LaFalce	Taylor (MS)	Waters
Rahall	Visclosky	Wu

NOT VOTING—12

Brown (FL)	Frost	Jones (OH)
Cubin	Houghton	Velazquez
DeGette	John	Whitfield
Ferguson	Johnson, E. B.	Young (AK)

□ 1114

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1319

Ms. HART. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 1319.

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

There was no objection.

COMMUNICATION FROM THE HONORABLE DICK ARMEY, MAJORITY LEADER

The SPEAKER pro tempore laid before the House a communication from the Honorable DICK ARMEY, Majority Leader:

HOUSE OF REPRESENTATIVES,
Washington, DC, June 12, 2001.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
The Capitol, Washington, DC.

DEAR MR. SPEAKER: Pursuant to 20 U.S.C. 4703, I would like to appoint Mr. Stump of Arizona to the board of Trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation.

Sincerely,

DICK ARMEY,
Member of Congress.

INVESTOR AND CAPITAL MARKETS FEE RELIEF ACT

Mr. OXLEY. Mr. Speaker, pursuant to House Resolution 161, I call up the bill (H.R. 1088) to amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 161, the bill is considered read for amendment.

The text of H.R. 1088 is as follows:

H.R. 1088

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Investor and Capital Markets Fee Relief Act''.

SEC. 2. IMMEDIATE TRANSACTION FEE REDUCTIONS.

Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended—

(1) by striking ''1/300 of one percent'' each place it appears in subsections (b) and (d) and inserting ''$12 per $1,000,000'';

(2) in the first sentence of subsection (b), by striking '', except that'' and all that follows through the end of such sentence;

(3) in paragraph (1) of subsection (d), by striking '', except that'' and all that follows through the end of such paragraph;

(4) in subsection (e), by striking ''$0.02'' and inserting ''$0.0072''; and

(5) by adding at the end the following new subsection:

''(i) PRO RATA APPLICATION.—The rates per $1,000,000 required by this section shall be applied pro rata to amounts and balances equal to less than $1,000,000.''.

SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PROVISIONS; ADDITIONAL FEE REDUCTIONS.

(a) POOLING AND ALLOCATION OF COLLECTIONS.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended—

(1) in subsection (b)—

(A) by striking ''Every'' and inserting ''Subject to subsection (j), each''; and

(B) by striking the last sentence;

(2) by striking subsection (c);

(3) in subsection (d)—

(A) by striking paragraphs (2) and (3);

(B) by striking the following:

''(d) OFF-EXCHANGE TRADES OF LAST-SALE-REPORTED SECURITIES.—

''(1) COVERED TRANSACTIONS.—Each national securities''

and inserting the following:

''(c) OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.—Subject to subsection (j), each national securities'';

(C) by inserting ''registered on a national securities exchange or'' after ''security futures products)''; and

(D) by striking '', excluding any sales for which a fee is paid under subsection (c)'';

(4) in subsection (e)—

(A) by striking ''except that for fiscal year 2007'' and all that follows through the end of such subsection and inserting the following: ''except that for fiscal year 2007 and each succeeding fiscal year such assessment shall be equal to $0.0042 for each such transaction.'';

(5) in subsection (f), by striking ''DATES FOR PAYMENT OF FEES.—The fees required'' and inserting ''DATES FOR PAYMENTS.—The fees and assessments required'';

(6) by redesignating subsections (e) through (i) (as added by section 2(5)) as subsections (d) through (h), respectively;

(7) by adding at the end the following new subsection:

''(i) DEPOSIT OF FEES.—

''(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b), (c), and (d) for any fiscal year—

''(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

''(B) except as provided in subsection (k), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

''(2) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to subsections (b), (c), and (d) for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.''.

(b) ADDITIONAL REDUCTIONS OF FEES.—

(1) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended by adding after subsection (i) (as added by subsection (a)(7)) the following new subsections:

''(j) RECAPTURE OF PROJECTION WINDFALLS FOR FURTHER RATE REDUCTIONS.—

''(1) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including assessments collected under subsection (d)) that are equal to the target offsetting collection amount for such fiscal year.

''(2) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for all of such fiscal years to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this section in fiscal year 2012 (including assessments collected under subsection (d)) equal to the target offsetting collection amount for fiscal year 2011.

''(3) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (1) or (2) and published under subsection (g) shall not be subject to judicial review. Subject to subsections (i)(1)(B) and (k)—

''(A) an adjusted rate prescribed under paragraph (1) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (2) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(k) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect (as offsetting collections) the fees and assessments under subsections (b), (c), and (d) at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

''(l) DEFINITIONS.—For purposes of this section:

''(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

"Fiscal year:	Target offsetting collection amount
2002	$585,720,000
2003	$679,320,000
2004	$822,240,000
2005	$976,320,000
2006	$1,148,040,000
2007	$880,880,000
2008	$892,080,000
2009	$1,023,120,000
2010	$1,161,440,000
2011	$1,321,040,000

''(2) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, and security futures products) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for making

projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

(2) CONFORMING AMENDMENT.—Section 31(g) of such Act (as redesignated by subsection (a)(6) of this section) is amended by inserting before the period at the end the following: ''not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such fees are based.''.

SEC. 4. REDUCTION OF REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended by striking paragraphs (2) through (5) and inserting the following:

''(2) FEE PAYMENT REQUIRED.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee at a rate that shall be equal to $125 per $1,000,000 of the maximum aggregate price at which such securities are proposed to be offered, except that during fiscal year 2003 and any succeeding fiscal year such fee shall be adjusted pursuant to paragraph (5) or (6).

''(3) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

''(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

''(B) except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

''(4) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

''(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (2) for such fiscal year to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for such fiscal year, is reasonably likely to produce aggregate fee collections under this subsection that are equal to the target offsetting collection amount for such fiscal year.

''(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (2) for all of such fiscal years to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this subsection in fiscal year 2012 equal to the target offsetting collection amount for fiscal year 2011.

''(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances equal to less than $1,000,000.

''(8) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (3)(B) and (9)—

''(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

''(10) PUBLICATION.—The Commission shall publish in the Federal Register notices of the rate applicable under this subsection and under sections 13(e) and 14(g) for each fiscal year not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such rate is based.

''(11) DEFINITIONS.—For purposes of this subsection:

''(A) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

''Fiscal year:	Target offsetting collection amount
2002	$512,500,000
2003	$589,380,000
2004	$650,385,000
2005	$790,075,000
2006	$949,050,000
2007	$214,200,000
2008	$233,700,000
2009	$284,115,000
2010	$333,840,000
2011	$394,110,000

''(B) BASELINE ESTIMATE OF THE AGGREGATE MAXIMUM OFFERING PRICES.—The baseline estimate of the aggregate maximum offering prices for any fiscal year is the baseline estimate of the aggregate maximum offering price at which securities are proposed to be offered pursuant to registration statements filed with the Commission during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

SEC. 5. FEES FOR STOCK REPURCHASE STATEMENTS.

Section 13(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)) is amended

(1) in paragraph (3), by striking ''a fee of 1/50 of 1 per centum of the value of securities proposed to be purchased'' and inserting ''a fee at a rate that, subject to paragraphs (5) and (6), is equal to $125 per $1,000,000 of the value of securities proposed to be purchased'';

(2) by inserting after paragraph (3) the following new paragraphs:

''(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

''(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

''(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

''(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances equal to less than $1,000,000.

''(8) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

''(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

''(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.''.

SEC. 6. FEES FOR PROXY SOLICITATIONS AND STATEMENTS IN CORPORATE CONTROL TRANSACTIONS.

Section 14(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)(3)) is amended—

(1) in paragraphs (1) and (3), by striking ''a fee of 1/50 of 1 per centum of'' each place it appears and inserting ''a fee at a rate that, subject to paragraphs (5) and (6), is equal to $125 per $1,000,000 of'';

(2) by redesignating paragraph (4) as paragraph (11); and

(3) by inserting after paragraph (3) the following new paragraphs:

''(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

''(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

''(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

''(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances equal to less than $1,000,000.

''(8) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

''(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

''(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.''.

SEC. 7. TRUST INDENTURE ACT FEE.

Section 307(b) of the Trust Indenture Act of 1939 (15 U.S.C. 77ggg(b)) is amended by striking ''Commission, but, in the case'' and all that follows and inserting ''Commission.''.

SEC. 8. PAY PARITY PROVISIONS.

(a) SECURITIES AND EXCHANGE COMMISSION EMPLOYEES.—Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended—

(1) by striking paragraphs (1) and (2) and by inserting the following:

''(1) APPOINTMENT, COMPENSATION, AND BENEFITS.—

''(A) IN GENERAL.—The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out its functions under this Act.

''(B) RATES OF PAY.—Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code.

''(C) ADDITIONAL COMPENSATION AND BENEFITS.—The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are then being provided by any agency referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation.

''(2) INFORMATION; COMPARABILITY.—In establishing and adjusting schedules of compensation and additional benefits for employees of the Commission, which are to be determined solely by the Commission under this subsection, the Commission—

''(A) shall consult with and inform the heads of the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;

''(B) shall inform the Congress of such compensation and benefits; and

''(C) shall seek to maintain comparability with such agencies regarding compensation and benefits.''.

(b) TECHNICAL AMENDMENTS.—

(1) Section 3132(a)(1) of title 5, United States Code, is amended—

(A) in subparagraph (C), by striking ''or'' after the semicolon;

(B) in subparagraph (D), by inserting ''or'' after the semicolon; and

(C) by adding at the end of the following:

''(E) the Securities and Exchange Commission.''.

(2) Section 5373(a) of title 5, United States Code, is amended—

(A) in paragraph (2), by striking ''or'' after the semicolon;

(B) in paragraph (3), by striking the period and inserting ''; or''; and

(C) by adding at the end the following:

''(4) section 4(b) of the Securities Exchange Act of 1934.''.

SEC. 9. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act shall take effect on October 1, 2001.

(b) PAY PARITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by section 8 shall take effect on the date of enactment of this Act.

(2) EXCEPTION.—The amendments made by section 8(b)(1) shall take effect as of such date as the Securities and Exchange Commission shall (by order published in the Federal Register) prescribe, but in no event later than 1 year after the date of enactment of this Act.

The SPEAKER pro tempore. In lieu of the amendment recommended by the Committee on Financial Services printed in the bill, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD and numbered 1 is adopted.

The text of H.R. 1088, as amended, is as follows:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Investor and Capital Markets Fee Relief Act''.

SEC. 2. IMMEDIATE TRANSACTION FEE REDUCTIONS.

Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended—

(1) by striking ''1/300 of one percent'' each place it appears in subsections (b) and (d) and inserting ''$15 per $1,000,000'';

(2) by striking ''and security futures products'' each place it appears in such subsections and inserting ''security futures products, and options on securities indexes (excluding a narrow-based security index)'';

(3) in the first sentence of subsection (b), by striking '', except that'' and all that follows through the end of such sentence and inserting a period;

(4) in paragraph (1) of subsection (d), by striking '', except that'' and all that follows through the end of such paragraph and inserting a period;

(5) in subsection (e), by striking ''$0.02'' and inserting ''$0.009''; and

(6) by adding at the end the following new subsection:

''(i) PRO RATA APPLICATION.—The rates per $1,000,000 required by this section shall be applied pro rata to amounts and balances of less than $1,000,000.''.

SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PROVISIONS; ADDITIONAL FEE REDUCTIONS.

(a) POOLING AND ALLOCATION OF COLLECTIONS.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended—

(1) in subsection (b)—

(A) by striking ''Every'' and inserting ''Subject to subsection (j), each''; and

(B) by striking the last sentence;

(2) by striking subsection (c);

(3) in subsection (d)—

(A) by striking paragraphs (2) and (3);

(B) by striking the following:

''(d) OFF-EXCHANGE TRADES OF LAST-SALE-REPORTED SECURITIES.—

''(1) COVERED TRANSACTIONS.—Each national securities''

and inserting the following:

''(c) OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.—Subject to subsection (j), each national securities'';

(C) by inserting ''registered on a national securities exchange or'' after ''narrow-based security index))'' (as added by section 2(2)); and

(D) by striking '', excluding any sales for which a fee is paid under subsection (c)'';

(4) in subsection (e), by striking ''except that for fiscal year 2007'' and all that follows through the end of such subsection and inserting the following: ''except that for fiscal year 2007 and each succeeding fiscal year such assessment shall be equal to $0.0042 for each such transaction.'';

(5) in subsection (f), by striking ''DATES FOR PAYMENT OF FEES.—The fees required'' and inserting ''DATES FOR PAYMENTS.—The fees and assessments required'';

(6) by redesignating subsections (e) through (i) (as added by section 2(5)) as subsections (d) through (h), respectively;

(7) by adding at the end the following new subsection:

''(i) DEPOSIT OF FEES.—

''(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b), (c), and (d) for any fiscal year—

''(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

''(B) except as provided in subsection (k), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

''(2) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to subsections (b), (c), and (d) for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.''.

(b) ADDITIONAL REDUCTIONS OF FEES.—

(1) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended by adding after subsection (i) (as added by subsection (a)(7)) the following new subsections:

''(j) RECAPTURE OF PROJECTION WINDFALLS FOR FURTHER RATE REDUCTIONS.—

''(1) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including assessments collected under subsection (d)) that are equal to the target offsetting collection amount for such fiscal year.

''(2) MID-YEAR ADJUSTMENT.—For each of the fiscal years 2002 through 2011, the Commission shall determine, by March 1 of such fiscal year, whether, based on the actual aggregate dollar volume of sales during the first 5 months of such fiscal year, the baseline estimate of the aggregate dollar volume of sales used under paragraph (1) for such fiscal year (or $48,800,000,000,000 in the case of fiscal year 2002) is reasonably likely to be 10 percent (or more) greater or less than the actual aggregate dollar volume of sales for such fiscal year. If the Commission so determines, the Commission shall by order, no later than such March 1, adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted

rate that, when applied to the revised estimate of the aggregate dollar amount of sales for the remainder of such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including fees collected during such 5-month period and assessments collected under subsection (d)) that are equal to the target offsetting collection amount for such fiscal year. In making such revised estimate, the Commission shall, after consultation with the Congressional Budget Office and the Office of Management and Budget, use the same methodology required by subsection (l)(2).

''(3) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for all of such fiscal years to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this section in fiscal year 2012 (including assessments collected under subsection (d)) equal to the target offsetting collection amount for fiscal year 2011.

''(4) REVIEW AND EFFECTIVE DATE.— In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (1), (2), or (3) and published under subsection (g) shall not be subject to judicial review. Subject to subsections (i)(1)(B) and (k)—

''(A) an adjusted rate prescribed under paragraph (1) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted;

''(B) an adjusted rate prescribed under paragraph (2) shall take effect on April 1 of the fiscal year to which such rate applies; and

''(C) an adjusted rate prescribed under paragraph (3) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(k) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect (as offsetting collections) the fees and assessments under subsections (b), (c), and (d) at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

''(l) DEFINITIONS.—For purposes of this section:

''(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

"Fiscal year:	Target offsetting collection amount
2002	$732,000,000
2003	$849,000,000
2004	$1,028,000,000
2005	$1,220,000,000
2006	$1,435,000,000
2007	$881,000,000
2008	$892,000,000
2009	$1,023,000,000
2010	$1,161,000,000
2011	$1,321,000,000

''(2) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, security futures products, and options on securities indexes (excluding a narrow-based security index)) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for making projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

(2) CONFORMING AMENDMENT.—Section 31(g) of such Act (as redesignated by subsection (a)(6) of this section) is amended by inserting before the period at the end the following: ''not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such fees are based''.

SEC. 4. REDUCTION OF REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended by striking paragraphs (2) through (5) and inserting the following:

''(2) FEE PAYMENT REQUIRED.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee at a rate that shall be equal to $92 per $1,000,000 of the maximum aggregate price at which such securities are proposed to be offered, except that during fiscal year 2003 and any succeeding fiscal year such fee shall be adjusted pursuant to paragraph (5) or (6).

''(3) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

''(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

''(B) except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

''(4) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

''(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (2) for such fiscal year to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for such fiscal year, is reasonably likely to produce aggregate fee collections under this subsection that are equal to the target offsetting collection amount for such fiscal year.

''(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (2) for all of such fiscal years to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this subsection in fiscal year 2012 equal to the target offsetting collection amount for fiscal year 2011.

''(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than $1,000,000.

''(8) REVIEW AND EFFECTIVE DATE.— In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (3)(B) and (9)—

''(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 5 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 5 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.

''(10) PUBLICATION.—The Commission shall publish in the Federal Register notices of the rate applicable under this subsection and under sections 13(e) and 14(g) for each fiscal year not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such rate is based.

''(11) DEFINITIONS.—For purposes of this subsection:

''(A) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

"Fiscal year:	Target offsetting collection amount
2002	$337,000,000
2003	$435,000,000
2004	$467,000,000
2005	$570,000,000
2006	$689,000,000
2007	$214,000,000
2008	$234,000,000
2009	$284,000,000
2010	$334,000,000
2011	$394,000,000

''(B) BASELINE ESTIMATE OF THE AGGREGATE MAXIMUM OFFERING PRICES.—The baseline estimate of the aggregate maximum offering prices for any fiscal year is the baseline estimate of the aggregate maximum offering price at which securities are proposed to be offered pursuant to registration statements filed with the Commission during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

SEC. 5. FEES FOR STOCK REPURCHASE STATEMENTS.

