say that this is going to cost the taxpayers this money is simply not accurate, in my judgment.

Mr. Speaker, I am pleased to yield 5 minutes to the distinguished gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Speaker, I thank the chairman for yielding me this time.

The Railroad Retirement and Survivors Improvement Act makes important changes to the Railroad Retirement System that will enhance benefits, increase the industry's responsibility over its pension system, and set the stage for more substantial reforms in the future that would make the program a free-standing pension plan.

The Railroad Retirement System is divided into two tiers: The first tier resembles Social Security, and the second tier resembles a defined benefit employer pension plan. The second tier is very unique. It resembles a private pension plan, but it is administered by the Federal Government. Benefits are entitled under Federal law. The legislation before us today deals primarily with the second tier, the industry's pension plan.

H.R. 4844 makes many improvements to the industry's pension. First, it allows the industry to diversify its assets portfolio by investing in private securities. There is not one single private or state pension system out there today that invests 100 percent of its assets in Treasury bills.

Secondly, it allows the industry to invest its pension contributions outside of the Federal Government and outside the Government's control.

Third, the proposal increases the industry's responsibility over the financial soundness of its pension plan. In the past, when the system ran into financial trouble, the Government had to bail the program out. Under this bill, there is a mechanism which automatically adjusts the industry's taxes if the program gets into trouble. The responsibility and the investment risk falls on the industry. It does not fall upon the taxpayer.

Finally, this legislation takes important steps towards converting the system into a freestanding industry pension plan outside of Federal jurisdiction. Under this bill, the second tier of the Railroad Retirement System becomes more like any other defined benefit employer plan or State pension plan. Its assets are invested in private securities outside of the Treasury, it is governed by a board of trustees who are bound by fiduciary principles similar to ERISA, and also benefit checks are no longer paid by the Treasury.

In closing, I would like to emphasize that the benefit changes and the tax changes made by this bill are paid for within the Railroad Retirement System. The Railroad Retirement System is a self-financing program. Like Social Security, it is entirely financed with dedicated payroll taxes on workers and employers and the taxes that retirees pay on the benefits. The costs of this plan are borne by the Railroad Retirement System, not by the taxpayer.

Mr. Speaker, I would like to add here in answer to comments by the gentleman from Michigan (Mr. SMITH) that the budgetary impact is primarily due to the fact that these Treasury bills are being cashed in in order to make these investments. That does have a budgetary impact. But the budgetary impact really is minimal, because we will be saving in future years the interest that the Treasury has paid. And it is doing something else; it is retiring much of the public debt that the Federal Government owes, which is something that I think both parties at least say that they support, and I certainly do.

Mr. Speaker, I would urge my colleagues to support this piece of bipartisan legislation. I would like to say this was a rare situation where we found ourselves in the enviable position of reaching out and crossing the aisle to our friends in the Democrat Party. It was also quite an experience seeing the industry and the unions coming together to ask for these changes. Moreover this bill is a good thing for the United States taxpayers.

Let me also add that during the debate today, certain questions have been raised about the budgetary effects of this bill. With this statement, I am submitting a response to these concerns. Again, I urge my colleagues to join me in support of this legislation.

RESPONSE TO CONCERNS

1. The bill increases railroad retirement benefits, reduces railroad payroll taxes, and allows the industry to cash in the government bonds in their Trust Fund. These changes will cost taxpayers \$20.8 billion over 10 years (\$33 billion when interest is included).

The Railroad Retirement system is a self-financing system—just like Social Security. It is paid for with dedicated payroll taxes and taxes that retirees pay on their benefits. The cost of the tax cuts and benefit increases contained in this bill does not fall on the general taxpayer. The cost is wholly paid for with taxes levied on railroad workers, railroad employers, and railroad retirees.

The proposal allows the Railroad Retirement system to invest in private-sector securities.

This means that most of the Treasury securities currently held in the Railroad Retirement Account must be redeemed so they can be transferred to an independent account outside of Treasury. This one-time cost of redeeming the Treasury securities will be borne by taxpayers. However, this is money that the General Fund owes the Railroad Retirement system. It reflects past surpluses that the government has borrowed from the system and must now repay.

2. The proposal will reduce the budget surplus by \$20.8 billion and increase the government's interest costs.

The bill reduces the on-budget surplus because the Railroad Retirement system is an on-budget program. As a result, any changes to the system will affect the on-budget surplus—just like changes to Social Security affect the off-budget surplus.

The bill would not increase the government's interest costs. In fact, the Treasury securities in the Railroad Retirement Account are part of the total government debt. Once they are redeemed, the total government debt will fall, and so will the associated interest payments.

3. The bill maintains a special subsidy available to no other industry. Under current law, the income taxes paid by railroad retirees on their retirement benefits are transferred to the Railroad Retirement system instead of the U.S. Treasury. This subsidy costs taxpayers nearly \$6 billion.