Section 13(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)) is amended

(1) in paragraph (3), by striking ''a fee of ⅟₁₀₀ of 1 per centum of the value of securities proposed to be purchased'' and inserting ''a fee at a rate that, subject to paragraphs (5) and (6), is equal to $92 per $1,000,000 of the value of securities proposed to be purchased'';

(2) by inserting after paragraph (3) the following new paragraphs:

''(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9),

shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

''(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

''(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

''(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than $1,000,000.

''(8) REVIEW AND EFFECTIVE DATE.— In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

''(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 5 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 5 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.

''(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.''.

SEC. 6. FEES FOR PROXY SOLICITATIONS AND STATEMENTS IN CORPORATE CONTROL TRANSACTIONS.

Section 14(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)(3)) is amended—

(1) in paragraphs (1) and (3), by striking ''a fee of 1/50 of 1 per centum of'' each place it appears and inserting ''a fee at a rate that, subject to paragraphs (5) and (6), is equal to $92 per $1,000,000 of'';

(2) by redesignating paragraph (4) as paragraph (11); and

(3) by inserting after paragraph (3) the following new paragraphs:

''(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

''(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

''(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

''(7) PRO RATA APPLICATION.—The rates per $1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than $1,000,000.

''(8) REVIEW AND EFFECTIVE DATE.— In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

''(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

''(i) the first day of the fiscal year to which such rate applies; or

''(ii) 5 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

''(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

''(i) the first day of fiscal year 2012; or

''(ii) 5 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

''(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.

''(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.''.

SEC. 7. TRUST INDENTURE ACT FEE.

Section 307(b) of the Trust Indenture Act of 1939 (15 U.S.C. 77ggg(b)) is amended by striking ''Commission, but, in the case'' and all that follows and inserting ''Commission.''.

SEC. 8. COMPARABILITY PROVISIONS.

(a) COMMISSION DEMONSTRATION PROJECT.—Subpart C of part III of title 5, United States Code, is amended by adding at the end the following:

''CHAPTER 48—AGENCY PERSONNEL DEMONSTRATION PROJECT

''Sec.
''4801. Nonapplicability of chapter 47.
''4802. Securities and Exchange Commission.

''§ 4801. Nonapplicability of chapter 47

''Chapter 47 shall not apply to this chapter.

''§ 4802. Securities and Exchange Commission

''(a) In this section, the term 'Commission' means the Securities and Exchange Commission.

''(b) The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out its functions under the securities laws as defined under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

''(c) Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to the provisions of chapter 51 or subchapter III of chapter 53.

''(d) The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are then being provided by any agency referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and benefits for employees, the Commission shall consult with, and seek to maintain comparability with, the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).

''(e) The Commission shall consult with the Office of Personnel Management in the implementation of this section.

''(f) This section shall be administered consistent with merit system principles.''.

(b) EMPLOYEES REPRESENTED BY LABOR ORGANIZATIONS.—To the extent that any employee of the Securities and Exchange Commission is represented by a labor organization with exclusive recognition in accordance with chapter 71 of title 5, United States Code, no reduction in base pay of such employee shall be made by reason of enactment of this section (including the amendments made by this section).

(c) IMPLEMENTATION PLAN AND REPORT.—

(1) IMPLEMENTATION PLAN.—

(A) IN GENERAL.—The Securities and Exchange Commission shall develop a plan to implement section 4802 of title 5, United States Code, as added by this section.

(B) INCLUSION IN ANNUAL PERFORMANCE PLAN AND REPORT.—The Securities and Exchange Commission shall include—

(i) the plan developed under this paragraph in the annual program performance plan submitted under section 1115 of title 31, United States Code; and

(ii) the effects of implementing the plan developed under this paragraph in the annual program performance report submitted under section 1116 of title 31, United States Code.

(2) IMPLEMENTATION REPORT.—

(A) IN GENERAL.—Before implementing the plan developed under paragraph (1), the Securities and Exchange Commission shall submit a report to the Committee on Governmental Affairs and the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Government Reform and the Committee on Financial Services of the House of Representatives, and the Office of Personnel Management on the details of the plan.

(B) CONTENT.—The report under this paragraph shall include—

(i) evidence and supporting documentation justifying the plan; and

(ii) budgeting projections on costs and benefits resulting from the plan.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE 5, UNITED STATES CODE.—

(A) The table of chapters for part III of title 5, United States Code, is amended by adding at the end of subpart C the following:

''48. Agency Personnel Demonstration Project ..... 4801.''.

(B) Section 3132(a)(1) of title 5, United States Code, is amended—

(i) in subparagraph (C), by striking ''or'' after the semicolon;

(ii) in subparagraph (D), by inserting ''or'' after the semicolon; and

(iii) by adding at the end the following:

''(E) the Securities and Exchange Commission;''.

(C) Section 5373(a) of title 5, United States Code, is amended—

(i) in paragraph (2), by striking ''or'' after the semicolon;

(ii) in paragraph (3), by striking the period and inserting ''; or''; and

(iii) by adding at the end the following:

''(4) section 4802.''.

(2) AMENDMENT TO SECURITIES EXCHANGE ACT OF 1934.—Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

''(1) APPOINTMENT AND COMPENSATION.—The Commission shall appoint and compensate officers, attorneys, economists, examiners, and other employees in accordance with section 4802 of title 5, United States Code.

''(2) REPORTING OF INFORMATION.—In establishing and adjusting schedules of compensation and benefits for officers, attorneys, economists, examiners, and other employees of the Commission under applicable provisions of law, the Commission shall inform the heads of the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) and Congress of such compensation and benefits and shall seek to maintain comparability with such agencies regarding compensation and benefits.''.

(3) AMENDMENT TO FIRREA OF 1989.—Section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) is amended by striking ''the Thrift Depositor Protection Oversight Board of the Resolution Trust Corporation''.

SEC. 9. STUDY OF THE EFFECT OF FEE REDUCTIONS.

(a) STUDY.—The Office of Economic Analysis of the Securities and Exchange Commission (hereinafter referred to as the ''Office'') shall conduct a study of the extent to which the benefits of reductions in fees effected as a result of this Act are passed on to investors.

(b) FACTORS FOR CONSIDERATION.—In conducting the study under subsection (a), the Office shall—

(1) consider the various elements of the securities industry directly and indirectly benefitting from the fee reductions, including purchasers and sellers of securities, members of national securities exchanges, issuers, broker-dealers, underwriters, participants in investment companies, retirement programs, and others;

(2) consider the impact on different types of investors, such as individual equity holders, individual investment company shareholders, businesses, and other types of investors;

(3) include in the interpretation of the term ''investor'' shareholders of entities subject to the fee reductions; and

(4) consider the economic benefits to investors flowing from the fee reductions to include such factors as market efficiency, expansion of investment opportunities, and enhanced liquidity and capital formation.

(c) REPORT TO CONGRESS.—Not later than 2 years after the date of enactment of this Act, the Securities and Exchange Commission shall submit to the Congress the report prepared by the Office on the findings of the study conducted under subsection (a).

SEC. 10. STUDY OF CONVERSION TO SELF-FUNDING.

(a) GAO STUDY REQUIRED.—The Comptroller General shall conduct a study of the impact, implications, and consequences of converting the Securities and Exchange Commission to a self-funded basis. Such study shall include analysis of the following issues:

(1) SEC OPERATIONS.—The impact of such conversion on the Commission's operations, including staff quality, recruitment, and retention.

(2) CONGRESSIONAL OVERSIGHT.—The implications for congressional oversight of the Commission, including whether imposing annual expenditure limitations would be beneficial to such oversight.

(3) FEES.—The likely consequences of the conversion on the rates, collection procedures, and predictability of fees collected by the Commission.

(4) APPROPRIATIONS.—The methods by which the conversion may be accomplished without reducing the availability of offsetting collections for appropriations.

(5) OTHER MATTERS.—Such other impacts, implications, and consequences as the Comptroller General may consider relevant to congressional consideration of the question of such conversion.

(b) SUBMISSION OF REPORT.—The Comptroller General shall submit to the Committees on Financial Services and Government Reform of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Governmental Affairs of the Senate a report on the study required by subsection (a) no later than 180 after the date of enactment of this Act.

(c) DEFINITION.—For the purposes of this section, the term ''self-funded basis'' means that—

(1) an agency is authorized to deposit the receipts of its collections in the Treasury of the United States, or in a depository institution, but such deposits are not treated as Government funds or appropriated monies, and are available for the salaries and other expenses of the Commission and its employees without annual appropriation or apportionment; and

(2) the agency is authorized to employ and fix the salaries and other compensation of its officers and employees, and such salaries and other compensation are paid without regard to the provisions of other laws applicable to officers and employees of the United States.

SEC. 11. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the amendments made by this Act shall take effect on October 1, 2001.

(b) IMMEDIATE TRANSACTION FEE REDUCTIONS.—The amendments made by section 2 shall take effect on the later of—

(1) the first day of fiscal year 2002; or

(2) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted.

(c) ADDITIONAL EXCEPTIONS.—The authorities provided by section 6(b)(9) of the Securities Act of 1933 and sections 13(e)(9), 14(g)(9) and 31(k) of the Securities Exchange Act of 1934, as so designated by this Act, shall not apply until October 1, 2002.

The SPEAKER pro tempore. After 60 minutes of debate on the bill, as amended, it shall be in order to consider the further amendment printed in the CONGRESSIONAL RECORD and numbered 2 if offered by the gentleman from New York (Mr. LAFALCE) or his designee, shall be considered read and shall be debatable for 1 hour, equally divided and controlled by the proponent and the opponent.

The gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

□ 1115

GENERAL LEAVE

Mr. OXLEY. 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. 1088.

The SPEAKER pro tempore (Mr. QUINN). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana (Mr. BURTON) and ask unanimous consent that he be permitted to control that time.

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

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I am pleased today to bring to the floor H.R. 1088, the Investor and Capital Markets Fee Relief Act. This legislation returns excessive Securities and Exchange Commission fees, $14 billion over the next 10 years, to America's investors and those seeking access to our markets.

Introduced by my good friend, the gentleman from New York (Mr. FOSSELLA), an important Member of the Committee on Financial Services, H.R. 1088 reduces or eliminates all of the securities fees in a responsible way by holding the appropriators harmless and ensuring that the SEC has a long-term stable funding source for its important mission of protecting investors and promoting capital formation.

Contrary to the explicit intent of the Congress, the government now collects fee revenues that far exceed the operating costs of the SEC. In fiscal year 2000, actual SEC fee collections reached a staggering $2.27 billion, over six times the SEC's $377 million budget; and it is estimated that fee collections this fiscal year will be substantially higher.

In my home State of Ohio, the Public Employees Pension Fund will pay several million dollars in the next decade if this legislation is not enacted, and that goes for all of the public employees return systems throughout the country.

Each day this year investors across the country are paying more than $3 million in excess transaction fees alone. The excess revenues are being used to fund other Federal programs, entirely unrelated to regulation of the securities markets. The fees are unmistakably a tax on investors and capital formation. They are no longer about government need, but about government greed.

The legislation also includes a provision granting SEC employees pay parity with the banking regulators. The commission faces a staffing crisis. In the last 3 years, over one-third of the SEC's staff have left the agency. In the

increasingly consolidated financial services industry, SEC staff perform the same functions and work side by side with their counterparts at the Federal Banking Agency, yet inexplicably earn anywhere from 25 to 45 percent less.

In an environment where the investors and markets need effective regulation more than ever, it is important to address the morale problem and its effects on retention of SEC staff. The securities industry strongly supports pay parity, because it will, by helping the commission attract and retain first-rate staff, improve the regulation efficiency of our capital markets.

We intend the pay parity provisions to be executed in a responsible fashion, enabling the SEC to provide the same benefits to its employees as those provided to the Federal banking regulators, but not more.

I am pleased that so many Members on the other side of the aisle have helped in this effort. I particularly appreciate all of the efforts of the gentlewoman from New York (Mrs. MALONEY), the gentleman from New York (Mr. CROWLEY), and the gentleman from New Jersey (Mr. MENENDEZ) for their hard work and efforts on our behalf.

This bipartisan legislation enjoys widespread support from the investing public, the Securities and Exchange Commission, major pension funds, the Profit-Sharing/401(k) Council of America, and the securities industry.

H.R. 1088 is pro-investor, good government legislation. I urge all of my colleagues to vote against the Democratic substitute and to support final passage.

Mr. Speaker, I include for the RECORD two exchanges of letters between myself and Chairman THOMAS and Chairman COMBEST regarding their respective committee's jurisdiction. I also want to thank both of them for their cooperation in bringing this important legislation to the floor.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC, April 2, 2001.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: On March 28, 2001, the Committee on Financial Services ordered reported H.R. 1088, the Investor and Capital Markets Fee Relief Act. As you are aware, section 2 of the bill affects the Agriculture Committee's jurisdiction with regard to transaction fees on security futures products.

Because of your willingness to consult with the Committee on Agriculture regarding this matter and the need to move this legislation expeditiously, I will waive consideration of the bill by the Agriculture Committee. By agreeing to waive its consideration of the bill, the Agriculture Committee does not waive its jurisdiction over H.R. 1088. In addition, the Committee on Agriculture reserves its authority to seek conferees on any provisions of the bill that are within our jurisdiction during any House-Senate conference that may be convened on this legislation. I ask your commitment to support any request by our Committee for conferees on H.R. 1088 or related legislation.

I request that you include this letter and your response as part of your committee's report on the bill and the Congressional Record during consideration of the legislation on the House floor.

Thank you for your cooperation in this matter.

Sincerely,

LARRY COMBEST,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC, April 2, 2001.

Hon. LARRY COMBEST,
Committee on Agriculture, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN COMBEST: Thank you for your letter regarding your Committee's jurisdictional interest in H.R. 1088, the Investor and Capital Markets Fee Relief Act.

I acknowledge your committee's jurisdictional interest in the changes to the fee structure for security futures products contained in this legislation and appreciate your cooperation in moving the bill to the House floor expeditiously. I agree that your decision to forego further action on the bill will not prejudice the Committee on Agriculture with respect to its jurisdictional prerogatives on this or similar legislation. I will include a copy of your letter and this response in the Committee's report on the bill and the Congressional Record when the legislation is considered by the House.

Thank you again for your cooperation.

Sincerely,

MICHAEL G. OXLEY,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, April 2, 2001.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN OXLEY: I am writing to express my support for what you are trying to accomplish in H.R. 1088, the Investor and Capital Markets Fee Relief Act. The Committee on Ways and Means has long taken a jurisdictional interest in the fees collected by the Securities and Exchange Commission. In our view, these ''fees'' are taxes because they greatly exceed the SEC's regulatory costs. In the past, we worked with the Committees on Commerce and Appropriations to attempt to rectify this problem.

As you know, I am strongly committed to protecting the jurisdictional interest of the Committee on Ways and Means and to ensuring that all revenue measures are properly referred to this Committee. To this end, the Committee on Ways and Means relies upon the statement issued by the Speaker in January 1991 (and reiterated by Speaker Hastert on January 3, 2001) regarding the jurisdiction of the House Committees with respect to fees and revenue measures. Pursuant to that statement, the Committee on Ways and Means generally will not assert jurisdiction over ''true'' regulatory fees that meet the following requirements:

(i) The fees are assessed and collected solely to cover the costs of specified regulatory activities (not including public information activities and other activities benefitting the public in general);

(ii) The fees are assessed and collected only in such manner as may reasonably be expected to result in an aggregate amount collected during any fiscal year which does not exceed the aggregate amount of the regulatory costs referred to in (i) above:

(iii) The only person subject to the fees are those who directly avail themselves of, or are directly subject to, the regulatory activities referred to in (i) above; and

(iv) The amounts of the fees (a) are structured such that any person's liability for such fees is reasonable based on the proportion of the regulatory activities which relate to such person, and (b) are nondiscriminatory between foreign and domestic entities.

Additionally, pursuant to the Speaker's statement, the mere reauthorization of a preexisting fee that had not historically been considered a tax would not necessarily require a sequential referral to the Committee on Ways and Means. However, if such a preexisting fee were fundamentally changed, it properly should be referred to the Committee on Ways and Means.

We last addressed SEC fees in the National Securities Markets Improvement Act of 1996. That legislation was intended to reform the SEC fee structure and bring the total amount of fees down to the level of the SEC's budget. In a letter from then Chairman Archer to the Chairman of the Commerce Committee, Congressman Bliley (whose committee had jurisdiction over the SEC at the time), Chairman Archer noted the Committee on Ways and Means' longstanding goal of reducing these ''fees'' so that they truly are fees rather than taxes. Chairman Archer also reserved jurisidictional interest in the fee structure, and stated that the Committee would strongly oppose any attempts to delay or lengthen the fee phase-down schedule provided by the 1996 Act.

Since the enactment of the 1996 Act, it has become increasingly clear that actual fee collections greatly exceed what was estimated in 1996. In fact, I understand that these fees are projected to generate over $2.5 billion in revenue in fiscal year 2001, more than six times the SEC budget. H.R. 1088 seeks to address this issue by reducing these fees down to the level of the SEC's budget, which was also the goal of the 1996 Act.