This is not a subsidy, and it doesn't cost taxpayers anything. The tax is not paid by the general taxpayer—it is paid by railroad retirees. Appropriately, the revenues from the tax go back to the Railroad Retirement system instead of the General Fund of the Treasury. In the same vein, the taxes that seniors pay on their Social Security benefits go back to the Social Security Trust Fund instead of the General Fund.

4. ERISA standards were designed to ensure that companies properly funded their pension plans. However, the railroad industry has a \$39.7 billion unfunded liability. Instead of moving toward a funded system, this bill allows the Railroad Industry to enjoy lower taxes and higher benefits now in exchange for higher taxes or lower benefits in the future.

The Railroad Retirement system is not subject to ERISA, and it is not a funded system. Instead, it is a pay-as-you-go system where annual tax revenues are used to pay annual benefits. The trust fund balances in the Railroad Retirement Account are currently large enough to pay more than 5 years worth of benefits. This is considered quite high for a pay-as-you-go system. That's why the system can afford to cut taxes and pay higher benefits.

Although the system can afford these changes in the short run, it may not be able to afford them over time. As a result, the proposal includes a provision that allows the tax rate to adjust each year based on the system's funding situation. For the first time ever, the burden of maintaining the system's solvency will fall on the railroad industry—not the general taxpayer.

Many experts and commissions have recommended that the Railroad Retirement system should be converted into a fully-funded system covered by ERISA. However, it would be very difficult to take this step without the industry's support. This bill is a step in the right

direction because it puts the mechanisms in place to move toward a free-standing pension plan outside of federal jurisdiction. If this bill is enacted, the system would resemble a private pension plan, making it much easier to make the transition in the future.

5. The bill will reduce the solvency of the Railroad Retirement system.

Under current law, the Railroad Retirement system is solvent over 75 years under optimistic and intermediate assumptions. The actuaries of the Railroad Retirement Board have certified that the system remains solvent for 75 years under the provisions of this bill.

6. The bill sets a bad precedent for Social Security reform—instead of creating personal accounts with individual ownership and control, this bill creates a government-appointed board to invest in the stock market on a collective basis.

This proposal primarily affects the second tier of the Railroad Retirement system—the part that resembles a private employer pension plan. Because this bill mostly deals with the industry pension, not the Social Security equivalent, the changes made by this bill cannot (and should not) translate to the Social Security program. After all, Social Security is a social insurance program—it is not a pension plan.

Mr. OBERSTAR. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MATSUI), the ranking member on the Subcommittee on Social Security of the Committee on Ways and Means.

Mr. MATSUI. Mr. Speaker, I would like to thank the gentleman from Minnesota, the ranking Democrat on the Committee on Transportation and Infrastructure, for yielding this time.

I would like to commend both the gentleman from Pennsylvania (Mr. SHUSTER), the gentleman from Minnesota (Mr. OBERSTAR), obviously my colleague and chairman of the Subcommittee on Social Security (Mr. SHAW), and other Members who have been working on this legislation.

This legislation is supported and sponsored by the Association of American Railroads, which are all the railroads in the United States, along with 60 percent of the membership of the railroad labor unions. In my opinion, it took years and years to put together, and for Members to vote this down now would be tragic, because this would have an impact on 254,000 current employees of the industry, and over 700,000 families and individuals that are currently retired. This helps widows and widowers, who will have a \$300 increase in benefits, and it will reduce the age of retirement from 62 to 60, the change we made in 1983, and we now need to go back to age 60. So in terms of benefits to the employees and to the industry, this is tremendous.

The reason that there is a cost, as the gentleman from Michigan (Mr. SMITH) has raised, as I think the gentleman from Florida (Mr. SHAW) has indicated, there is a one-time cost, because what we are doing is we are bringing in government bonds to allow the Tier II part of the system to be invested in the private equity market.

That is not a violation of Social Security or anything like that. All that is for, that is like a private defined benefit pension. Tier I programs are like Social Security. Tier II is like a private pension system. Frankly, it is the only pension system that the Federal Government operates, because of a historic relationship with the railroad industry and obviously with the employees. So the \$15 billion will be paid down over time. It will not be a continuing obligation to the Federal Government.

Secondly, we received a letter dated the 18th of July, 2000, from Steven Goss, the deputy chief actuary of the Social Security system, to Harry Ballentine, the chief actuary; and in this letter it indicates that there is no impact at all on the Social Security trust fund. So the gentleman from Michigan may want to read this letter, who made the allegation that this would diminish the Social Security trust fund. It will have no impact at all, according to the actuaries.

We must pass this legislation. This is legislation that will help the railroads, and also it will help the employees and current beneficiaries and retirees.

Mr. SMITH of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, may I ask of the chairman and yield for the answer, when it came out of the Committee on Ways and Means, my understanding was that there was a 4.3 cent tax on diesel fuel for railroads. Is that reduction still in the bill?

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

Mr. SMITH of Michigan. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Speaker, that is not included in this bill. This is a clean railroad retirement reform bill. There is no tax treatment in there.

Mr. SMITH of Michigan. Mr. Speaker, reclaiming my time, to help pay for it, it was my understanding when this bill went through the Committee on Ways and Means, they put a 4.3 cent tax on the diesel fuel used by railroads, and somehow in this clean bill it is no longer there.

□ 1630

If the gentleman will continue to yield, oh, no, that has nothing to do with it, I would say to my good friend. It was several years ago as part of the deficit reduction package of 1993 that that tax was placed.

Mr. SMITH of Michigan. Is the gentleman saying, Mr. Speaker, that the 4.3 cents was not in the bill in the Committee on Ways and Means?

Mr. SHUSTER. The original Committee on Ways and Means bill did have the 4.3 cent reduction in it.

Mr. SMITH of Michigan. Reclaiming my time, Mr. Speaker, since I am short on time, let me just emphasize again that a bill of this magnitude should not be going through on suspension. It should have a full debate, because the

consequences, if it is not \$33 billion if we do not include the interest, then at least look at the CBO scoring that says \$20 billion.

This legislation has been sort of promoted as a bipartisan agreement with overwhelming support by both rail management and rail labor. Why have they agreed so easily? I think the answer is because American taxpayers are footing the bill. Again, CBO has scored the cost at \$20 billion.

Let me go through some of the facts. The Railroad Retirement System already has an unfunded liability of \$39.7 billion. It is a pension fund in trouble. So with three retirees in the railroad industry, with three retirees for every worker, why would we go to the extent of not only reducing the taxes and contributions they pay in, but increasing the benefits they get out?

So we increase the benefits, we reduce the age for eligibility. Here again it seems to me that it only can be this kind of solution if we reach into the pockets of the American taxpayers. The industry would need to increase contributions from 21 percent of wages to 31 percent of wages for the next 30 years to cover this shortfall.

Accurate accounting shows that the industry has received at least \$85 billion more in benefits than it has paid in contributions. The rail industry has for many years, of course, received special government subsidies that are available to no other industry. Just to mention one, under current law, income taxes paid by rail retirees do not go to the U.S. Treasury. They are instead transferred to the Railroad Retirement System, costing taxpayers over \$5 billion. The government also currently pays the cost of Amtrak's social security contributions, costing taxpayers another \$150 million a year.

This kind of cost, this kind of implication, of precedent, should be going through this Chamber with a full debate and not through a special suspension calendar.

Let me just briefly comment in my closing minutes on specifically what the bill does. It repeals a 26.5 cent per hour employee contribution to supplemental annuities, it reduces employer contributions from the current 16.1 percent to 14.2 percent, and it expands benefits for widows and widowers. It reduces the vesting requirement from 10 to 5 years. It repeals the current gap on payment of earned benefits. Six, it reduces the minimum retirement age to 60 years old.

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

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Wisconsin (Mr. PETRI), chairman of the Subcommittee on Ground Transportation.

Mr. PETRI. Mr. Speaker, I thank the chairman for yielding time to me.

Mr. Speaker, I rise in support of the bill before us, the Railroad Retirement and Survivors' Improvement Act of 2000. H.R. 4844 will increase benefits for

widows and widowers of railroad retirees, and lower the vesting period from 10 years to 5 years, which is more consistent with private industry plans. It will also restore the retirement age from age 62 with 30 years of service to age 60 with 30 years of service.

Mr. Speaker, this is an excellent bill with advantages for both labor and management as well as for the general taxpayer. I urge my colleagues to support H.R. 4844.

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

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

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from New York (Mr. QUINN).

Mr. QUINN. Mr. Speaker, I want to take a minute to thank everybody who has been involved in this process: the gentleman from Pennsylvania (Mr. SHUSTER), the gentleman from Minnesota (Mr. OBERSTAR), the gentleman from Florida (Mr. SHAW), the gentleman from California (Mr. MATSUI), the gentleman from Wisconsin (Mr. PETRI), and many others not on the floor today, the gentleman from Illinois (Speaker HASTERT) being one.

I can remember back in July where many of us went to the Speaker to talk to him about the importance of this bill to try to get it on the calendar. While he is not on the floor discussing it today, I think he and others on both sides of the aisle played a huge role in getting us here today.

I did not rise to talk about the specifics of today's bill because whenever we talk about pension and pension plans we can get a little bit complicated. We have people on both sides of the aisle who have worked this issue. We have people like the gentleman from Florida (Mr. SHAW), who has worked with rail labor and others who understood the problems.

I rose today, this afternoon, just to talk a little bit about the fact that we have been at it now for almost 2 years. Mr. Chairman, talking about discussion, talking about compromise, talking about meeting each other halfway. We are about doing something that is good for a lot of people this afternoon, retirees, and some who will retire. Coming from a railroad family, my father put on 35 years on the South Buffalo Railroad back home.

There is a section here that talks about widows and widowers. This has been a patently and basically unfair rule for too many years, that just because a railroad worker dies, that pension for the widow or widower remains sometimes cut by two-thirds. In the meantime, that same family has the same mortgage bills and heating bills and taxes and prescriptions and all those other bills that come and go day-to-day, week-to-week, year-to-year.