Because H.R. 1088 would not ensure that fee collections will not exceed the amount required to fund the relevant regulatory activities of the SEC fees, the bill does not meet requirements (i) and (ii) of the Speaker's statement set forth above. If the fees were being newly created, or were fundamentally different from existing fees, the Committee on Ways and Means would ask that H.R. 1088 be referred to it, in accordance with its jurisdictional prerogative. However, the Committee understands that the intent of H.R. 1088 is to significantly reduce these fees and eliminate fees in excess of the SEC's budget. Under such circumstances (and without prejudice to the jurisdictional interest of the Committee on Ways and Means), I will not seek sequential referral of H.R. 1088, as currently written, or have any objection to its consideration, in its current form, by the House.

However, I would emphasize that, if the fee structure set forth in H.R. 1088 is modified in the future, the Committee on Ways and Means will take all action necessary to protect its proper jurisdictional interest.

Finally, I would respectfully request that you include a copy of this letter in the report for H.R. 1088 or in the Record during floor consideration of the bill. With best personal regards,

Sincerely,

BILL THOMAS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC, April 2, 2001.

Hon. WILLIAM M. THOMAS,
Committee on Ways and Means, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN THOMAS: Thank you for your letter regarding your Committee's jurisdictional interest in H.R. 1088, the Investor and Capital Markets Fee Relief Act.

I acknowledge your committee's jurisdiction over the revenue aspects of this legislation and appreciate your cooperation in moving the bill to the House floor expeditiously. I agree that your decision to forego further action on the bill will not prejudice the Committee on Ways and Means with respect to its jurisdictional prerogatives on this or similar legislation. I will include a copy of your letter and this response in the Committee's report on the bill and the Congressional Record when the legislation is considered by the House.

Thank you again for your cooperation.

Yours truly,

MICHAEL G. OXLEY,
Chairman.

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

Mr. LAFALCE. Mr. Speaker, I yield myself 7 minutes.

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

Mr. LAFALCE. Mr. Speaker, this bill will do two basic things: first of all, it will achieve pay parity for SEC employees, and there is almost unanimity of opinion, at least amongst Democratic and Republican members of the Committee on Financial Services on that issue. So pay parity is in the principal bill, and pay parity is in the substitute that I would be offering or the motion to recommit, should that be necessary.

There is a difference of opinion within the whole House of Representatives though, primarily from the chairman of the Committee on Government Reform, the gentleman from Indiana (Mr. BURTON), but I will let him speak for himself at the appropriate time.

But there is another important aspect of the bill that is controversial, and that is the issue of fee reductions. Now, for the most part, the publicity that has been given to fee reductions has been given exclusively with respect to so-called section 31 fees. When individuals walked into our office, all they really talked about was section 31 fees.

Now, section 31 fees are transaction fees. These are very, very small amounts of money; but given the volume of transactions, they wind up coming to huge amounts of money. In the last Congress, about the only thing that was being talked about was a reduction in those transaction fees, the section 31 fees. As a matter of fact, I am told that an accord had been entered into between Democrats and Republicans dealing with the reduction exclusively in that fee.

But it is a different Congress, and you cannot throw red meat at somebody without having them bite. It looked as if we will be able to get anything through this Congress we wanted, so let us not just reduce section 31 fees, let us reduce section 6 fees. Let us also reduce section 13 and section 14 fees.

Now, what are they? Well, section 6 fees are the registration fees. They are not transaction fees. Section 13 and section 14 are merger and tender-offer fees. They are not transaction fees. Yet the reduction is with respect to them too.

So when I do offer my substitute, it will be dealing with the issue of not section 6 and Not Section 13 or section 14, but exclusively with section 31; and I will reduce the fees, but not quite as much as the gentleman from Ohio does in his bill.

Now, why am I taking what I think is a more prudent approach? Well, for a whole slew of reasons. First of all, we need to be concerned not just with the enforcement capacity of the SEC; we need to be concerned with the enforcement capacity of the totality of government that is involved in enforcing our securities laws. As the gentleman from Pennsylvania (Mr. KANJORSKI) more than any other Member in this body has pointed out, it is not just the SEC, it is the FBI, it is the Justice Department; and we have got to give them additional resources in addition to giving additional resources to the SEC.

The gentleman from Pennsylvania (Mr. KANJORSKI) tried in subcommittee, he tried in full committee, he tried before the Committee on Rules, but he was unable to get an amendment to clarify that under existing law we must provide fees that deal for the totality of the governmental enforcement effort. I think that that is really unfortunate, because his was not a partisan amendment; it was a rational, law enforcement amendment. The gentleman should have been allowed to offer it.

Secondly, I think we are putting the cart before the horse in a terrible, terrible way. I think we are making a huge mistake. Look back from 1 year to the present. The American public has lost approximately $5 trillion in equity market valuation. Now, there are a whole slew of reasons for this, of course; but there are things within the purview of the SEC and the Justice Department and the Congress that we need to be looking at very aggressively.

One of them is analyst independence. Are the analysts promoting themselves? Are the analysts promoting the companies they work for? Are the analysts trying to promote the interests of the investor? Well, we are having a hearing on that this very minute. I think what is going on insofar as investor advice is scandalous, and I do not think we should be reducing fees when we have not addressed that problem.

Look what is going on in accounting. In the past several years, we have seen a trebling of the number of restatements of earnings. In the restatement of earnings cases alone, investors have lost over $30 billion. According to the chief accountant of the SEC, Mr. Lynn Turner, this is the tip of the iceberg. We should be investigating that before we reduce fees.

I think the SEC budget and the Justice Department and FBI budget dealing with securities should be beefed up at least 200 to 300 percent in order to protect the American investor who is in the marketplace today, far, far greater than the investor has ever been in America's history. Unfortunately, today's bill will preclude the type of effective enforcement that I believe we need.

I think it is regrettable that we are doing this. I think it is almost inevitable. I think the cards are in, but I think we are making a tragic mistake.

Mr. Speaker, H.R. 1088 contains a central flaw that could have an adverse impact on many areas of legislative endeavor. The fundamental problem is what I, and a number of my colleagues, consider an excessive cut in fees charged by the SEC to corporations and, in some cases, individuals. Basically, H.R. 1088 cuts approximately $14 billion in federal revenues from FY2002 to FY2011. For FY2002 alone, it results in $1.3 billion in cuts from what otherwise would be collected under present law. I will subsequently join with a number of my colleagues in offering an amendment to remedy this core flaw by diminishing the cuts. At this point, however, I would like to focus on the potential consequences of the approach taken in H.R. 1088.

The Securities and Exchange Commission functions as the primary guardian of U.S. equity and debt markets which are used by better than half American households. It is funded entirely by a variety of complex fees it charges to a range of users. Some of those fees are earmarked, by permanent statute, for the SEC's use. These are referred to as offsets. Others flow into the general revenues. Yet, the markets, directly or indirectly, are the source. The renowned transparency of these markets is the bedrock of the American economy, and the fees are integral to preserving that transparency and protecting investors. How the funds are utilized might be readjusted in the future, but I do not believe that the current revenue stream should be depleted so substantially by permanent statute without a fuller exploration of the adequacy of current oversight and enforcement efforts. The pending substitute would take a more prudent approach.

Prudence is particularly important given substantial evidence that greater oversight and more aggressive enforcement is called for. For example, financial statements are a key barometer of stock worth throughout the entire system, a key piece of information for investors and their accuracy is a central oversight responsibility of the SEC. Yet, judging by the numbers of companies that have had to revise their financial statements in recent months, many major companies have succumed to the temptation to manipulate their results. The number of restatements has more than trebled from the early 1990s, from an average of less of than 50 a year to 156 last year. More than half of the companies accused of financial fraud in shareholder class action suits last year have already been forced to restate their earnings. These figures are particularly troubling when one notes that the original statements are of financials that had been approved by the firms' auditors.

The $14 billion in fee reductions in H.R. 1088 deny the SEC any claims on those funds to reverse this trend. I realize that much of that $14 billion now flows into the general revenue and is not now earmarked for SEC use. However, once these substantial cuts are embraced, any objective review and possible subsequent determination that Congress

should in fact bolster SEC resources and expand agency responsibilities through charges to market users will be seriously compromised. If anything, more of those funds which now flow into general revenue should perhaps be earmarked for SEC use and targeted to enforcement activities. I am not prepared to say to what degree. However, I am prepared to say that prudence should be the rule in allowing any cuts at this point. H.R. 1088, as reported, is in my view too extravagant and will impair future efforts to bolster the SEC.

Second, H.R. 1088 needlessly puts pressure on existing budget limits. Let me emphasize that the OMB has not given an opinion on this bill. Indeed, careful reading of the appendix to the President's budget would lead one to believe the administration is assuming user fees are not cut but continue at the present rates. Additionally, we are all keenly aware that there is considerable pressure on discretionary spending and this institution will be forced to make some hard choices this summer and fall. There is reason for deep concern that reserves will be quickly exhausted and that Medicare fund will have to be invaded. In addition, there are valuable social and economic development programs that are facing substantial cuts, which many Members would prefer to give priority over large-scale fee reductions, including important housing programs cut under the HUD budget. H.R. 1088 will only necessitate further belt-tightening. SEC funds flowing to general revenue, as opposed to those earmarked as offset for the SEC, would be reduced by $8.9 billion from FY 2002 to 2006. In FY 2002 alone, the reductions to general revenue would amount to more than $1.3 billion. In short, H.R. 1088 will increase the immediate threshold of pain substantially and undeniably. The substitute that I and my colleagues will offer as an amendment goes a long way toward solving this problem.

I do solidly support one aspect of this legislation—giving all SEC employees full pay parity with the employees of the bank regulators. The Financial Services Committee reported such a provision, but subsequent efforts at compromise by my Republican colleagues put that provision at risk. I am pleased that further discussion resulted in the full pay parity provision being reported to the floor as part of H.R. 1088. Such a provision is also included in the substitute that I and my colleagues will offer. The situation at the SEC is dire. This is not only because of its high vacancy and turnover rate. It is also because of the priority we should attach to its mission. If the markets are not made safer through high quality and experienced oversight and enforcement, both investors and our broader economy are at risk. The threat is real, and full pay parity is a necessary and overdue part of the solution.

I urge my colleagues to oppose the bill as reported by the Rules Committee and support the Democratic substitute.

Mr. BURTON of Indiana. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all, let me say to everyone paying attention to this debate that I am under no illusion that this bill is going to go down to defeat. I think it is going to pass overwhelmingly.

I do support wholeheartedly the $14 billion in fee reductions, which in effect is going to be like a tax cut for the American people. It is going to be an economic stimulus. What I do oppose, however, is the pay parity provisions, because I think it is going to end up costing the taxpayers of this country a great deal of money.

Now, the SEC in effect wants to take the lid off of the salaries for the people that work there and to have them raised up in conjunction with the other financial institutions in this country. But let me just give you some facts that I think are very important.

The SEC right now has the authority to pay retention allowances under current law up to 25 percent of base pay. So if somebody is making $160,000 a year, right now they could get a $40,000 bonus to keep that person employed. That would kick them up to $200,000. So they do not need this legislation to do that.

The SEC has the authority to pay recruitment bonuses up to 25 percent of base pay. So, once again, if a person was being hired at $160,000, they could give them a $40,000 bonus, which would take them to $200,000. They have that ability right now.

The SEC has the authority to grant employees up to a $10,000 performance bonus, in addition to the other bonuses I just talked about. So a person, if they did a good job, could get $210,000, if their base pay was $160,000.

Now, clearly the SEC is a mismanaged agency. In a recent letter to me from OPM, the Office of Personnel Management, about a 4-page letter, they cited all the problems with the SEC that need to be corrected before they start talking about pay parity. They also said they opposed the pay-parity provisions. The White House, the Office of Management and Budget, opposes the pay-parity provisions.

□ 1130

Yet, it is in this bill, and I am confident it is going to pass today. But I want to go on record opposing it, because it is going to get into the American taxpayers' pockets.

Let me just talk about a couple of other things. Right now the SEC, with recruitment allowances and retention bonuses combined with the special pay rates, could pay attorneys $14,000 more than the FDIC today. They could pay $6,000 more than the Comptroller of the Currency. So if we are talking about making sure that that pay parity is there, it is already there. They just need to utilize the tools they already have available to them.

So despite the claims of the SEC, they have recruitment and retention problems really in only three areas, and that is attorneys, accountants, and examiners. If we take those three categories out, the loss of jobs, the people leaving the SEC, has only gone down by 3.1 percent. So the problem that needed to be addressed was only the attorneys, accountants, and examiners, and we tried to work that out, and we could not.

Let me tell the Members something. As a result of this bill being passed, other agencies of government are going to want the same thing, which means the lid is going to be taken off as far as salaries are concerned for government employees.

Already, the Department of Veterans Affairs, the Commodity Futures Trading Commission, the Export-Import Bank, and the Patent Trademark office have all asked for the same pay parity provisions that are in this bill, and I guarantee the Members that every agency of government is going to want the same thing. They are already calling my office, since my committee has jurisdiction over those pay increases. So Members can just count on pay going through the roof in many agencies of government.

Now, the President wanted a 4 percent cap on spending. It has been raised to about a 5 percent cap on spending. When all the agencies that want these pay parity provisions get them, that cap is going to just be busted right to smithereens, and the cost of government is going to go up. That means the taxpayers are going to have to pay more and more and more for government.

The top pay right now at the FDIC and the Office of Thrift Supervision equals the pay of the Vice President of the United States right now. The pay schedule for an employee at the National Credit Union Administration in San Francisco is almost $300,000 a year.

At the other banking regulating institutions, one out of every five employees makes more than $100,000. At the Federal Housing Finance Board, it is one out of every three employees. In the rest of the whole government, only one out of 25 employees makes that kind of money. Members can see they are all going to want the same thing. It is going to force a raising of the salaries throughout the government. All the employee unions are going to see this and start pushing for it. This is the camel's nose under the tent. The American people are going to end up paying a heck of a lot more for government than they are paying right now.

This is not a good provision. I support the fee reductions, but this pay parity provision is going to really be bad for the country.

Mr. OXLEY. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in strong support of this legislation, and I want to commend the gentleman from Ohio (Chairman OXLEY) for taking long overdue leadership in bringing this bill to the floor and Congressman FOSSELLA for introducing it. The Financial Service Committee reported the bill by voice vote and passed the Senate by unanimous consent.

Before Memorial Day, we passed the most significant tax cut in the last twenty years. Millions of American families who are saving and investing in their future will be able to have greater control over their finances. Today we have the opportunity to do the same by passing H.R. 1088. This bipartisan legislation will protect American investors from paying excessive fees on their investments today and end Washington's hidden tax on securities transactions.

EXCESSIVE FEES

Fees established in the 1930s for the sole purpose of funding the Securities and Exchange Commission (SEC) have exceeded the amount needed to run the agency by vast sums. Last year alone investors were charged more than six times the amount needed.

Currently, the nearly 88 million American investors who contribute to a public or private retirement plan, 401(k) plan, mutual fund, bank trust, stock or investment product are being overcharged in government fees. Since 1990, American investors have been overcharged in fees by almost $9.2 billion.

In fact, in my state of New Jersey the public retirement plan, the New Jersey Division of Investment, was overcharged $307,000 last year in fees. That is a 10 year total of over $3 million!

We should encourage workers to invest for their future rather than diminish the value of their savings. With more and more options, including mutual funds and online trading, available, the number of Americans investing in the stock market as their primary or supplemental means of saving for retirement has dramatically increased.

As a result of the larger number of employers offering retirement plans, this increase has not been among the very wealthy—the increase in fund ownership between 1998 and 2000 was stronger among households with income of less than $35,000. These retirement funds, because they are traded in large blocks, are especially hard hit by the current SEC fees.

It does not make sense that we overcharged investors in order to create a Washington slush fund. These excessive fees should be eliminated and I urge my colleagues to support this important legislation.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from New York (Mr. FOSSELLA), the sponsor of the legislation.

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

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

I thank him for his leadership, because without his leadership, we would not be able to bring this bill to the floor; as well as the gentleman from Louisiana (Chairman BAKER), on the other side; my colleague, the gentlewomen from New York, Mrs. MALONEY and Mrs. KELLY; the gentleman from New York (Mr. CROWLEY); and the gentleman from New Jersey (Mr. MENENDEZ), among others.

Today this legislation fulfills the promise with the American people. The original intent of the Congress was to fund the SEC, and it does a wonderful job enforcing our Nation's securities laws to protect investors.

But what has happened over the years is that these fees have become a cash cow for the Federal Treasury. So while the SEC may need a budget or require a budget of about $420 million, the fees collected exceed $2 billion per year.

Those fees become an indirect tax on capital and investors. So if someone is involved in an IRA, he or she benefits under this bill. If someone has a mutual fund, he or she benefits under this bill. If someone is involved in a 401(k), he or she benefits under this bill. If one is involved in a pension fund, they benefit under this bill. If one is an investor, they benefit under this bill.

Indeed, almost 100 million Americans will benefit, because what Congress does today is to say to the American people, when we make a promise, we keep it. When we say we want money to fund the SEC, we will take that money, but anything over and above that, send it back to the American people.

We know what happens when we send the money back to the American people. Not only do we encourage more investment, which is a good thing for America, but we put more money back in the capital markets to allow those entrepreneurs to create more jobs, to allow investors to have a little more freedom to do what they want with their own money.