I think more than anything else, Mr. Speaker, we are here to talk about righting some wrongs, doing the fair thing for railroad workers all across

the country. I enthusiastically support H.R. 4844, and ask all of our colleagues on both sides of the aisle to do the same thing this afternoon.

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

Mr. Speaker, not to oversimplify this issue, but to put it in very plain terms, there is more money being collected in taxes from workers in railroads than is necessary to pay out benefits under the current system.

The agreement reached does equity for both the railroads and the workers. The railroads, on the one hand, get money they can invest in improving their infrastructure, rolling stock, and trackage, and the workers—specifically retirees, widows and widowers, get benefits that they would not otherwise receive. That is what this is all about.

I want to point out that there was not 100 percent agreement between rail management and rail labor. Just after the agreement was reached, representatives of those labor unions, the majority, that supported the agreement and those labor unions, the minority, that opposed it, asked for my support, each on their terms, to support their viewpoint.

I felt it would be in everyone's best interests if rail labor were united in support of the agreement. So in attempting to reach a consensus with all of rail labor, the gentleman from West Virginia (Mr. RAHALL) and I made a proposal to rail labor which we then made to rail management to improve the benefit package.

We recognized we could not radically alter the agreement, but hoped to make the proposal more palatable to those who opposed it. Specifically, we suggested that the railroad companies allow workers to retire at age 58 with actuarially reduced benefits, but with full medical coverage until the employees become eligible for Medicare at age 65.

Today, rail employees can retire at age 60 with reduced benefits. They are not eligible for medical coverage until age 61. We thought we had made a reasonable, modest proposal. It was considered deliberately by railroad management, but unfortunately, we could not get the parties on both sides to agree to coalesce around this change.

In the end, having made that effort, I concluded that this was the best package that could be negotiated under the circumstances.

Most of rail labor is in support of this legislative package. It is good for both sides. It is a great improvement for retirees. The legislation ought to go forward. We ought to approve it in this body today. I, of course, give it my full and strong support.

Mr. Speaker, enacting H.R. 4844 will bring substantial benefits to the more than one quarter million men and women who work on America's railroads and the 700,000 retirees and survivors of retired railroad workers. At the same time the bill allows for a significant reduction in the payroll taxes paid by U.S. railroads. This is clearly a win-win proposition for

railroads, railroad labor, retired railroad workers and their survivors.

This bill is the product of a historic agreement reached by railroad labor and management following two years of often-difficult negotiations. The benefit improvements that the two sides agreed upon are made possible by changing the current law that limits the investment of Railroad Retirement Trust Fund assets to government securities. Railroad retirement is a two-tiered system: Tier I largely mimics the Social Security system in terms of taxes and benefits, while Tier II provides additional benefits and might be considered the equivalent of a defined benefit employee pension plan. Tier II benefits are financed by a combination of a 4.9 percent payroll tax on employees and a 16.1 percent payroll tax on employers.

Analysis provided by the Railroad Retirement Board's actuary demonstrates that the proposed changes should not affect the solvency of the Railroad Retirement system. The Tier I portion of the program will continue to be invested only in government securities as has long been the case and is appropriate for the social safety net. Only Tier II funds will be eligible for investment in assets other than government securities. The expected improvement in income to the trust fund is based on a fairly conservative projection of the rates of return on such a diversified portfolio—about two percentage points above the return on government securities. In addition, if the investments fail to perform as well as expected, workers' pensions are further protected as the legislation requires that the railroads absorb any future tax increases that might be necessary to keep the system solvent.

This legislation provides the first major benefit improvements to retired railroad workers and their dependents in more than 25 years. The primary improvements are:

(1) Lower retirement age. The age at which employees can retire with full benefits is reduced from 62 years to 60 years with 30 years of service. Today, employees who retire at age 60 or 61 have their annuity permanently reduced by taking 20 percent or more off the Tier I benefit. The annuities of their spouses are also reduced. Lowering the age to 60 actually restores railroad workers to the retirement age that existed before adjustments made back in 1983 to shore up the program's solvency.

(2) Fewer years for vesting. The number of years required for vesting in the Railroad Retirement System is reduced from ten to five years. This change puts the Railroad Retirement System in line with the pension plans of most other industries.

(3) Expanded benefits for widows and widowers. Under current Social Security Law, a widow or widower of a deceased worker receives the full amount of the retirement benefit previously paid to the retiree. In contrast, a widow or widower of a deceased railroad worker is eligible for 100 percent of the Tier I benefit, but only 50 percent of the late retiree's Tier II benefit. The surviving spouse often experiences a dramatic reduction in income at a time when life has already been made more difficult. Under the proposed change, the surviving spouse's annuity would be guaranteed to be no less than the amount the retiree was receiving in the month before death.

(4) Cap on benefits eliminated. Currently, there is a statutory limit on the initial benefit

amount that can be paid to an employee. This limit is computed under a complex formula based on the employee's highest two years of Railroad Retirement and Social Security earnings during the 10-year period immediately before retirement.

This limitation has proved to be unintentionally harsh in two situations. The first involves employees whose lifetime pattern of earnings deteriorated in their last 10 years before retirement due, for example, to job loss or part-time employment.

The second situation involves employees with long railroad careers at modest compensation levels. The Tier II benefit amount is computer under a formula that takes into consideration not only an employee's compensation level, but also length of service. Thus, employees with modest earnings can build up their Tier II benefits through many years of rail service. Because the cap takes into consideration only their modest pre-retirement earnings and completely ignores their long years of service, these employees may have their benefit reduced upon retirement.

Under this legislation, the cap would be repealed for both new and preciously awarded annuities.

(5) Automatic future improvements should the retirement plan become overfunded. Should the plan's assets become greater than an amount deemed necessary by the Railroad Retirement Board to pay benefits, employees and the railroads will be able to use the surplus on a 50-50 basis to improve benefits and lower taxes. H.R. 4844 also reduces significantly the payroll taxes paid by the railroads. This bill allows the railroads' payroll tax for Tier II benefits to decline from the current level of 16.1 percent to 13.1 percent. By the third year following passage of this bill, the railroads stand to gain nearly \$400 million annually from lower payroll taxes. All of these savings go directly to the railroads' bottom lines and can be used to make investments needed in the railroad infrastructure and to improve the wages and working conditions of railway workers. Higher net returns also should make railroad stocks look better to potential investors and improve the railroads' ability to engage in equity financing. Clearly, this is a win-win proposition for both the railroads and its workers.

While I believe this bill provides significant benefits to railroad workers and retirees, I recognize that railroad labor is not united in support for this bill. Two unions, the Brotherhood of Locomotive Engineers and the Brotherhood of Maintenance of Way Employees, do not support this legislation. They believe that the distribution of benefits should be weighted more favorably toward railroad workers and retirees as the monies involved are, after all, part of their overall compensation package. They were especially interested in securing a further reduction in the retirement age as the agreement only returned them to the retirement age that prevailed in 1983.

Just after the agreement was reached, representatives of both those labor unions that supported the agreement and those labor unions that opposed it solicited my support. I felt that it would be in everyone's best interest if railroad labor were united in support of the bill. To work toward achieving consensus within all of rail labor, the Gentleman from West Virginia (Mr. RAHALL) and I made a proposal to railroad management to improve somewhat

the benefit package. We recognized that we could not radically alter the agreement, but we sought to make the proposal more palatable to those who opposed it. Specifically, we suggested that the railroads allow workers to retire at age 58 with actuarially reduced benefits, but with full medical coverage until the employees become eligible for Medicare at age 65. Today, employees can retire at age 60 with reduced benefits; they aren't eligible for medical coverage until age 61. Mr. RAHALL and I believed this was a modest proposal, but unfortunately we were unsuccessful in getting the parties to coalesce around this change.

Although, I would prefer to see unified labor support for this legislation, I believe that this bill is the best that can be obtained under current conditions and therefore I have given it my full support.

At the request of the Ways and Means Committee, we have made some modifications of the mechanics of how these reforms would be implemented.

Those relatively minor modifications deal with how the monies would be administered, with the composition of the group responsible for the investments, and with the way the benefits will be disbursed, but we have not, in any way, altered the fundamental nature of the program. Railroad retirement benefits will continue to be guaranteed, in the final analysis, by the United States Government. This continues to be a federal program and the Congress continues to have authority over it and responsibility for it. The proposed changes do not in any way represent a step toward privatization.

This is a good bill. It is good for workers; it is good for retirees and their survivors; it is good for the railroads, and it is good for the country. I urge all Members to vote for it.

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

Mr. SMITH of Michigan. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, again I thank both the chairman and the ranking member for the time to protest some of my concerns.

Again, nobody else in the Nation, or very few, can have a pension system that is going broke and then reduce the contribution, reduce the taxes that are going in by the employee and the employer, and increase benefits, increase benefits for widows, widowers, and also reduce the age to 60 that these individual workers are eligible for that retirement.

Railroad workers work very hard, they put in a lot of time and a lot of hours, but we cannot afford this \$33 billion cost bill.

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 1 minute to the distinguished gentleman from Omaha, Nebraska (Mr. TERRY).

Mr. TERRY. Mr. Speaker, I rise in support of the 8,000 retirees in my district and the nearly equal number of future retirees from the railroad industry.

One point that I want to make before I talk more is that this body just a few weeks ago rolled back or voted to roll back the tax on social security. The income tax on social security does not go

into the Treasury, either. That is how we treat retirement plans. What this is about is fundamental fairness.

Two weeks ago, Mr. Chairman, in my hometown a gentleman with an oxygen tank, very frail, very young, 55 to 60, comes up to me. He is himself a railroad retiree, and says, here is my wife. We need to pass or the Congress needs to pass railroad retirement reform so she will have her benefits when I am no longer here to support her.