Talk about savings, I know we are going to hear a lot of numbers today. In my home State of New York, the New York State Pension Fund, teachers pension fund, pays $305,000 in excess fees because Congress has failed to act to date. That is one fund. Could Members think of the thousands across the country that will benefit from this?

I urge my colleagues to support this bill and to reject the substitute, because that is not even half a loaf. It is not even a quarter of a loaf. The substitute continues the charade with the American people. The substitute does not go far enough in providing adequate relief for investors. At the end of the day, that is what this is all about.

Mr. Speaker, I thank the chairman once again for his leadership.

Mr. LAFALCE. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania (Mr. KANJORSKI), the ranking member of this subcommittee.

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

Mr. Speaker, I rise in opposition to the bill and in favor of the substitute. The reason for that is very simple. I hear my friends on the other side, and I do not delude myself, this is going to pass overwhelmingly. Maybe the 107th Congress will get the reputation of being the corporate Congress because, of all the funds that are out there for special use purposes, the first to come before the Congress is the securities industry fund; not the other funds that we collect and use for other purposes, but this fund.

That being beside the point, I think my friends on the other side are disingenuous. The intention of the act that created the user fee for this fund was not for the purposes of funding alone the SEC, it was created for the purposes of funding the cost of the security industry in this country to the United States government. The SEC is just a part, and a small part, of that cost.

For instance, take the FBI, a major investigative agency involved in stock fraud cases all the time. I think, to the best of my recollection, the FBI's budget is around $12 billion a year. Could we imagine maybe 10 percent of the investigative time of the FBI is involved in business fraud and stock fraud situations? That would be $1.2 billion. We receive nothing back from this user's fee to the general fund to fund that. No, the taxpayer, the man who delivers milk, the farmer that grows farm products, everybody in America pays for that special protection for the securities industry of the Federal government.

Let us look at some of the other side expenses. The Justice Department, how much time and how many Federal attorneys are used, and what are their costs involved with security transactions in this country? Certainly they have to be far greater than zero. Nothing is allotted in the user fee scale to cover these costs. We could go on and on. The judicial branch, how much of the court system is devoted to trying cases and litigating issues and securities?

The intention of the original act was that the Federal Treasury would be compensated by this user fee for that purpose. But my friends on the other side, and I daresay most of my colleagues on the Democratic side, they are going to be so happy to reduce the very small portion of the fee on security transactions and in fact underfund the cost to the United States government of the security industry, because we do not know the real costs.

The full intent of my original amendment and the substitute is to provide sufficient time and study to allocate the real cost of the security industry to all of the United States government, and make sure the fee is sufficient to compensate that cost. Instead of doing that, we are only going to cover the cost of the SEC.

We are sending all the money back, and the additional cost of the FBI, the Justice Department, the court system, and every other element of government involved in security industry transactions in this country is going to be borne by that 50 percent of the American people through their income taxes and other taxes, and they have no participation in the benefit of the securities industry. It is a shifting of burden, and the shifting is to the ones that could least afford it.

Our substitute wants to reduce the user fee to reasonable amounts, but it says, very basically, let us find out what the real cost is. Instead, the first order of business of the majority of

this House is to run forward and see how we can affect and get the appreciation of the securities industry of the United States; a tremendous victory, $14 billion over 10 years.

Unfortunately, what my friends on the other side are not telling the rest of the American people is that they are going to be paying taxes in other forms to fund some of the cost of government that directly pertains to the securities industry.

I urge my colleagues on our side to stand up for reason and rightfulness. Vote for the substitute and vote down this bill.

Mr. OXLEY. Mr. Speaker, I am honored to yield such time as he may consume to the gentleman from Iowa (Mr. NUSSLE), chairman of the Committee on the Budget.

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

I rise in support of H.R. 1088, the Investor and Capital Markets Fee Relief Act of 2001. As the chairman of the Committee on the Budget, I can report to my colleagues that this important bill is fully contemplated and consistent with the recently-agreed conference report on the budget resolution for fiscal year 2002.

The combined reduction in revenue from this bill, with $1.4 billion for fiscal year 2002 and $8.8 billion for the first 5 years, and the recently-enacted Economic Growth and Freedom Act of 2001, is fully within the revenue parameters established by the budget resolution for fiscal year 2002.

I would share and express some concern, however, with the provision in the bill that would exempt financial regulators from the SEC from the civil service pay scale. It is important that we consider the impact of this change on the Federal budget and its implications for other Federal agencies requesting comparable treatment.

I would urge the Committee on Financial Services and the chairman to work with the Committee on Government Reform and Oversight during the conference to address this issue raised by the provision pay parity to prevent further and future adverse budgetary impact.

I rise in support of this bill and urge its adoption.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the gentlewoman from California (Ms. WATERS), the ranking member of the subcommittee.

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

Mr. Speaker, I rise in opposition to H.R. 1088, the Investor and Capital Markets Fee Relief Act, and in support of the substitute. I believe that its purpose is questionable and its approach excessive.

The current fees on the sale of stock amount to just 33 cents per $10,000 of transactions. In other words, most individuals will likely presently spend more to buy a newspaper to read the stock prices than they do on these transactions.

This bill would reduce revenues by approximately $14 billion between 2002 and 2011. I am concerned, especially in light of the recently-enacted tax cut and the need for funding such critical areas, including education, and some relief from high energy prices for my constituents in California, as well as ensuring the solvency of Social Security, that H.R. 1088 is simply cutting too much too soon.

I am an original cosponsor of the Democratic alternative, H.R. 1480, the Fairness in Securities Transactions Act, which represents a reasonable approach to this issue.

The substitute will lower fees by $4.8 billion over 10 years, as opposed to the $14 billion in the bill before us. In addition, the substitute, like the underlying bill, gives the SEC the ability to match the pay and benefits of Federal banking regulators to address the SEC's inability to attract and retain qualified staff, no matter what their pay grade or job title.

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It is important to resolve the differences between the salaries of SEC employees and employees of other Federal regulatory agencies, because the SEC pays as much as 40 percent less than the other financial regulatory agencies. The SEC has lost more than 1,000 employees over 3 years, which is more than one-third its total staff. Attrition at the agency has doubled the government average.

With the passage of the Gramm-Leach-Bliley Act last Congress, the distinctions between the job of an SEC lawyer and a Fed lawyer, for example, have become even more blurred. It is crucial that the SEC have the ability to obtain and retain qualified staff so that investors can receive the protection they deserve.

Mr. Speaker, I urge my colleagues to support the Democratic alternative and oppose H.R. 1088.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. KELLY), the chairman of the Subcommittee on Oversight and Investigations.

Mrs. KELLY. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for yielding me the time.

Mr. Speaker, I thank my colleagues from both sides of the aisle for their work on this bill. I rise today in strong support of H.R. 1088, the Investor and Capital Markets Fee Relief Act.

This is legislation to prune fees which have grown to become an implicit tax on long-term investors. The excessive fees, especially section 31 fees, penalize those who invest their savings in the market, and those who have pensions invested in the market.

It is untenable for us to silently tax investors, entrepreneurs, and businesses through fees designed to fund securities regulation. In addition, these excessive fees are passed right on to consumers. While the fees are small on a single trade, they exponentially add up over the years for folk who invest in mutual funds or have pensions.

I am talking about teachers, police officers, workers whose pensions should be protected and encouraged, not taxed. This is a stealth tax.

In addition, the growth of these fees runs directly counter to the legislation that created them. The 1934 Act clearly states that these fees were created to cover the costs of running the SEC. There was nothing about other priorities. Unfortunately, the fees now bring in 5 times as much money as necessary to properly run the SEC.

While it is hard for Washington to return excess money, that is exactly what we must do today. This debate is about priorities, strengthening and encouraging pensions and investment must be our priority.

In crafting this bill with my friends, the gentleman from Louisiana (Mr. BAKER) and the gentleman from New York (Mr. FOSSELLA), I feel it is the best possible solution to the current problem of excessive fees imposed on investors.

This bill will return $14 billion to investors and pension beneficiaries who earned them, and this is where the money belongs.

Mr. Speaker, I ask my colleagues on both sides of the aisle to join me in voting to return the excess fees to the pensions and to the investors. Vote to follow the intent of Congress when it created these fees. I believe that we should all vote to support the Investor and Capital Markets Fee Relief Act.

Mr. LAFALCE. Mr. Speaker, I yield 2½ minutes to the gentlewoman from the City of New York (Mrs. MALONEY) who has a little bit of interest in this issue.

Mrs. MALONEY of New York. Mr. Speaker, I thank the gentleman from New York (Mr. LAFALCE), the ranking member, for yielding me the time and for his incredible leadership in so many areas.

Mr. Speaker, American investors have been overcharged. Over the last 10 years, the Securities and Exchange Commission has collected $9.2 billion more than it has needed for its operations. This money comes directly from capital markets participants, including individual investors and new issuers.

This legislation is proconsumer, proinvestor legislation that cuts these fees down to a level that provides the SEC with the resources it needs to do its job while saving investors over $14 billion over the next 10 years.

These fees were intended to merely cover the operating costs of the SEC. They were never intended to multiply so dramatically. I can remember when stock ownership was reserved for a select few. Today, 52 percent of American households own stock or mutual funds.

Former SEC Chairman Levitt has stated that 87 percent of the New York Stock Exchange fees and 82 percent of NASDAQ fees are paid by investors.

The New York State Public Pension Plan estimated recently that they will

pay $13.5 million in fees over 5 years. These fees are also paid by the holders of retirement accounts, including 401(k) accounts.

This is the investors' money. We should let them keep it. The bill also included much needed pay parity for the SEC. At the very least, SEC employees should be paid the same as banking regulators. We are in a staffing crisis.

At the SEC regional office, at 7 World Trade Center in New York, 19 percent of the staff left during fiscal year 2000.

Mr. Speaker, I urge my colleagues to support the bill and oppose the substitute. H.R. 1088 is supported by labor, the National Treasury Union, the industry, and the SEC. This bill will send a strong message to the Senate that they should take up our version of the bill and get relief to investors as quick as possible.

Finally, let me thank all that have worked on this bill in a bipartisan way, particularly the gentleman from Ohio (Mr. OXLEY); the gentleman from the great State of New York (Mr. FOSSELLA); and I must thank very much the gentleman from New York (Mr. LAFALCE), the ranking member; and the gentleman from Pennsylvania (Mr. KANJORSKI).

While we disagree on the extent to which SEC fees should be cut, no one has worked harder to secure parity for the SEC employees, and I thank them greatly for their work in this area.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. COOKSEY). The Chair would remind the Members that it is not appropriate to advise the Senate on what actions they should take.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON).

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, it is time to end this excessive fee on savings and investment. It is a fee that is a tax. It was wrong for Congress to impose a fee, otherwise known as a tax, on tens of millions of Americans.

The current tax was levied to fund the Securities and Exchange Commission, but guess what, it soon became a cash cow and Congress now uses it to fund other government programs, and that is just not right. One of my constituents, Al Anderson, of Coastal Securities is an example of someone who is adversely affected by this so-called fee.

When I visited his company, he told me he had to pay an additional $4 million in taxes over the last 3 years just because of this fee.

Now, that is not a small sum of money, and when he factored it into his business plan, it meant one thing, slower growth. There was a job impact. The government should not be in the business of slowing business down. The business that government ought to be in is to encourage businesses to grow.

While this bill helps companies like Coastal Securities, it will also make it easier for people to save for retirement through either individual stock investments, mutual funds, 401(k)s, or pension plans.

So this bill, which relieves the tax that has gotten far too big and it is used far too wide. With all the talk about the need to prepare for retirement, the least this Congress can do is remove this barrier to savings.

We need to cut taxes again for the people. Support America. Support this bill.

Mr. LAFALCE. Mr. Speaker, I yield 2½ minutes to the gentleman from the great City of New York (Mr. ACKERMAN), a member of the Subcommittee on Financial Institutions and Consumer Credit.

Mr. ACKERMAN. Mr. Speaker, I want to thank the gentleman from the great State of New York (Mr. LAFALCE), the ranking member of the Committee on Financial Services for yielding me the time.

Mr. Speaker, I am proud to be an original cosponsor of H.R. 1088, the Investor and Capital Markets Fee Relief Act. This is very important legislation which will reduce the securities transaction fees, and I rise in strong support of the measure.

A reduction in these fees will benefit not only Wall Street, but will benefit so many families throughout the country who today own more stock than ever before. In addition to individuals, State and local pension plans will benefit from a reduction in these fees.

For example, in my State of New York, it is estimated that payments in the public pension plans alone in section 31 fees are presently projected to be approximately close to $14 million over the next 5 years.

An important component of any legislation addressing reducing security transaction fees is paid parity for SEC employees.

These Federal workers are stationed not just in Washington, D.C., they live throughout the Nation and work in the SEC field offices. Some of them are my constituents who work in the largest SEC field office in the City of New York.

We must be able to attract and retain highly qualified regulators to ensure the integrity and strength of our markets. We are not seeking to compete with the private sector. As we all know, government service requires a special level of devotion to our Nation, which is often not well compensated, as well as work in the private sector. However, within the Federal Government, the certain standard should exist.

It is simply unacceptable for the SEC regulators not to be paid on par with their counterparts in other Federal financial agencies. I am very pleased that the pay parity provision is included in this bill.

Mr. Speaker, I am very happy to join with so many of our colleagues both on our committee and others in the House in supporting one of the first measures to be considered on the floor from this new committee, the Committee on Financial Institutions and Consumer Credit.

Mr. Speaker, I look forward to the passage of legislation on the floor today, swift action in the Senate and signing by the President. I encourage our colleagues to vote for this important measure.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ), the vice chairman of the Democratic Caucus.

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

Mr. MENENDEZ. Mr. Speaker, I want to thank the gentleman from Ohio (Mr. OXLEY) for standing by our bipartisan agreement, for keeping his commitments to those of us on the Democratic side of the aisle, and for fighting for American investors.

I also need to say I am not used to disagreeing with the gentleman from New York (Mr. LAFALCE), the distinguished ranking member, my friend, because he is such a thoughtful legislator and a good friend. I want to thank him for his principled leadership on the Committee on Financial Institutions and Consumer Credit.

However, I strongly support this bill which as written has strong union support, industry support, and agency support.

It is rare to get all of those parties supporting one effort, but this bill has it. It has that support for a good reason. The stock market has increasingly become the investment of choice for America's working families, and these families are relying on the growth of their savings to finance everything from buying a home, to putting their kids through college, to having a secure retirement.

But just as the savings of American families have moved into the market, the government-imposed fees these families pay to purchase these stocks are taking an every-increasing bite out of their profits. Fees are assessed from everything from mutual funds to pension funds in ways that many investors are not often even aware of and are costing Americans billions of dollars. Once you figure in the loss of compound interest, these fees can rob an individual family of thousands of dollars in lost profits over time.

The fees were originally authorized by Congress to cover the operating costs of the Securities and Exchange Commission. That is a necessary and valid purpose which I totally support. Consumers and investment firms benefit from the market, and I think it is reasonable to ask market participants to help pay the costs of the very agency that ensures the market runs efficiently and fairly.

The problem is that today, because of a rise in market value, no one could have predicted these fees are taking almost six times what is necessary to

fund the Securities and Exchange Commission. That is simply not reasonable.

Let us oppose any weakening amendments. Let us make sure that we give investor fee relief. Let us do it in the bipartisan way that this bill has been crafted.

□ 1200

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. MEEKS), a member of the committee from the City of New York.

Mr. MEEKS of New York. Mr. Speaker, I stand today in strong support of H.R. 1088, the Investor and Capital Markets Fee Relief Act.

Let me thank the gentleman from Ohio (Chairman OXLEY) for his leadership and the gentleman from New York (Mr. LAFALCE), the ranking member, for his leadership on the committee. As indicated by the last speaker, this is an unusual opportunity with which I disagree with the ranking member, but on this one I do.

This bill will save investors and other market participants $14 billion over the next 10 years. The SEC 31 fees and other fees collected by the SEC were created to fund the SEC without the need for an appropriation from the general treasury. However, over the past two decades, an increasing number of individuals have been participating in the market through 401(k)s, mutual funds, and on-line transactions.

This has caused the SEC to collect $9.2 billion more in fees over the last 10 years than has been needed to fund the agency's operation. As a result, the agency has been put in a position of collecting additional taxes from the public for the general treasury.

H.R. 1088 and its companion bill in the other Chamber will correct this inequity while containing a provision that will allow for fees to be adjusted upward should the SEC face a funding shortfall.

Probably the most important provision for me of this bill is this provision for pay parity for SEC employees with their Treasury and Federal Reserve counterparts. As it stands, the Federal Government is not able to compete with the private sector when it comes to paying our financial regulators what they are worth.

The SEC is at a serious disadvantage when they cannot compete for employees with their government counterparts. The result has been a loss of approximately one-third of their employees over the past 3 years. This creates delays and inefficiencies in carrying out their regulatory duties to safeguard fairness and transparency and all in our capital markets, capital markets which are critical to our position as the world's economic superpower.

I want to thank the sponsor and cosponsor of this bill and encourage all Members of the House to support it.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from the Big Apple, New York, (Mr. CROWLEY), a distinguished member of our committee.