That is what this legislation is about in protecting those widows, those families. There are plenty of letters from widows in my area. Mrs. Lohouse, help is on the way. You should get your full benefits.

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

Mr. OBERSTAR. Mr. Chairman, I yield back the balance of my time.

Mr. SHUSTER. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. SHUSTER) has 2 minutes remaining.

Mr. SHUSTER. Mr. Speaker, I rise in strong support for this bipartisan bill which has been carefully scrubbed by both the Committee on Transportation and Infrastructure and the Committee on Ways and Means on a totally bipartisan basis.

Let me emphasize, contrary to some of the assertions or one of the assertions that we have heard here today, the Railroad Retirement System is not only solvent, the Railroad Retirement Board actuary has certified that it is overfunded. Indeed, that is the reason why or one of the reasons why we are able to move with this legislation today.

Indeed, this legislation also requires a 4-year minimum reserve in the trust fund. The money that is paid out is money which is paid into the system by the railroad workers and by the railroad employers, the railroad companies.

This legislation corrects a grievous wrong, particularly as it applies to the widows of this system. I want to say, Mr. Speaker, that it was over 2 years ago when the gentleman from New York (Mr. QUINN) initiated the first hearing on this issue. Thanks to his diligence and then the follow-up of so many on both sides of the aisle, we find ourselves here today.

I also want to emphasize that at filing time of this report we had 306 cosponsors, and we have had many, many more calls since that time to try to cosponsor, but of course once the report is filed, one cannot.

We have a large majority of Republicans, a large majority of Democrats. This is a totally bipartisan bill. It is good for railroad families, it is good for America, and I urge strong support of this legislation.

Ms. BROWN of Florida. Mr. Speaker, H.R. 4844 is long overdue. Railroad labor, widows and widowers will gain enhanced benefits as a result of this self-financing legislation. I am

particularly thrilled that the 4.3 cents/gallon tax repeal is not a part of this legislation.

This provision would have essentially eroded support for the measure and would have thrown the numbers into disarray. H.R. 4844 allows railroad retirement assets to be invested in private securities, reduces the payroll tax on railroads, and reduces vesting from ten to five years for both Tier I and Tier II benefits.

The bill also increases survivor benefits to widows and widowers of rail workers and Mr. Speaker, this is what legislation on behalf of the people is about. I urge strong support for H.R. 4844.

Mr. WELLER. Mr. Speaker, I rise today to enthusiastically support H.R. 4844, the Railroad Retirement and Survivors Improvement Act of 2000.

The Railroad Retirement and Survivors Improvement Act of 2000 is historic legislation that will improve the lives of railroad workers and their spouses. I am proud to be a cosponsor of this important bipartisan bill and am pleased to cast my vote in favor of this legislation today. This bill will guarantee a better standard of retirement for the nearly 3,500 retirees in my district and for all future retirees and their families.

Under H.R. 4844, the quality of life for widows and widowers are significantly improved. Under current law, spouses are limited to one-half of the deceased employee's Tier 2 benefits. However, under this legislation, this bill increases Tier 2 benefits for widows and widowers to 100 percent of the deceased employee's benefits on the date of death. Thus, widowers and widows will continue to receive the same benefits as their spouse received prior to death. Widows should not have to face a loss of income in addition to the death of a spouse. This bill ensures that is no longer a reality—widows will receive full benefits under this legislation.

Additionally, H.R. 4844 reduces the years of covered service to be vested in the railroad retirement system from the present 10 years to 5 years. Ten years is too long to wait to be vested in the railroad retirement system, and this legislation corrects this problem. Further, the retirement age is reduced from 62 to 60. By reducing this age, workers are given the opportunity to retire earlier without a corresponding loss of benefits.

H.R. 4844 also fixes the cap on the "maximum benefit." Present law limits the total amount of monthly railroad retirement benefits payable to an employee and an employee's spouse at the time the employee's annuity payout begins. The Railroad Retirement and Survivors' Improvement Act of 2000 removes this cap so that there is not a maximum benefit limit.

Mr. Speaker, this is good legislation that will give working families more retirement security. I commend Chairmen SHAW and ARCHER for their leadership on this bill and ask for all of my colleagues to support this important legislation.

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

□ 1645

The SPEAKER pro tempore (Mr. WALDEN of Oregon). The question is on the motion offered by the gentleman from Pennsylvania (Mr. SHUSTER) that the House suspend the rules and pass the bill, H.R. 4844, as amended.

The question was taken.

Mr. SHUSTER. 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 391, nays 25, not voting 18, as follows:

[Roll No. 459]

YEAS—391

Abercrombie	Deutsch	Jackson (IL)
Aderholt	Diaz-Balart	Jackson-Lee
Allen	Dickey	(TX)
Andrews	Dicks	Jenkins
Armey	Dingell	John
Baca	Dixon	Johnson (CT)
Bachus	Doggett	Johnson, E. B.
Baird	Dooley	Jones (NC)
Baker	Doolittle	Jones (OH)
Baldacci	Doyle	Kanjorski
Baldwin	Dreier	Kaptur
Ballenger	Duncan	Kelly
Barcia	Dunn	Kennedy
Barr	Edwards	Kildee
Barrett (NE)	Ehlers	Kilpatrick
Barrett (WI)	Ehrlich	Kind (WI)
Bartlett	Emerson	King (NY)
Barton	Engel	Kingston
Bass	English	Klecza
Bateman	Eshoo	Knollenberg
Becerra	Etheridge	Kolbe
Bentsen	Evans	Kucinich
Bereuter	Everett	Kuykendall
Berkley	Ewing	LaFalce
Berman	Farr	LaHood
Berry	Fattah	Lampson
Biggert	Filner	Lantos
Bilbray	Fletcher	Larson
Bilirakis	Foley	Latham
Bishop	Forbes	LaTourette
Blagojevich	Ford	Leach
Bliley	Fossella	Lee
Blumenauer	Fowler	Levin
Blunt	Frank (MA)	Lewis (CA)
Boehlert	Franks (NJ)	Lewis (GA)
Boehner	Frelinghuysen	Lewis (KY)
Bonilla	Frost	Linder
Bonior	Galleghy	Lipinski
Bono	Ganske	LoBiondo
Borski	Gejdenson	Lofgren
Boswell	Gekas	Lowe
Boucher	Gephardt	Lucas (KY)
Boyd	Gibbons	Lucas (OK)
Brady (PA)	Gilchrest	Luther
Brady (TX)	Gillmor	Maloney (CT)
Brown (FL)	Gilman	Maloney (NY)
Brown (OH)	Gonzalez	Manzullo
Bryant	Goode	Markey
Burr	Goodlatte	Martinez
Burton	Goodling	Mascara
Buyer	Gordon	Matsui
Calvert	Goss	McCarthy (MO)
Camp	Graham	McCarthy (NY)
Canady	Granger	McCreery
Capps	Green (TX)	McGovern
Capuano	Green (WI)	McHugh
Cardin	Greenwood	McInnis
Carson	Gutierrez	McIntyre
Castle	Gutknecht	McKeon
Chambliss	Hall (OH)	McKinney
Chenoweth-Hage	Hall (TX)	McNulty
Clay	Hansen	Meehan
Clayton	Hastings (FL)	Meek (FL)
Clement	Hastings (WA)	Menendez
Clyburn	Hayes	Metcalf
Coble	Hayworth	Mica
Collins	Heger	Millender-
Combest	Hill (IN)	McDonald
Condit	Hill (MT)	Miller, Gary
Conyers	Hilleary	Miller, George
Cook	Hilliard	Minge
Cooksey	Hinchey	Mink
Costello	Hinojosa	Moakley
Coyne	Hobson	Mollohan
Cramer	Hoeffel	Moore
Crowley	Hoekstra	Moran (KS)
Cubin	Holt	Moran (VA)
Cummings	Hooley	Morella
Cunningham	Horn	Murtha
Danner	Houghton	Myrick
Davis (IL)	Hoyer	Nadler
Davis (VA)	Hulshof	Napolitano
Deal	Hutchinson	Neal
DeFazio	Hyde	Nethercutt
DeGette	Inslee	Ney
DeLauro	Isakson	Northup
DeMint	Istook	Norwood

Nussle	Rush	Tauscher
Oberstar	Ryan (WI)	Tauzin
Obey	Ryun (KS)	Taylor (NC)
Olver	Sabo	Terry
Ortiz	Salmon	Thomas
Ose	Sanchez	Thompson (CA)
Oxley	Sanders	Thompson (MS)
Packard	Sandlin	Thornberry
Pallone	Sawyer	Thune
Pascarell	Saxton	Thurman
Pastor	Scarborough	Tiahrt
Payne	Schakowsky	Tierney
Pease	Scott	Toomey
Pelosi	Serrano	Towns
Peterson (MN)	Sessions	Trafficant
Peterson (PA)	Shadegg	Turner
Petri	Shaw	Udall (CO)
Phelps	Sherman	Udall (NM)
Pickering	Sherwood	Upton
Pickett	Shimkus	Velazquez
Pitts	Shows	Visclosky
Pombo	Shuster	Walden
Pomeroy	Simpson	Walsh
Porter	Sisisky	Wamp
Portman	Skeen	Waters
Price (NC)	Skelton	Watkins
Pryce (OH)	Slaughter	Watt (NC)
Quinn	Smith (NJ)	Watts (OK)
Radanovich	Smith (TX)	Waxman
Rahall	Smith (WA)	Weiner
Ramstad	Snyder	Weldon (FL)
Rangel	Souder	Weldon (PA)
Regula	Spence	Weller
Reyes	Spratt	Wexler
Reynolds	Stabenow	Weygand
Riley	Stark	Whitfield
Rivers	Stearns	Wicker
Rodriguez	Strickland	Wilson
Roemer	Stump	Wise
Rogan	Stupak	Wolf
Rogers	Sweeney	Woolsey
Ros-Lehtinen	Talent	Wu
Rothman	Tancred	Wynn
Roybal-Allard	Tanner	Young (FL)