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

Mr. CROWLEY. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for yielding me the time and the gentleman from New York (Mr. LAFALCE) for his diligent work on this bill as well. I rise in strong support, in favor of the Investor and Capital Markets Fees Relief Act. I want to thank the lead sponsors, the gentleman from New York (Mr. FOSSELLA) and the gentlewoman from New York (Mrs. MALONEY), both from New York City, for introducing this legislation.

These SEC charges are user fees and not taxes, and they currently bring in almost six times more than are needed to operate the SEC. It is fair to lower these fees and pass these savings on to the American people.

While these fees appear small, they can have a substantial effect on Americans who purchase and sell stocks or those Americans who open mutual funds or 401(k)s or who are saving for a retirement in a public pension plan.

In fact, these fees, with their excessive collections, have become an onerous form of taxation on investment, hindering investment and saving opportunities for Americans.

Right now, under the current formula, the typical family will pay $1,300 in fees over their lifetime to the SEC. By lowering these fees and applying these same dollars to their investments, like pension funds and 401(k)s, this money could grow to over $11,000 in extra savings.

In my home State of New York, the State's public pension program will pay over $14 million in the next 5 years in SEC fees if Congress does not take action, fees that are not needed for their intended purpose of financing and operating the Securities and Exchange Commission.

That $14 million could be better invested into people's pockets for their retirement. As 50 percent of Americans now own stock and have some say in the actions of the financial markets, this bill will provide relief to Main Street, not just to Wall Street.

Furthermore, this legislation will finally provide full pay equity to the hard working employees at the Securities and Exchange Commission, many of whom live in my district and throughout many of the metropolitan cities in America.

This pay equity is not only fair but is also justified and is also badly needed.

In fact, one SEC office in New York City has witnessed 100 percent turnover. This bill will help adjust the staffing problem at the SEC.

As both the representative for the financial capital of the world and a lifelong resident of Queens, I recognize that investors of yesteryear wore wingtip shoes, but the investors today wear workboots.

I urge my colleagues to support this legislation.

Mr. Speaker, I rise in strong support of the Investor and Capital Markets Fee Relief Act and want to thank the lead sponsors Representatives VITO FOSSELLA and CAROLYN MALONEY for introducing this legislation. These SEC charges are user fees—not taxes—and they currently bring in almost 6 times more than are needed to operate the SEC. It is fair to lower these fees—and pass these savings on to Americans. While these fees appear small, they can have a substantial effect on Americans who purchase and sell stock, or those Americans who own mutual funds or 401(k)'s or who are saving for a retirement in a public pension plan. In fact, these fees, with their excessive collections, have become an onerous form of taxation on investment, hindering investment and savings opportunities for Americans.

Right now, under the current formula, the typical family will pay $1,300 in fees over their lifetime to the SEC. By lowering these fees and applying these same dollars to their investments, like pension funds and 401(k)'s, this money could grow to over $11,000 in extra savings. In home state of New York, the State's public pension program will pay over $13 million in the next 5 years in SEC fees if Congress does not take action—fees that are not needed for their intended purpose of financing the operations of the Securities and Exchange Commission. That $13 million could be better invested into people's pockets for their retirement. As 50 percent of Americans now own stock and have some say in the actions of the financial markets, this bill will provide relief to Main Street not just to Wall Street. Furthermore, this legislation will finally provide full pay equity to the hard working employees at the Securities and Exchange Commission, many of whom live in my district and in major metropolitan areas throughout the United States.

They live in places like San Francisco, Los Angeles, Denver, Salt Lake City, Miami, Atlanta, Chicago, Boston, Philadelphia, Fort Worth and, of course, Washington, D.C. This pay equality is not only fair and justified but also badly needed. Currently, the employees of the SEC—the people making sure the securities industry is working for America—are earning less pay than their counterparts at other federal regulatory agencies of the same field, like the Treasury, the Federal Reserve Bank, and the Office of the Comptroller of the Currency.The result—massive staff turnover at the SEC. In fact, one SEC office in New York City has witnessed 100 percent turn over—this bill will help address this staffing problem at the SEC. As both a representative from the financial capital of the world and a lifelong resident of Queens, I recognize that the investors of yesteryear wore wingtips, but the investors of today wear workboots.

This legislation is for the tens of millions of Americans who invest for their retirement, a child's education or a better life and to the hard working and dedicated employees at the SEC, who deserve equality and fairness in their compensation. I urge my colleagues to support this legislation.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from New York City, New York, (Mr. ENGEL) of the Committee on Energy and Commerce.

Mr. ENGEL. Mr. Speaker, I want to thank the gentleman from New York (Mr. LAFALCE). Even though we disagree on this bill, he is truly one of the great Members of this House.

I rise to voice my strong support for H.R. 1088. I also want to urge my colleagues to support the manager's amendment. I was a cosponsor of this bill in the last Congress when jurisdiction rested with the Committee on Energy and Commerce on which I serve, and I am also a cosponsor this year as well.

This bill is obviously important to my home city, New York City, and important to the rest of the country as well. The need for the underlying bill is just simple mathematics. Current law allows the Federal Government to charge far more in fees than are needed to keep the SEC operating.

Let us be clear. By the end of this fiscal year, the SEC will have collected $22 billion more than it has needed to operate. That is $22 billion that could have stayed with the individual investors to be invested and made available to the capital markets.

We in Congress have done a lot to encourage our constituents to start saving for retirement. Millions of Americans are now investing in the stock market through their 401(k) plans and mutual funds. But some of their savings are actually being drawn off to pay for the fees that have been accumulating at the SEC. We need to fix this now.

These fees drain capital from the private markets, removing it at the very start of the capital-raising process, and divert it to the U.S. Treasury. The transaction fee is assessed when brokerages charge an investor for selling shares, and are generally passed on to the customer as part of the cost of the transaction.

Once this fee is reduced, investors will be able to see the savings immediately. The individual investor, not the broker, is paying the vast bulk of these transaction fees. On the New York Stock Exchange, 87 percent of the section 31 fees are paid by individual investors and 82 percent on the NASDAQ. This is unacceptable.

Also, the manager's amendment adopts the language for pay parity. This is something I have supported for a very long time. We cannot expect the government to attract the talent it needs if we are going to pay these people sometimes half of what they can earn in the same job in the private sector.

So, Mr. Speaker, I urge a yes vote on the manager's amendment and a yes vote on the underlying bill. This is a bill whose time has come.

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

Mr. LAFALCE. Mr. Speaker, how much time do we have remaining?

The SPEAKER pro tempore (Mr. COOKSEY). The gentleman from New York (Mr. LAFALCE) has 8 minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, there are some individuals, for example, labor unions who support this bill, and they support it because of the pay parity provisions, and that is it. They really do not care that much about the various fee reductions. They will support any bill that has pay parity within it. So much for that.

Who are the other ones who are primarily supporting this bill? Well, let us not kid ourselves. It is the securities industry. It is not individual investors. They have not been coming to us. I do not think I have received one phone call or one letter from an individual investor. But I have been inundated by representatives from the various securities industries. They are the ones who are most interested, and they want this reduction. They think it is going to be good for their industry.

Reductions might be in order. The question is how much and what should one do before the reductions. Well, first of all, it seems to me before one does the reductions, one ought to figure out what one needs. We have not done that.

There is not a person in this House who could tell me how much the FBI spends on enforcing our securities laws. There is not a person in this House who can tell me how much the Department of Justice spends on enforcing our securities laws. Most important, no one can tell me how much we should be spending amongst the SEC and the FBI and the Justice Department to fund our securities laws.

Now, that is pretty important. I think that is unbelievably important because we are talking about trillions and trillions of dollars. I mean, you know, we are talking about a relative pittance, we are talking about a relative amount of pennies for individual investors. But when their stock that was 100 all of a sudden goes to 2, there is an enormous problem. That is not a pittance now. That is their life that has been lost. That has been taking place time after time after time for a whole slew of reasons.

At the very minute we are considering this bill, the subcommittee that produced this bill is considering another issue, investor independence. There is an enormous problem there, so enormous that the industry itself yesterday came out with some practices that they said are absolutely imperative to improve the performance of analysts to get their act together. They are a good first step, but they do not go nearly far enough. They are voluntary in nature.

At one time, there was an investigation of thousands of different recommendations, and about 1 percent of those recommendations said sell. Wow. There used to be a ratio of, say, 6 to 1 buy to sell. Lately, that ratio has been revealed to be about 100 to 1.

We have an entirely different type of terminology. The SEC and the FBI and the Justice Department should be investigating this. That is what we should be talking about rather than saying reduce the fees.

Accountants, what are accountants doing? Well, for the most part, accountants are not making very much money doing accounting or auditing. They are doing an audit of a firm, maybe getting $2 million for the audit, and then making $100 million on consulting fees. One has to wonder about the independence and objectivity of that audit.

In the past couple of years, we have seen a tripling of the number of restatements of earnings. Each and every single one of those restated earnings had initially been approved by the accountant auditing firm. That is troubling. That has resulted in the decimation of people's lives. They have loss their savings, maybe not 100 percent, but maybe 50 percent, 75 percent of their savings.

The SEC does not have the present capacity. We have seen a geometric increase in market valuation and no increase in staff. We have seen a geometric increase in IPOs and no increase in staff. Now we are going to have an increase in pay, pay parity, and no increase in staff authorizations. So fewer staff.

I am concerned about that. I am concerned about that because the single greatest reason we had problems, Mr. Speaker, with the S&Ls was inadequate supervision, when the number of examiners, the number of supervisors were cut back. There are a multiplicity of reasons, but that was the single greatest one. We put this cart before the horse. We give the industry what it asks for unwittingly.

All the money that was given, by the way, is coming from general revenues. Certain of the monies, certain of the fees are going to a special fund, and the other fees go to general revenues. The reductions we are making all come from general revenues.

So we are going to have $14 billion less for other things, too, not just SEC, $14 billion less for prescription drugs, for health care for the uninsured, for housing for those who are homeless. One has to wonder where our priorities are. I wonder.

The bill will pass, but it should not pass, not until we ask all these other questions and answer them and deal with all these other problems first.

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

Mr. OXLEY. Mr. Speaker, I am to yield 2 minutes to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for yielding me this time, and certainly to the gentleman from New York (Mr. LAFALCE), my friend and distinguished ranking member, whom I agree with an overwhelming majority of the time, but on this issue here we have a small disagreement.

I rise in support of H.R. 1088. There is no doubt that excessive fees imposed on financial transactions should be reduced.

□ 1215

These fees were originally intended to fund the enforcement activities of

the Securities and Exchange Commission, but the revenue collected by these user fees has come to far surpass the amount needed by the SEC, as a matter of fact, by a factor of five; and this warrants a little fixing, as they say in my part of the country.

To be sure, we have a host of budget priorities exceedingly more important than the issue on the floor today; the quality and delivery of education, prescription drugs for seniors, and, clearly, national defense, as the President struggles to talk about it across the globe. But we should be addressing these priorities by being responsible with general tax revenue, not by overcharging a specific industry on user fees. It is simply unfair to say to investors, sorry, we charged you too much by accident; but we are not going to give the money back because we need it for other purposes.

SEC fees should be reduced to the point where they fully fund the enforcement responsibilities of the Securities and Exchange Commission. And for the SEC to do its job effectively, its employees need to be paid at a competitive rate. Recruitment and retention of key employees are critical for the effective operation of any business or any government agency. However, the SEC's effectiveness will deteriorate if it cannot maintain its institutional memory and continuity of purpose.

We rely on the SEC to protect investors, a mission that is becoming increasingly complex as more and more Americans become investors and our financial system becomes increasingly global. It is time we establish pay parity between SEC employees and the other financial regulators. H.R. 1088 accomplishes both goals, reducing SEC fees and establishing pay parity for SEC employees. It corrects an unfairness caused by unforeseen changes in the market, and for that reason I am proud to support it.

The SPEAKER pro tempore (Mr. COOKSEY). The time of the gentleman from New York (Mr. LAFALCE) has expired; the gentleman from Ohio (Mr. OXLEY) has 8½ minutes remaining.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. PENCE).

Mr. PENCE. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of H.R. 1088.

Mr. Speaker, a rose by any other name is still a rose, and government fees are nothing more than government taxes. When the fees that are designed to be drawn from the system to pay for the costs of that system exceed the cost, they are simply and plainly excessive taxes.

The vision of the gentleman from Ohio (Mr. OXLEY), expressed in H.R. 1088, is the right vision for America. It represents an enormous savings to taxpayers. According to the CBO, this bill will save taxpayers, which are the investors who pay the fees, an estimated $1.5 billion in 2002 alone and $8.9 billion from 2002 to 2006.

It is time, in these uncertain days of instability and unpredictability in our stock market in America, to say yes to those Americans that invest in America; and I rise, therefore, in strong support of 1088 and say let us reduce the fees that are nothing more than taxes.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BENTSEN).

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

Mr. BENTSEN. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of the underlying bill. I think it is a good bill. I think it is the right thing to do.

I will say that I do not think this bill is a panacea. It is not going to affect every taxpayer. It is not going to even out corrections in the stock market. But what it will do is save the investors money, it will save issuers money; and more importantly, I think, in an era of surpluses it will get us back to using fees for what Congress originally intended them to be.

Quite frankly, I would hope that we would follow up in passing this bill in bringing the CARA bill to the floor, which passed overwhelmingly, so we could use the fees from offshore drilling, off the coast of my State of Texas and other States, for coastal conservation, as was intended by President Johnson when the Land and Water Conservation Fund was set up. But this bill is the first step in that right direction, and I think it will also require us to go back and look at our budgets and budget appropriately, which, quite frankly, we have not done.

This is a good bill, I support it, I commend the chairman for bringing it to the floor, and I hope my colleagues will follow suit and pass it.

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

Mr. Speaker, I have no further speakers under general debate; but I just want to acknowledge and thank the subcommittee chair, the gentleman from Louisiana (Mr. BAKER). He is very obviously supportive of the bill, it came out of his subcommittee, but he is chairing a very important hearing, as we speak, on the securities issues regarding stock analysts; and that is why he was unable to be present during the general debate.

Ms. CARSON of Indiana. Mr. Speaker, I rise today in support of the LaFalce Amendment. While I agree with the principle of a reduction in SEC fees, and pay parity for SEC employees, I believe that Mr. LAFALCE'S substitute approaches this issue with a prudence not present in H.R. 1088.

As many of my colleagues have highlighted, agencies such as the Congressional Budget Office have estimated that the fees required to be collected by the SEC from all sources will total over $2.47 billion in fiscal year 2001. This represents more than five times the SEC's fiscal 2001 appropriation of $422.8 million. The current levels of SEC fees that were developed to fund the cost of regulating the securities markets, now seriously exceed the government's cost of regulation to such a degree that they constitute a drag on capital formation, and a special burden on every American investor.

Both H.R. 1088 and the LaFalce substitute address the SEC's staffing crisis by giving the SEC the much-needed ability to match the pay and benefits of other federal banking agencies, and they also recognize that in the wake of the historic Gramm-Leach-Bliley Act of 1999, the ability to compensate SEC staff at the same level as their sister regulators at the banking agencies is more imperative than ever. With pay-parity the SEC can continue to function effectively by remaining an institution that can attract and retain dedicated professionals.

Since 1990, American investors have been overcharged over $9 billion, as the volume of investment has soared since the fees were originally levied in the 1930s. In 1996, Congress enacted reductions in the fee rates, to take effect over 10 years, with the intention that after fiscal year 2007 the amount collected should be approximately equal to the SEC's budget, or the cost to the government of regulating the markets. However, trading volumes and merger activity have soared, and fee receipts are projected to continue to exceed the SEC's budget by a wide margin.

While I support a fresh attempt to bring SEC fees back down to reasonable levels, and believe that a reduction will benefit all of America's investors, I feel that the LaFalce substitute provides American investors with a more prudent and more secure solution to the reduction of SEC fees, and providers the SEC with a stable solution to its current problems.

Mr. CHAMBLISS. Mr. Speaker, I rise today to speak on H.R. 1088, the Investor and Capital Markets Fee Relief Act.

While I commend Representative FOSSELLA, Chairman OXLEY, and Chairman BURTON on their work to reduce fees imposed by the Securities and Exchange Commission, I am bothered by the lack of inclusion of pay parity for the Commodity Futures Trading Commission while a pay parity provision for the SEC is included. The SEC and the CFTC are the only federal financial regulators governed by the pay scales outlined in title V of the United States Code. The CFTC, as does the SEC, experiences difficulties in recruiting and retaining staff. Including provisions solely for the SEC would only further disadvantage the regulatory body over which my Subcommittee has jurisdiction.

The Commodity Futures Trading Commission cannot currently offer salaries competitive with the private sector; the Commission's ability to compete with fellow public financial regulators will be further hindered. Over a 22-month period, the Commission lost over 40 percent of key staff to better paying positions. Of those who left for better pay, over 20 percent went to the Securities and Exchange Commission—where a 10 percent pay differential was offered within title V. One can only expect for this number to increase if the SEC becomes exempt from title V as other federal financial regulators have. Concerns over recruitment and retention of staff will only be augmented due to this provision in the bill.

The Commodity Futures Modernization Act, signed into law December 2000, is now being implemented by both the CFTC and SEC. Six months after the bill has become law is not an appropriate time to disadvantage the agency.

The best lawyers are needed to implement this bill that is critically important to the financial industry.

Although I have supported H.R. 1088 on the merit of fee reduction, I am disappointed that Chairmen OXLEY and BURTON could not grant my request to include equitable treatment to the Commodity Futures Trading Commission regarding pay parity.

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

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LAFALCE

Mr. LAFALCE. Mr. Chairman, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. LAFALCE:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the ''Fairness in Securities Transactions Act''.

(b) FINDINGS.—The Congress finds the following:

(1) The United States capital markets are recognized as the most liquid, efficient, and fair in the world.

(2) The Securities and Exchange Commission has been charged since 1934 with maintaining the integrity of the United States capital markets and with the protection of investors in those markets.

(3) The majority of American households have their savings invested in those securities markets.

(4) A lack of pay parity for the employees of the Securities and Exchange Commission with other United States financial regulators poses a serious threat to the ability of the Commission to recruit and retain the professional staff required to carry out its essential mission.

SEC. 2. IMMEDIATE FEE REDUCTION.

Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended by striking ''1/300 of one percent'' each place it appears and inserting ''1/500 of one percent''.

SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PROVISIONS; ADDITIONAL FEE REDUCTIONS.

(a) POOLING AND ALLOCATION OF COLLECTIONS.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended—

(1) in subsection (b)—

(A) by striking ''Every'' and inserting ''Subject to subsection (i), each''; and

(B) by striking the last sentence;

(2) by striking subsection (c);

(3) in subsection (d)—

(A) by striking paragraphs (2) and (3);

(B) by striking the following:

''(d) OFF-EXCHANGE TRADES OF LAST-SALE-REPORTED SECURITIES.—

''(1) COVERED TRANSACTIONS.—Each national securities''

and inserting the following:

''(c) OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.—Subject to subsection (i), each national securities'';

(C) by inserting ''registered on a national securities exchange or'' after ''security futures products)'';

(D) by striking '', excluding any sales for which a fee is paid under subsection (c)'';

(4) by redesignating subsections (e) through (h) as subsections (d) through (g), respectively;

(5) in subsection (e) (as redesignated by paragraph (4)), by striking ''(b), (c), and (d)'' and inserting ''(b) and (c)''; and

(6) by adding at the end the following new subsection:

''(h) DEPOSIT OF FEES.—

''(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b) and (c) for any fiscal year—

''(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, except that the amount so deposited and credited for fiscal years 2007 through 2011 shall not exceed the target offsetting collection amount for such fiscal year; and

''(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

''(2) GENERAL REVENUES.—Fees collected pursuant to subsections (b) and (c) for fiscal years 2007 through 2011 in excess of the amount deposited and credited as offsetting collections pursuant to paragraph (1) for such fiscal year shall be deposited and credited as general revenue of the Treasury. No fees collected pursuant to such subsections for fiscal years 2002 through 2006, fiscal year 2012, or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.''.

(b) ADDITIONAL REDUCTIONS OF FEES.—

(1) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended by adding after subsection (h) (as added by subsection (a)(6)) the following new subsections:

''(i) RECAPTURE OF PROJECTION WINDFALLS FOR FURTHER RATE REDUCTIONS.—

''(1) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section that are equal to the sum of—

''(A) the target offsetting collection amount for such fiscal year; and

''(B) the target general revenue amount for such fiscal year.

''(2) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for all of such fiscal years to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this section in fiscal year 2012 equal to the target offsetting collection amount for fiscal year 2011.

''(3) LIMITATION ON RATE ADJUSTMENT.—Notwithstanding paragraphs (1) and (2), no adjusted rate established under this subsection for any fiscal year shall exceed the rate that would otherwise be applicable under subsections (b) and (c) for such fiscal year.

''(4) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (1) or (2) and published under subsection (g) shall not be subject to judicial review. Subject to subsections (h)(1)(B) and (j), an adjusted rate prescribed under paragraph (1) shall take effect on the first day of the fiscal year to which such rate applies and an adjusted rate prescribed under paragraph (2) shall take effect on the first day of fiscal year 2012.

''(j) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under subsections (b) and (c) at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted.

''(k) DEFINITIONS.—For purposes of this section:

''(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount is an amount equal to—

''(A) $976,000,000 for fiscal year 2002;

''(B) $1,132,000,000 for fiscal year 2003;

''(C) $1,370,000,000 for fiscal year 2004;

''(D) $1,627,000,000 for fiscal year 2005;

''(E) $1,913,000,000 for fiscal year 2006;

''(F) $1,110,000,000 for fiscal year 2007;

''(G) $1,144,000,000 for fiscal year 2008;

''(H) $1,327,000,000 for fiscal year 2009;

''(I) $1,523,000,000 for fiscal year 2010; and

''(J) $1,745,000,000 for fiscal year 2011.

''(2) TARGET GENERAL REVENUE AMOUNT.—The target general revenue amount is an amount equal to—

''(A) zero for each of the fiscal years 2002 through 2006;

''(B) $463,000,000 for fiscal year 2007;

''(C) $449,000,000 for fiscal year 2008;

''(D) $500,000,000 for fiscal year 2009;

''(E) $551,000,000 for fiscal year 2010; and

''(F) $614,000,000 for fiscal year 2011.

''(3) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, and security futures products) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Congressional Budget Office in making projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and as contained in the projection required to be made in March of the preceding fiscal year.''.

(2) CONFORMING AMENDMENT.—Section 31(g) of such Act is amended by inserting before the period at the end the following: ''not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies''.

SEC. 4. COMPARABILITY PROVISIONS.

(a) COMMISSION DEMONSTRATION PROJECT.—Subpart C of part III of title 5, United States Code, is amended by adding at the end the following:

''CHAPTER 48—AGENCY PERSONNEL DEMONSTRATION PROJECT

''Sec.

''4801. Nonapplicability of chapter 47.

''4802. Securities and Exchange Commission.

''§ 4801. Nonapplicability of chapter 47.

''Chapter 47 shall not apply to this chapter.

''§ 4802. Securities and Exchange Commission

''(a) In this section, the term 'Commission' means the Securities and Exchange Commission.

''(b) The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out its functions under the securities laws as defined under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

''(c) Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to the provisions of chapter 51 or subchapter III of chapter 53.

''(d) The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are then being provided by any agency referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989

(12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and benefits for employees, the Commission shall consult with, and seek to maintain comparability with, the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).

''(e) The Commission shall consult with the Office of Personnel Management in the implementation of this section.

''(f) This section shall be administered consistent with merit system principles.''.

(b) EMPLOYEES REPRESENTED BY LABOR ORGANIZATIONS.—To the extent that any employee of the Securities and Exchange Commission is represented by a labor organization with exclusive recognition in accordance with chapter 71 of title 5, United States Code, no reduction in base pay of such employee shall be made by reason of enactment of this section (including the amendments made by this section).

(c) IMPLEMENTATION PLAN AND REPORT.—

(1) IMPLEMENTATION PLAN.—

(A) IN GENERAL.—The Securities and Exchange Commission shall develop a plan to implement section 4802 of title 5, United States Code, as added by this section.

(B) INCLUSION IN ANNUAL PERFORMANCE PLAN AND REPORT.—The Securities and Exchange Commission shall include—

(i) the plan developed under this paragraph in the annual program performance plan submitted under section 1115 of title 31, United States Code; and

(ii) the effects of implementing the plan developed under this paragraph in the annual program performance report submitted under section 1116 of title 31, United States Code.

(2) IMPLEMENTATION REPORT.—

(A) IN GENERAL.—Before implementing the plan developed under paragraph (1), the Securities and Exchange Commission shall submit a report to the Committee on Governmental Affairs and the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Government Reform and the Committee on Financial Services of the House of Representatives, and the Office of Personnel Management on the details of the plan.

(B) CONTENT.—The report under this paragraph shall include—

(i) evidence and supporting documentation justifying the plan; and

(ii) budgeting projections on costs and benefits resulting from the plan.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE 5, UNITED STATES CODE.—

(A) The table of chapters for part III of title 5, United States Code, is amended by adding at the end of subpart C the following:

''48. Agency Personnel Demonstration Project ..... 4801.''.

(B) Section 3132(a)(1) of title 5, United States Code, is amended—

(i) in subparagraph (C), by striking ''or'' after the semicolon;

(ii) in subparagraph (D), by inserting ''or'' after the semicolon; and

(iii) by adding at the end the following:

''(E) the Securities and Exchange Commission;''.

(C) Section 5373(a) of title 5, United States Code, is amended—

(i) in paragraph (2), by striking ''or'' after the semicolon;

(ii) in paragraph (3), by striking the period and inserting ''; or''; and

(iii) by adding at the end the following:

''(4) section 4802.''.

(2) AMENDMENT TO SECURITIES EXCHANGE ACT OF 1934.—Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

''(1) APPOINTMENT AND COMPENSATION.—The Commission shall appoint and compensate officers, attorneys, economists, examiners, and other employees in accordance with section 4802 of title 5, United States Code.

''(2) REPORTING OF INFORMATION.—In establishing and adjusting schedules of compensation and benefits for officers, attorneys, economists, examiners, and other employees of the Commission under applicable provisions of law, the Commission shall inform the heads of the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) and Congress of such compensation and benefits and shall seek to maintain comparability with such agencies regarding compensation and benefits.''.

(3) AMENDMENT TO FIRREA OF 1989.—Section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) is amended by striking ''the Thrift Depositor Protection Oversight Board of the Resolution Trust Corporation''.

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on October 1, 2001.

The SPEAKER pro tempore. Pursuant to House Resolution 161, the gentleman from New York (Mr. LAFALCE) and a Member opposed each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. LAFALCE)

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

Mr. Speaker, I do not believe the debate should take that long. I offer this amendment on behalf of the gentleman from Pennsylvania (Mr. KANJORSKI), the gentleman from Massachusetts (Mr. FRANK), the gentlewoman from California (Ms. WATERS), the gentleman from Michigan (Mr. DINGELL), the gentleman from New York (Mr. TOWNS), and the gentleman from Massachusetts (Mr. MARKEY).

I have stated before what this amendment in the nature of a substitute does. It has basically the same pay-parity provisions that the underlying bill does; but with respect to the reduction of fees, it focuses in on transaction fees, section 31 fees, and reduces them not by the amount that the main bill does but by approximately half that amount, by approximately $5 billion rather than by about $10 billion over a 10-year period. It does not reduce either registration fees or tender-offer or merger fees.

That is the basic difference, and I would hope that Members would support it.

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

The SPEAKER pro tempore. Is the gentleman from Ohio (Mr. OXLEY) opposed to the amendment?

Mr. OXLEY. I am indeed.

The SPEAKER pro tempore. The gentleman is recognized for 30 minutes.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume, and indeed I rise in opposition to the amendment.

Let me say to my friend from New York that we have had a good debate on this issue, and it has been a bipartisan debate, which has been quite enlightening. My big concern is that there is some misperception that somehow these SEC fees should be used for something other than funding the Securities and Exchange Commission, that is, the FBI and the Justice Department. Let me remind the Members that when Congress passed the Capital Markets bill, the NSMIA bill, back in 1996, under the leadership of our good friend Jack Fields, the effort at that time was to create a user fee. Those folks who would use the SEC to police the markets and to make certain that things ran smoothly, that those fees would be used to fund the SEC. A genuine user tax. A user tax like when we buy gasoline at the pump. That tax goes into roads and bridges. And that is what a user fee really is.

The user fee in this case has become so large and has grown so exponentially, as a matter of fact I have a chart which shows the SEC funding versus fee collections, and we can see the SEC appropriations down here and the total SEC fees have gone up exponentially, particularly during the bull market; and as a result those fees have become excessive and have in fact funded this SEC six times over.

Now, my friend from New York, who offered the substitute amendment, if he were sincere about taking some of those revenues and using them for something other than the SEC would have directed those fees to the FBI and to the Justice Department, and maybe even to the Metropolitan Police Department of the District of Columbia. But that is not what the SEC fees were all about. That is what the Congress decided back in 1996, and we were so successful that they have overextended the SEC budget by six times.

So what we are saying is this is an overtax. It is a tax on investment, it is a tax on savings, it is a tax on job creation and ought not maintain. So that is where we are today. So while my friend wants to cut some of the fees, but not all of the fees, our argument is just the opposite, that we only need these fees to run the SEC.

Later on this year we will be debating and discussing the reauthorization for the Securities and Exchange Commission. It may very well be, I will say to my friend from New York, that the SEC will come in and make a case for increasing their authorization. And if indeed they do, I will join my friend from New York in authorizing more funds so that the SEC can continue to do its good work. But that will come later, and that is a different issue in that regard.

So this is an amendment that needs to be defeated. We need to return those excess fees back to where they belong, and that is the American investor; and I would ask that the amendment be defeated.

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

Mr. LAFALCE. Mr. Speaker, I yield myself 2 minutes. First of all, the distinguished chairman says that we are going to reduce the fees now and then later on we are going to consider the needs of the SEC; that later on, if we feel that there are greater needs, then we will increase their authorization. I think he has just proven that we are putting the cart before the horse. We ought to consider what the needs of the SEC are first before we engage in the fee reduction.

Secondly, he says that these fees are only for the SEC. But the fact is the law does not say that. The law does not use the word SEC. The law uses the word government. It is the resources of government that are necessary for the enforcement of our securities law that are to be funded by these fees. And that includes, at the very least, the FBI and the Justice Department.

Now, we wanted to clarify that. We offered an amendment in subcommittee to clarify that. It was argued against. We offered an amendment in the full committee. We attempted to offer an amendment on the floor of the House to clarify that these fees should be used by the totality of government law enforcement agencies with respect to our securities' laws. The Republican majority gave us a gag rule on that issue. They refused to allow us to say that the fees raised should be used for the totality of enforcement, not just SEC, but FBI and the Justice Department.

So to come in and make the argument that all these fees are to be used for SEC when the world knows we need more than the SEC if we are to have effective enforcement, and we are saying, yes, we need these fees for the other governmental agencies too for effective enforcement, I think is misleading and erroneous.

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

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume, before recognizing my next colleague, to respond to my friend from New York, if I may.

The gentleman had the opportunity to put in his substitute anything he wanted, which would have included, of course, the provisions that he mentioned.

□ 1230

Mr. Speaker, I am not making any preconceived ideas about the needs for the SEC. That will obviously come in the necessary regular order as it relates to the SEC and their funding and the reauthorization. But to say that these fees somehow should be used for law enforcement other than the SEC strikes me as simply not correct. The gentleman could simply introduce an amendment to the proper appropriations bills that would increase the funding for the FBI and the Department of Justice directly related to the SEC.

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

Mr. OXLEY. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Speaker, the gentleman is not denying that an amendment was offered by the gentleman from Pennsylvania (Mr. KANJORSKI) that the gentleman from Ohio strongly opposed? The gentleman is not denying that the gentleman from Pennsylvania (Mr. KANJORSKI) joined forces before the Committee on Rules in order to seek the permission of the Rules Committee to offer an amendment on the floor of the House and that the gentleman from Ohio opposed it and that the majority of the Rules Committee opposed its being offered on the floor, does the gentleman?

Mr. OXLEY. Of course not. I am simply saying those amendments were defeated handily in the subcommittee and committee, and the gentleman from New York had the opportunity to put that language in his substitute.

Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. FOSSELLA).

(Mr. FOSSELLA asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. FOSSELLA. Mr. Speaker, I rise to oppose the amendment in the nature of a substitute. As someone who likes to look at the positive, I commend the gentleman from New York for reducing transaction fees; but not enough. That is the problem with the amendment. It does not go far enough.

If we go back to the original intent here, what Congress promised the American people, and my colleagues have heard it here a number of times, we need enough money to fund the SEC, to allow the SEC to do its job. Above and beyond that, to the tune of an excess of $2 billion per year, let us send that money back to the investors. If we believe that we want to make more American investors, we should reduce the fee, as in the underlying bill. If we want to make more people participants in IRAs, support the underlying bill. If we want to make more people participants in 401(k)s or pension funds, then vote for the underlying bill and oppose this amendment.

Mr. Speaker, the teachers' pension fund in New York alone paid $305,000 in excess fees. Why should we, Congress, force the teachers' pension fund of New York to pay $305,000 per year? Where does that money come from? It comes from their members. Think of the thousands of funds across the country.

As far as those who are concerned about the budget of the SEC, and it is a reasonable concern, I ask unanimous consent that this letter dated March 15, 2001 be entered into the RECORD. "I am pleased to write in enthusiastic support of the proposed Investor and Capital Markets Fee Relief Act. This bill, as you described it today, will provide meaningful securities fee relief to investors, market participants, and public companies, while assuring full and stable long-term funding of the Commission." This was signed by the acting chairman of the SEC. Obviously there is a certain and reasonable level of comfort that the SEC is going to get the funding it needs to do its job.

Mr. Speaker, the underlying bill is what provides investors across America the real purpose and intent of what it was all about. Congress broke its word for awhile. Now it is fulfilling its promise and giving Americans more incentives to invest.

The letter previously referred to is as follows:

U.S. SECURITIES
AND EXCHANGE COMMISSION,
Washington, DC, March 15, 2001.

Hon. VITO J. FOSSELLA,
Committee on Financial Services, House of Representatives, Longworth House Office Building, Washington, DC.

DEAR CONGRESSMAN FOSSELLA: I am pleased to write in enthusiastic support of the proposed "Investor and Capital Markets Fee Relief Act." This bill, as you described it today, will provide meaningful securities fee relief to investors, market participants, and public companies, while assuring full and stable long-term funding of the Commission. I commend you and Chairman Oxley, Subcommittee Chairman Baker, Representatives Sue Kelly, Felix Grucci, Carolyn Maloney, and Joseph Crowley, as well as the other cosponsors and your staff, for crafting such a considered approach to this technically complex and multifaceted issue.