NAYS—25

Archer	Hunter	Schaffer
Cannon	Johnson, Sam	Sensenbrenner
Chabot	Kasich	Shays
Coburn	Largent	Smith (MI)
Cox	Miller (FL)	Stenholm
Crane	Paul	Sununu
DeLay	Rohrabacher	Taylor (MS)
Hefley	Royce	
Hostettler	Sanford	

NOT VOTING—18

Ackerman	Jefferson	Meeks (NY)
Callahan	Klink	Owens
Campbell	Lazio	Roukema
Davis (FL)	McCullum	Vento
Delahunt	McDermott	Vitter
Holden	McIntosh	Young (AK)

□ 1708

Mr. SHAYS changed his vote from "yea" to "nay."

Mr. EVERETT and Mr. SHADEGG changed their vote from "nay" to "yea."

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

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. MCDERMOTT. Mr. Speaker, I was absent and unable to vote on roll-call No. 459.

I would have voted in favor of the motion to suspend the rules and pass H.R. 4844.

GENERAL LEAVE

Mr. SHUSTER. 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. 4844.

The SPEAKER pro tempore (Mr. WALDEN of Oregon). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

LEGISLATIVE PROGRAM

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

Mr. DOGGETT. Mr. Speaker, I have asked to address the House for 1 minute to inquire about next week's schedule.

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

Mr. DOGGETT. I yield to the gentleman from Missouri.

Mr. BLUNT. Mr. Speaker, I thank the gentleman from Texas for yielding, and I am pleased to announce that the House has completed its legislative business for the week. There will be no vote in the House tomorrow. The House will next meet on Tuesday, September 12, at 12:30 p.m. for morning hour and 2 p.m. for legislative business, following a pro forma session meeting at noon on Monday.

We will consider a number of bills under suspension of the rules, a list of which will be distributed to the Members' offices tomorrow. On Tuesday, no recorded votes are expected before 6 p.m.

On Wednesday and the balance of the week, the House will consider the following measures:

H.R. 4461, the District of Columbia Appropriations Act;

H.R. 4516, the Legislative Branch Appropriations Act Conference Report;

And a veto override on H.R. 4810, the Marriage Tax Penalty Relief Reconciliation Act.

The schedule will be released tomorrow, and the whip notice will reflect the entire schedule for next week.

I thank the gentleman for yielding.

Mr. DOGGETT. Reclaiming my time, Mr. Speaker, it looks like there are some rather familiar titles here, and I am wondering if the gentleman could indicate, other than the addition of the suspensions, whether we expect anything new next week or just what we did not reach this week.

Mr. BLUNT. If the gentleman will continue to yield, with the exception of suspensions, and barring some discussion with committees, which we will certainly have, as we need to get our work done this month, this looks like it is the schedule for next week.

Mr. DOGGETT. With this short list, would the gentleman anticipate we would have any late nights, any night next week?

Mr. BLUNT. I would not anticipate we would have any late nights next week. Of course, we do need to get our work done, and that would be subject to change, but at this point we would be looking at those votes after 6 p.m. on Tuesday and then no late evenings next week.

Mr. DOGGETT. Does the gentleman have any indication of which day we

would expect the vote on the marriage penalty veto override attempt?

Mr. BLUNT. I think we are anticipating that vote would be on Wednesday.

Mr. DOGGETT. And with reference to next Friday, does the gentleman anticipate whether we will be able to get a notice, as we have been today, that there would be no votes next Friday?

Mr. BLUNT. I think it is early to make that determination. We are still working with the White House and the committee chairmen on a number of different issues; of course working with the other body to get conference reports done as quickly as possible. I cannot say what we will be doing on Friday.

I think we ought to prepare to be here on Friday, but certainly we could very well find out this time next week we are in the same situation we are in right now as we wait for these conference reports to reach some ability to get to the floor and to the White House.

Mr. DOGGETT. I believe the previously published schedule had us out by at least 2 p.m. next Friday. The gentleman would not anticipate we would go beyond that?

Mr. BLUNT. I would anticipate we would be out no later than 2 p.m. on Friday.

Mr. DOGGETT. I thank the gentleman for his courtesy and wish him a good weekend.

Mr. BLUNT. I thank the gentleman for yielding.

ADJOURNMENT TO MONDAY,
SEPTEMBER 11, 2000

Mr. BLUNT. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at noon on Monday, September 11, 2000.

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

There was no objection.

HOUR OF MEETING ON TUESDAY,
SEPTEMBER 12, 2000

Mr. BLUNT. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, September 11, 2000, it adjourn to meet at 12:30 p.m. on Tuesday, September 12, 2000, for morning hour debates.

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

There was no objection.

DISPENSING WITH CALENDAR
WEDNESDAY BUSINESS ON
WEDNESDAY NEXT

Mr. BLUNT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.