The pay parity provision is particularly important to the Commission's ability to attract and retain qualified staff. The proposed bill, together with commensurate authorization and appropriation, will help address this issue.

Again, I express my sincere thanks for your leadership on these issues. Please let me know if there is anything my staff or I can do to assist you as this process moves forward.

Sincerely,

LAURA S. UNGER,
Acting Chairman.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in opposition to the substitute, but not in opposition to the substitute's sponsors. The gentleman from New York (Mr. LAFALCE), the ranking member, and the gentleman from Pennsylvania (Mr. KANJORSKI), the subcommittee chairman; and I disagree on the extent to which SEC fees should be reduced.

Mr. Speaker, I want to make sure that all of my colleagues are aware of the tremendous hard work that they have done in ensuring that the pay parity provisions for SEC employees were included in the process. There are no two Members who have been more committed to making sure that the professionals who regulate our capital markets are the most qualified in the world than the gentleman from New York (Mr. LAFALCE) and the gentleman from Pennsylvania (Mr. KANJORSKI).

Mr. Speaker, while their substitute includes the pay parity provisions that are in the underlying bill, I will oppose it because I believe SEC fee reduction should be more expansive than proposed. I believe cutting section 31 fees,

merger and transaction fees, and fees on new issues is the fairest way to provide fee relief.

Under the formula in the underlying bill, all users of the capital markets will be given fee relief, avoiding a situation where one group of users of the capital market overly subsidizes the cost of market regulation for others.

Regardless of our disagreement on this issue, the gentleman from New York has been a leader on pay parity; and I praise his efforts and his principled leadership on the Committee on Financial Services.

The substitute proposal, while well intended, does not significantly reform the current fee structure. The underlying bill has strong union support, industry support, and agency support. It is incredibly rare to have all three parties supporting a bill, yet the underlying bill has their support.

Mr. Speaker, I urge support for the underlying bill, and I urge my colleagues to vote against the substitute.

Mr. OXLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from New York (Mr. GRUCCI), a valuable member of our committee.

Mr. GRUCCI. Mr. Speaker, I rise in opposition to the LaFalce, Kanjorski, Frank, Dingell, Markey, Towns, Waters substitute amendment, and in favor of H.R. 1088. This substitute amendment clearly does not address the excessive and unnecessary transaction fees that are imposed on investors and market participants on a daily basis.

Today nearly half of the U.S. households, 57 percent of which have an annual household income of less than $75,000, invest in mutual funds. Between 1998 and 2000, the largest increase of mutual fund ownerships has been strongest among households with annual incomes of less than $35,000. Approximately 88 million Americans own stock directly or indirectly through a pension fund, a 401(k), or a mutual fund. The average American investor is no longer a Wall Street tycoon. The average American investor is now your neighbor.

I believe we have a responsibility here in Congress to encourage hardworking American families to invest in their futures and in those of their children rather than waste money from their savings on unnecessary transaction fees.

A good example of this unnecessary waste is the New York State Teachers' Pension Fund. The fund was overcharged $305,000 in the year 2000; and over a 10-year span, this could amount to a loss of $3.6 million.

Now I understand that this fee structure was originally created in the 1930s in order to provide the SEC with an appropriate operating budget. However, with the growth in the investment community, these fees are no longer necessary. The substitute amendment does not address the excessive fees to the extent that we are able to and should not be approved.

Mr. Speaker, I am sure my colleagues will agree that it is simply common sense for Congress to return hard-earned dollars back to consumers, families, and investors. The savings achieved through the elimination of these securities transaction fees will be better spent by individual Americans on education, retirement, and reinvestment opportunities.

Mr. Speaker, I ask my colleagues to join me in voting against the substitute amendment and in favor of H.R. 1088.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Speaker, I rise in strong support of the underlying bill and in opposition to the Democratic substitute.

The difference between the majority's bill and the Democratic substitute is simple. The majority's bill lowers all fees that all investors pay to the SEC, approximately to the point where the fees collected would about cover the cost of operating the SEC.

The Democratic alternative lowers some fees, but much less, leaving American savers and investors forced to continue to overpay fees to pay this overcharge so it can serve as a cash cow for all of government.

Our bill provides $14 billion over 10 years in fee reduction because the SEC is poised otherwise to charge $14 billion in excess fees. The Democratic alternative provides less than $5 billion in fee reduction. And one of the things that we have heard this morning is a criticism of our bill because it takes into account only the direct costs of the SEC and not all of the other costs that might be associated with some kind of securities enforcement.

Mr. Speaker, I have to say that it does not appear that that provision is the intent of the substitute amendment. I would cite a ''Dear Colleague'' that was circulated by the supporters of the substitute in which they argued that excess securities fees should be spent on elderly housing programs, Head Start, medical research, and transportation infrastructure. In other words, basically all of government. The idea embodied in the Democratic alternative is that this should continue to serve as a cash cow for the rest of government.

If the minority wants more money for all of these spending programs to grow government, to grow programs, to increase spending, I think it should be paid in a more straightforward way, in a way in which all Americans are more equal in sharing in the burden, and it should not be hidden in fees charged to investors.

Mr. Speaker, it is not fair to do it that way. It is not productive to our capital markets to do it that way. I urge my colleagues to reject the Democratic substitute amendment, and vote for the underlying bill which would be a huge savings for America's savers and investors.

Mr. LAFALCE. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. KANJORSKI), a distinguished ranking member of the Subcommittee on Capital Markets.

Mr. KANJORSKI. Mr. Speaker, it is a very interesting question that the substitute suggests that we fund all other elements of government. Why do we not look at the special funds that are being collected that are not being used for the purposes that they are being collected for?

I think some of my colleagues on the Committee on Transportation and Infrastructure would say we have airport funds, taxes that are being charged and levied against every traveler at every airport with funds of billions of dollars that are not being used to build airports and to solve the transportation problem, but are going to fund other areas of the Federal Government.

I can tell you a perfect example. I come from an area that involves coal mining. We have the abandoned mine land charge on coal companies in this country with more than $1.5 billion in that fund, and this Congress has not allocated those funds for 7 or 8 years. We are not even putting out the interest on those funds to correct a grievous error on the environment of air and water pollution in this country.

The idea that suddenly within 5–6 months since the beginning of the 107th Congress, this bill is here on the floor already, moved through the committees, I think even paved in the United States Senate. There is no need to conference this bill. It has been preconferenced.

I ask the question: Why? Why can the majority party legislate in 165 days from its beginning this buildup in the securities area of taxation and fundraising, and they cannot attend to the other problems. They cannot attend to the fact that we have needs in hospitals from the Medicare fund; and needs of education and educational funds to raise. Nobody ever looks at that.

I just have to believe, and I do not like to believe it, but when the telephone rings and our Congress listens, there seems to be direct and very loud communications from Wall Street.

I do not like to say that because I just came from a hearing, otherwise I would have spent my whole day arguing this bill. But over there we were trying to discover whether we have independent analysts. Millions of investors lose a portion or all of their life-savings with bad advice, with partial advice.

Mr. Speaker, have we said any of these funds should be made available to establish standards to provide ethical conduct and enforcement of those standards to see that investors in America sometimes do not lose trillions of their dollars? I raised the question when one of the witnesses talked about every investor on Wall Street should not rely on an analyst, he should read the prospectus, the balance statement of the firm and the profit and loss statement.

I asked the question: Why is the majority party heading down this railroad so quickly? The other side of the aisle wants to even privatize Social Security and allow 130 million Americans to take a percentage of their Social Security and invest it in the stock market, all on the advice of analysts that to some indication have not been forthright with even the more sophisticated investors.

□ 1245

I asked the question: What are you going to do when all of these people come into the market? We know 23 percent of the American people are functionally illiterate. We are not going to have a program and we are not going to have the funds to make sure there are protections for this, whether they are done by private industry or government. I prefer private industry to do it.

What you are doing right now is taking the funding mechanism away for any further protection and information systems that may have to be established, intrastate, interstate on stock security transactions, on payments back on fraud cases from the protection fund. You are taking all this money away. In the future if we discover we need more FBI investigations, more prosecutions, more studies or more information, we are going to come back and take it out of the pot of the average taxpayer, Joe Blow, who has to go to work every day, maybe makes a little bit above minimum wage, and he is going to pick up the tab for the Wall Street investor.

I think it is wrong. I do not think this legislation is wrong. I think the issue of not using user fees for purposes they are not intended to be used is a correct issue. I stand by it. I just say it is premature. Why did you pick the securities industry first? Why did you not think of American transportation? Why did you not think of American medical and health needs and use those funds first? I urge my colleagues to support the substitute and oppose the bill.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. JONES), a member of the committee.

Mr. JONES of North Carolina. Mr. Speaker, I rise today in opposition to the proposed substitute to H.R. 1088. I believe the underlying bill that the gentleman from Ohio (Mr. OXLEY) and my colleagues from both sides of the fence worked so hard to bring to the floor is superior.

Congress created a simple fee structure so that the SEC would be paid directly by the regulated securities community rather than the general taxpayer. The Securities and Exchange Commission accomplished this by imposing user fees on investors. The problem that we are faced with today results from the fact that the revenue we collect from these securities fees total over six times the amount of the SEC's annual budget. The excess fees go into the general revenue fund and are used to fund programs that have nothing to do with the original congressional intent of only covering the operating costs of the SEC.

The proposed substitute does not fix the problem. Mr. Speaker, the underlying bill before us today, H.R. 1088, would return $14 billion over the next 10 years to American investors and those seeking access to our securities markets. For this reason, both the Americans for Tax Reform and National Taxpayers Union strongly endorse passage of H.R. 1088.

Mr. LAFALCE. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. I thank the ranking member for yielding me this time.

Mr. Speaker, the Committee on Financial Services, on which we serve, has jurisdiction over at least two sets of fees. When we were doing our budget reviews, they both came up. One set of fees are the fees that go to the SEC, which we are substantially lowering. The other set of fees are the fees that go to the Federal Housing Administration, the FHA. The Bush administration has announced that they are going to raise those.

Now, I hope that when some of us try to contest this fee raising, that all of this fervor against stealth taxes and excessive fees will not have totally dissipated, although I would not want to bet on it, even if betting were legal, which it is of course not. In fact, the FHA is a net contributor to the Federal treasury. We had a hearing called by the chair of the Subcommittee on Housing, the gentleman from New Jersey, in which all of the Federal auditing agencies made it clear, the FHA is in very good shape.

So how do we respond to the FHA, which has the mandate of helping housing, helping particularly nonrich people, because there is a limit on how much house you can get under the FHA, so the FHA is a middle-class and moderate income housing program. The fees on multiple family housing, a commodity in very short supply in much of this country, will be raised. Why will they be raised? Apparently in part so we can reduce the fees on the SEC, because we are talking about a fungible part of money.

So the people who are engaged in stock trading, a perfectly reasonable and honorable occupation but not one I had previously thought as being in the ranks of the oppressed, will get relief. Most of the people involved have already gotten relief through other tax measures, but the FHA fees will go up. If Members wonder whether or not I am violating the rule of germaneness, the answer is no, because these are both fee structures within the jurisdiction of the Committee on Financial Services. Indeed, under the instructions we get from the budget authority, raising one and lowering the other, these are offsets.

I agree there is a case for lowering the SEC fees. But by lowering them to this extent, we are also making multiple family housing for moderate- and middle-income people more expensive. That is not my choice, that is the choice of this administration, because there is a proposal pending from Secretary Martinez to raise the FHA fees. Under our budget structure, there is an offset here.

Now, it is not simply in this particular instance that I think we err by raising the fees for people of moderate income who are seeking multiple family housing. By the way, the administration has asked us to enhance the ability of the FHA to finance units in some parts of the country. That is their major housing production program right now, the FHA multiple family housing area, and they want to raise the fees on it. On the other hand, they want to reduce, more than I think is justified, the fees on the SEC.

It is not simply this particular instance that troubles me. We have an economy which has been doing better during this past decade than any economy in the history of the world. I am delighted with that, as we all are. We are all working to keep that going. It has produced wealth in amounts beyond what people thought possible. That is a very good thing. But we also know that there have been inequities in the distribution of it.

And what has this Congress consistently done? We have seen inequity and decided to make it worse. We have seen a gap and tried to widen it. That is what we do today. To the people who are in the financial industry and the stock part of the economy where things have over the decade done well, although there is obviously a slight drop now, we give them more benefits. In the area of housing, under the FHA, where we have a national crisis and many people, working people, middle-income people in great distress, this administration wants to raise the fees.

I would hope that we could pass this amendment, not reduce the fees as much, and then turn to the legislative measures that would be necessary to prevent the steep increase in FHA fees that we may be facing. So I am grateful that we have had a chance, because we like to talk about priorities. Here is the chance. You have two sets of fees. As we speak, the administration is preparing to raise FHA fees and we could reduce the necessity for that. It would take some legislative changes but it is all a fungible part of money, if we were to not lower these fees as much.

For people who say, well, why should one subsidize the other, the fact is neither one is being subsidized if you look at the fee structure the way we do it. The FHA fees in fact are in surplus. So the FHA fees will be increased so they can make a bigger contribution to the tax cut and the SEC fees will be substantially reduced, further exacerbating inequality. The Congress should not try to get rid of all inequality. It

could not if it wanted to. But for Congress to take a set of actions, Congress and the administration together, that make this kind of inequity and maldistribution worse rather than better is absolutely the wrong way to go.

Mr. OXLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from Arizona (Mr. SHADEGG), a member of our committee.

Mr. SHADEGG. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 1088. I want to compliment the gentleman from Ohio (Mr. OXLEY), the chairman of our committee, and the gentleman from New York (Mr. FOSSELLA), the author of this bill, for bringing forward such a commonsense piece of legislation.

The reality of this bill is very simple and very straightforward. American investors, and that is over half of all families in America, are being overcharged. It is simple, it is straightforward, it is that basic. They are being overcharged by $14 billion over the next 10 years. That is indeed an inequity and it is a maldistribution.

This commonsense bill, brought to the floor after a thoughtful legislative process, with hearings, fixes that inequity. And so I rise in strong support of the bill but also in strong opposition to the amendment.

The authors of the amendment are well intended. The substitute, they say they want to go not quite so far. What they would do is overcharge America's investors by $9.2 billion. I also want to compliment them on being very honest and straightforward. They are not doing this in a deceptive fashion. They say point blank, yes, we know it raises more money than we need, we know it raises $9 billion more than we need, but we ought to spend that money on, as they propose, elderly housing programs, CDBG blocks, Head Start, medical research, transportation and infrastructure. They admit it raises more than we need and we put that burden on investors, and they say spend it on general funds. I am glad there is bipartisan support for not doing that to America's investors. We have heard Democrats rise on this floor today and support the majority bill and oppose the substitute.

I just want to make the point in opposition to the remarks that were just made. It was just pointed out by my colleague, an argument was made that what is being done wrong here is that, and the argument was made, that we are raising the cost and making more expensive multiple family housing by lowering this excessive fee which collects more than is needed for what the fee is supposed to do. Nothing could be further from the truth. The inequity in maldistribution is that we are imposing this fee on investors, not on others.

If we want to subsidize housing, multiple housing, then let us do so honestly. Let us tell the American people we are doing it. I simply think it is fair to my colleagues and the American people to understand. If we want to subsidize multiple family housing, so be it, but do not hide it in this bill.

We owe the American people honesty. This bill is honest. We owe American investors, more than half of all American families, to charge only what the fee is supposed to collect. I compliment the sponsors of the bill and I urge my colleagues to support H.R. 1088.

Mr. LAFALCE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore (Mr. COOKSEY). The Chair is unable to entertain the gentleman's point of order until the Chair has put the question on the amendment.

Mr. LAFALCE. Would the Chair restate that position? I thought that I would be able at any point that I was recognized to get up and make a point of order that a quorum was not present.

The SPEAKER pro tempore. Under the rules of the House, the Chair may not recognize the absence of a quorum during debate. The only time the point of order may be entertained is when the Chair puts the question to the House on the gentleman's amendment.

Mr. LAFALCE. So you could debate within the House of Representatives without a quorum?

The SPEAKER pro tempore. A point of order of no quorum is not permitted during the debate, no.

Mr. LAFALCE. Mr. Speaker, I move to adjourn.

The SPEAKER pro tempore. The Chair is unable to recognize the motion.

The previous question is ordered under the rule without such intervening motion.

Mr. OXLEY. Point of inquiry. Does the request have to be in writing?

The SPEAKER pro tempore. On demand, the motion needs to be in writing.

Mr. OXLEY. The gentleman from New York was recognized for what particular purpose?

The SPEAKER pro tempore. With the previous question having been ordered to passage without intervening motion pending is the debate on the amendment controlled by the gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE). Under the special rule, no other motions are permissible.

Mr. LAFALCE. A motion to adjourn is not permissible at this time?

The SPEAKER pro tempore. The gentleman is correct.

PARLIAMENTARY INQUIRY

Mr. LAFALCE. Mr. Speaker, I have a parliamentary inquiry. When is a motion to adjourn permissible?

The SPEAKER pro tempore. With the previous question being ordered to final passage without intervening motion under the rule that motion can be entertained after the question of passage of the bill.

Mr. LAFALCE. Not before passage of the bill?

The SPEAKER pro tempore. That is the ruling of the Chair.

Mr. LAFALCE. I will not appeal the ruling of the Chair. But attempting to expedite this, and I have made an offer that we could proceed expeditiously without vote on the substitute, without offering a motion to recommit, without vote on final passage, and I have been rebuffed. The reason I have been making these motions is because I have been rebuffed in my attempt to expedite the consideration of the House.

□ 1300

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Richmond, Virginia (Mr. CANTOR), a distinguished member of our committee.

Mr. CANTOR. Mr. Speaker, I rise today in opposition to the proposed substitute and in strong favor of the underlying bill.

I would like to commend the gentleman from Ohio (Mr. OXLEY) for his leadership on the bill and the gentleman from New York (Mr. FOSSELLA) for bringing this bill forward.

I think it has been said before, the basic notion behind this bill is a fee for service and, in this case, Depression-era Federal securities laws imposed various user fees on investors and market participants so that the regulated community paid for the costs of their regulation. Here we have a case where the fee has been far in excess of the need for operating the regulatory agency, and ultimately the fee has turned into a back-door hidden tax increase for all Americans who choose to invest their hard-earned money in the capital markets.

The impact of these provisions can be felt by every American at every income level as an estimated 80 million Americans own stocks directly or indirectly through mutual funds, pension funds or college savings plans.

These investment vehicles provide access to wealth, security and retirement and the ability for families to pay for a college education. Fees for registration, merger, tender offers and transactions all add costs to these beneficial programs.

The tax levied upon the American people by securities fees are detrimental to the creation of capital, thereby impeding job creation, economic opportunity and growth. Providing immediate relief from these excessive fees will benefit all investors of all types at every income level, including individuals and small businesses, providing a much needed boost to our slowing national economy.

American investors suffer as these costs are consistently passed on to individuals while excess fee revenues are deposited into the U.S. Treasury to be spent on unrelated government programs.

Mr. Speaker, the situation is unfair and the time has come to correct this injustice. The proposed substitute does not represent a fair return of this hidden tax.

Mr. Speaker, I again express my strong support for the underlying bill and its attempt to provide truth in fees and transparency for all Americans, and I urge defeat of the substitute and adoption of the underlying bill.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COX).

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

Mr. COX. Mr. Speaker, I rise in strong support of the Investor and Capital Markets Fee Relief Act and in opposition to the substitute offered by the gentleman from New York (Mr. LAFALCE). Markets do not pay taxes; people do.

So we are just today attempting to relieve taxpayers, people, savers, retirees, teachers, cops, moms and pops, retirees of a burden on savings and investment, and a significant one. We are doing so only to the extent that it is fiscally reasonable. The fees, the taxes that we are talking about here are meant to fund the SEC but over the past many years, and we have been studying this issue for 8 years, we have seen that the fees are running far in excess of what it requires to operate the SEC.

There is a big tax overcharge and it runs into billions of dollars. If we were to adopt the substitute, then the tax overcharge would run to well over $2 billion still. As a result, it is very, very important to reject the substitute and to pass the underlying legislation.

The bill that we are considering today will repeal the penalty tax on savings and investment that is represented by these enormous fees. The substitute would maintain the status quo. It will not stop the tax overcharge. It will not deliver the tax relief that American savers and investors deserve. It would allow the SEC to continue to impose fees far in excess of what the agency needs to fund its operations.

The substitute is really a great way to stick it to investors and savers. In California, our teachers' retirement, our CALPERS retirement fund, has paid in overcharges, in just the year 2000, $2.6 million. That is for those worthy people's retirement savings. Why should we take it away from them if it is not necessary for the SEC to fund its operations?

This is a vitally needed bill. It is very, very good for the country. It is good for savers, and I urge that we reject the substitute.

Mr. Speaker, I rise in strong support of the Investor and Capital Markets Fee Relief Act (H.R. 1088), and in opposition to the substitute amendment offered by the gentleman from New York [Mr. LAFALCE].

Markets don't pay taxes—people do.

Before I begin my formal remarks, I'd like to take a moment to commend the chairman of the Financial Services Committee, the distinguished gentleman from Ohio [Mr. OXLEY], as well as the Chairman of the Capital Markets Subcommittee, the gentleman from Louisiana [Mr. BAKER], for their hard work on this legislation, and for making passage of this bill a top priority for the Committee.

It's entirely appropriate that this legislation follows so closely on the heels of the recently-enacted tax bill, as the legislation before us today provides significant additional tax relief for American investors by reducing the excessive fees now imposed on the sale of Securities: Stocks you own directly, or trust your company retirement plan, or union pension fund, to own in your name. If you're a teacher or peace officer, it's the investments that the trustees of your retirement plan makes.

Today, investors and other participants in U.S. capital markets are being massively overcharged by the Securities and Exchange Commission for the services it provides. When Congress wrote the Securities Act of 1933 and the Exchange Act of 1934, we authorized the SEC to impose certain fees to help offset the agency's costs of regulating the securities marketplace. But in recent years the government has been imposing fees on investors and other participants in the securities market that are far beyond what is needed to pay for the SEC's budget.

Last year alone, investors paid $2.3 billion in fees to the SEC—six times the amount needed to pay for the agency's $380 million budget.

Over the last decade, the SEC has collected $9.2 billion in excessive fees.

These so-called ''fees'' are a direct tax on savings and investment. All the excess taxes not needed by the SEC are not returned to retirees, or young workers. Instead they're sent along to the U.S. Treasury, to add to our record-breaking tax surplus.

The bill we are considering today, H.R. 1088, will repeal this penalty tax on savings and investment. H.R. 1088 cuts the rate of every major SEC fee.

The substitute, on the other hand, would maintain the status quo. It won't stop the tax overcharge. It won't deliver the tax relief that American seniors and investors deserve. It would allow the SEC to continue to impose fees far in excess of what the agency needs to fund its operations.

The weaknesses of the substitute amendment are evident:

One third the total tax relief. The substitute amendment guarantees that government will continue to collect overcharges of nearly $10 billion. Of course, none of these extra taxes would go to benefit the SEC whose budget is already fully funded under H.R. 1088. Instead, the overcharges will be passed along to the U.S. Treasury to add to the record-high tax surplus.

Limited transaction fee relief reduces so-called Section 31 fees, which are imposed on the sale of securities. In 1996, these fees raised $134 million; but in 2000, the amount collected had grown to more than $1 billion. Under substitute, Section 31 fees could cost investors $2 billion in 2006.

No registration fee relief. Despite the recent growth in transaction fee collections, Section 6(b) fees—which are imposed on the registration and issuance of new securities—still raise more revenue than any other fee imposed by the SEC: $1.1 billion last year alone. H.R. 1088 reduces 6(b) fees by 62%; unfortunately, the substitute amendment contains no reduction in 6(b) fees.

No other fee relief. In addition to ignoring the need to reduce securities registration fees, the substitute also fails to reduce the other tax overcharges covered by H.R. 1088. It contains no relief for hard-working Americans.

For all these reasons, I urge my colleagues to reject the substitute amendment. It fails to provide investors—who have been massively overpaying for the SEC's services—with the relief they deserve from these massive tax overcharges on savings and investments. By rejecting this amendment, and instead approving the tax relief in H.R. 1088, Congress can protect Americans from burdensome taxes on their life savings, on capital formation and on the competitiveness of the U.S. economy.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ROYCE), a distinguished member of our committee.

Mr. ROYCE. Mr. Speaker, when Congress created the current fee structure for securities transactions, the intent there was to ensure that the regulated community would pay for the cost of their regulation, and basically due to a rising stock market and due to unprecedented trading volume the government is now collecting fees that greatly exceed the operating budget of the SEC; in fact, by some six times greater than that operating budget.

What happens to this revenue? Well, it is deposited into the U.S. Treasury and it is used for other Federal programs.

What would be the benefit of eliminating the tax overcharge? Well, by reducing the transaction fees paid by investors each time they sell a stock, by reducing the registration fees, then this would eliminate basically a tax on equity transactions. This is a tax felt by everyone who invests in mutual funds. This is a tax felt by everyone in retirement accounts and, as we know, Mr. Speaker, it is a majority of Americans.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. MANZULLO), a distinguished member of our committee.

Mr. MANZULLO. Mr. Speaker, I rise in opposition to the Democrat substitute. We have heard a lot today about the SEC, through no fault of its own, collecting six times more per year than it needs to fulfill its obligations. That extra money goes into the general government money pot and then it is spent on other programs. Apparently some people think that is okay, but the bottom line is this: More Americans are investing than ever before and this is good. Unfortunately, only 20 percent of small business owners are able to set up pension plans for their employees. This is bad. Any unnecessary money we collect diminishes the value of American savings and may prevent other small businesses from helping their employees plan for retirement.

We should not penalize the millions of American families and small businesses who are working hard to plan for the future. I would encourage my colleagues to vote no on the Democratic substitute.

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

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. ROGERS), a member of our committee.

Mr. ROGERS of Michigan. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for his leadership.

Mr. Speaker, my father was a teacher for 32 years. He paid into his pension regularly; never missed, quite obviously. His pension was being overcharged by user fees.

I have a friend that is a milk hauler, works long hours, spends a lot of time away from his family. He diligently puts a little money aside every week in his 401(k). His pension, his savings for his family, is being overcharged.

I have a friend of mine, a young widow with two children, puts a little money away in an education savings plan in Michigan. That education savings plan, the very thing that is going to allow her children to better themselves, is being overcharged.

This is very, very simple. We can talk about $14 billion and we can talk about the structure of the SEC and the regulators and pay parity, and all of those things are important, but what is important to me and the people I represent are these teachers, are these widows, are these hard-working individuals who get up every day and play by the rules who just say, look, I understand I have to pay for it but do not overcharge me one penny, please, because it is my money.

The weight and burden should not be on the shoulders of those who save for their future.

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

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. THOMAS), the distinguished chairman of the Committee on Ways and Means.

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

Mr. THOMAS. Mr. Speaker, I want to compliment everyone who worked on this particular bill. For a long time, the quote/unquote, SEC user fees were actually taxes, and there is a long record of the fact that it was a revenue raiser. In fact, it was a tax on investing. For some time, there has been a history of the Committee on Ways and Means using a constitutional provision in dealing with taxes called blue slipping legislation that moves from the Senate, since they do not have the ability to originate revenue, and the SEC user fees clearly fit the pattern of taxes.

With this bill, that is no longer the case. With the adjustment in the user fees, what they actually are going to be are user fees. If someone wants to mark progress in the Federal system, the idea of having legislation to call something what it actually is is a blue ribbon day.

So I want to thank the committee in terms of producing a product in which the phrase ''user fee'' is used and it is, indeed, a user fee. I congratulate the chairman for this.

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

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

The SPEAKER pro tempore (Mr. COOKSEY). Pursuant to House Resolution 161, the previous question is ordered on the bill, as amended, and on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. LAFALCE).

The question is on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. LAFALCE).

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

Mr. OXLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 126, nays 299, not voting 7, as follows:

[Roll No. 164]

YEAS—126

Abercrombie
Allen
Baca
Baldacci
Baldwin
Barrett
Becerra
Berman
Bonior
Borski
Boswell
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capuano
Cardin
Carson (IN)
Clay
Clayton
Clyburn
Conyers
Coyne
Cummings
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Frank
Gephardt
Green (TX)
Hastings (FL)
Hilliard
Hinchey
Hoeffel
Holden
Honda
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
LaFalce
Lampson
Langevin
Lantos
Larson (CT)
Lee
Levin
Lewis (GA)
Luther
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCollum
McDermott
McGovern
McKinney
Meehan
Meek (FL)
Millender-McDonald
Miller, George
Mink
Mollohan
Murtha
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rivers
Rodriguez
Roybal-Allard
Sabo
Sanders
Sawyer
Schakowsky
Schiff
Scott
Serrano
Skelton
Slaughter
Solis
Spratt
Stark
Stupak
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Turner
Udall (CO)
Udall (NM)
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Woolsey
Wynn

NAYS—299

Ackerman
Aderholt
Akin
Andrews
Armey
Bachus
Baird
Baker
Ballenger
Barcia
Barr
Bartlett
Barton
Bass
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Boucher
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Capps
Carson (OK)
Castle
Chabot
Chambliss
Clement
Coble
Collins
Combest
Condit
Cooksey
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Culberson
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Deutsch
Diaz-Balart
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Everett
Flake
Fletcher
Foley
Ford
Fossella
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Harman
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilleary
Hinojosa
Hobson
Hoekstra
Holt
Horn
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Israel
Issa
Istook
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Largent
Larsen (WA)
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Maloney (CT)
Maloney (NY)
Manzullo
McCarthy (NY)
McCrery
McHugh
McInnis
McIntyre
McKeon
McNulty
Meeks (NY)
Menendez
Mica
Miller (FL)
Miller, Gary
Moore
Moran (KS)
Moran (VA)
Morella
Myrick
Nadler
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Osborne
Ose
Otter
Oxley
Pallone
Pascrell
Paul
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reyes
Reynolds
Riley
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roukema
Royce
Rush
Ryan (WI)
Ryun (KS)
Sanchez
Sandlin
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Stearns
Stenholm
Strickland
Stump
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Towns
Traficant
Upton
Velazquez
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson
Wolf
Wu
Young (AK)
Young (FL)

NOT VOTING—7

Cubin
Ferguson
Houghton
Johnson, E. B.
Jones (OH)
Lucas (OK)
Watts (OK)

□ 1335

Mrs. KELLY, Ms. SANCHEZ, and Messrs. COBLE, DAVIS of Illinois,

GILMAN, CARSON of Oklahoma, MCNULTY, PICKERING, REYES, BARR of Georgia, ROTHMAN, TOWNS, and RUSH changed their vote from ''yea'' to ''nay.''

Mr. WYNN and Mr. THOMPSON of Mississippi changed their vote from ''nay'' to ''yea.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. WATTS of Oklahoma. Mr. Speaker, I was unavoidably detained across town at an important Energy Seminar and unfortunately missed the vote on the LaFalce Substitute Amendment to H.R. 1088 earlier today.

I ask that the RECORD reflect that, had I been able to be here for the vote, I would have voted ''no'' on the LaFalce Substitute.

The SPEAKER pro tempore (Mr. LINDER). The question is on the engrossment and third reading of the bill.

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

The SPEAKER pro tempore. The question is on the passage of the bill.

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

RECORDED VOTE

Mr. FOSSELLA. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 404, noes 22, not voting 6, as follows:

[Roll No. 165]

AYES—404

Abercrombie
Ackerman
Aderholt
Akin
Allen
Andrews
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Brown (SC)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Castle
Chabot
Chambliss
Clay
Clement
Clyburn
Coble
Collins
Combest
Condit
Conyers
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal
DeGette
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Flake
Fletcher
Foley
Ford
Fossella
Frank
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Grucci
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Harman
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley
Horn
Hostettler
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kerns
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Largent
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Mink
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Pomeroy
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Schiff
Schrock
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spence
Spratt
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watson (CA)
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—22

Burton
Clayton
DeFazio
Delahunt
Dingell
Duncan
Filner
Jones (OH)
Kanjorski
Kaptur
Kucinich
LaFalce
Lee
Markey
Obey
Olver
Stark
Taylor (MS)
Thurman
Tierney
Visclosky
Waters

NOT VOTING—6

Cubin
Ferguson
Greenwood
Houghton
Jefferson
Johnson, E. B.

□ 1354

Mr. VISCLOSKY changed his vote from ''aye'' to ''no.''

Ms. WOOLSEY changed her vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

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

Mr. BONIOR. Mr. Speaker, I rise to inquire about the schedule for next week from the gentleman from Texas (Mr. ARMEY), the distinguished majority leader.

Mr. Speaker, I yield to the gentleman from Texas (Mr. ARMEY).

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Michigan (Mr. BONIOR) for yielding to me.

Mr. Speaker, I am pleased to announce that the House has completed its legislative business for the week. The House will meet next week for legislative business on June 19, 2001, at 12:30 p.m., that will be for morning hour, and will meet at 2 p.m. for legislative business.

The House will consider a number of measures under the suspension of the rules, a list of which will be distributed to Members' offices tomorrow.

On Tuesday, no recorded votes are expected before 6:00 p.m.

On Wednesday, and the balance of the week, the House will consider the following measures, subject to the rules: the Supplemental Appropriations Act and the Agricultural Appropriations Act.

On Friday, Mr. Speaker, no votes are expected past 2:00 p.m.

Mr. BONIOR. Mr. Speaker, I thank the gentleman for his remarks and would like to inquire of him on what days the gentleman expects next week to bring up the supplemental and on what days the ag appropriation bill?

Mr. ARMEY. If the gentleman will continue to yield, the supplemental we expect to have on the floor on Wednesday; and we would put agriculture appropriations on Thursday, with the expectation that it would run into Friday.

Mr. BONIOR. If by some chance we finish ag on Thursday, would that necessitate a session on Friday? Or would that still be left up in the air?

Mr. ARMEY. Mr. Speaker, I appreciate the gentleman's inquiry. In fact, if we do manage to finish the bill on Thursday, we would probably then extend Friday for work back in the districts.

Mr. BONIOR. Let me ask this question of the gentleman from Texas, my