

TITLE III—SMALL BUSINESS
PROCUREMENTS*Section 301. Expansion of Opportunity for Small Businesses To Be Awarded Department of Defense Contracts for Architectural and Engineering Services and Construction Design*

The Brooks Act was enacted in 1982 and prohibits any small businesses set asides for architectural and engineering contracts valued at \$85,000 or more. No change in this ceiling has been made since enactment of the Brooks Act. This section would increase the ceiling to \$300,000, which would create, almost immediately, new Federal contracting opportunities for small businesses.

Section 302. Procurements of Property and Services in Amounts Not in Excess of \$100,000 From Small Businesses

This section would make more contracts valued at less than \$100,000 available to small businesses. Under the Federal Supply Schedule, FSS, at GSA, all agency contracts, requirements, or procurements valued at less than \$100,000 would be made from small businesses.

For contracts for property or services not on the GSA's FSS, the procuring agency would set aside such contracts, valued at less than \$100,000, for competition among small businesses registered on the SBA's PRO-Net and the DoD's Centralized Contractor Registration, CCR, System. There would be a two-year phase-in period. After an initial six-month period, during the first year, 25 percent of the dollar value of all contracts less than \$100,000 would be awarded to small businesses. This would increase to 50 percent in the second and subsequent years.

Section 303. HUBZone and 8(a) Sole-Source Contracts

Contracts for property and services made with funds from the "2001 Emergency Supplemental Appropriations Act for Recovery From and Response to Terrorist Attacks on the United States" will be exempt from the ceiling on sole-source contracts under the HUBZone and 8(a) programs. Currently, the ceilings are \$3 million for service contracts and \$5 million for manufacturing contracts.

By Mr. GRAHAM:

S. 1496. A bill to clarify the accounting treatment for Federal income tax purposes of deposits and similar amounts received by a tour operator for a tour arranged by such operator; to the Committee on Finance.

Mr. GRAHAM, Madam President, today I am introducing the Tour Operators Up-front Deposit Relief, TOUR, Act. This legislation codifies a long-standing practice used by the tour operator industry to account for prepaid deposits received in advance of a customer's travel.

A tour operator puts together travel "packages" often involving a number of different elements: airlines, ground transportation, hotels, restaurants, local guides and other services for one or more destinations. Services often include the direct provision of tour components such as motor coaches. The packages are sold to the public, usually through travel agents. Approximately 70 percent of retail travel agent sales involve tour operator packages. A vacation package combines multiple travel elements into an all-inclusive price. A tour is a trip taken by a group of people who travel together and follow a pre-planned itinerary. In both in-

stances, the travel has been planned by professionals whose group purchasing power insures substantial savings. In addition, prepayment covers all major expenses which minimizes budgeting concerns.

Tour operators employ a long standing, universally accepted method of accounting which recognizes deposits as income upon the date of departure of the passenger. This treatment defers income recognition while the customer still has the right to cancel the travel without substantial conditions and prior to the tour operator's performing many of the tasks and making many of the commitments required to insure a timely, safe and reliable trip.

Recently, the Internal Revenue Service, IRS, has adopted a position in selected tour operator audits which would, if generally applied, require virtually all tour operators to change their method of accounting for deposits. The IRS position is that tour operators must recognize deposits as income upon receipt even though they may not incur expenses for months, or in some cases, more than a year. This position is in direct contrast to guidance previously provided by the IRS. Revenue Procedure 71-21 acknowledges that accrual basis taxpayers should be allowed to defer advanced payment for services under certain circumstances but has improperly refused to interpret this ruling to apply to tour operators.

If the IRS continues to pursue its position, it will raise the cost of operations for tour operators. This added cost will be passed on to Americans seeking to travel. Given the difficulties facing this industry in light of the events of September 11, the IRS position is particularly misguided.

The legislation being introduced today clarifies that Revenue Procedure 71-21 applies to the tour operator industry. Under this Procedure, deposits become taxable income on the date the tour departs.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1496

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 "Tour Operators Up-Front-Deposit Relief (TOUR) Act".

SEC. 2. METHOD OF ACCOUNTING FOR DEPOSITS RECEIVED BY ACCRUAL BASIS TOUR OPERATORS.

In the case of a tour operator using an accrual method of accounting, amounts received from or on behalf of passengers in advance of the departure of a tour arranged by such operator—

(1) shall be treated as properly accounted for under the Internal Revenue Code of 1986 if they are accounted for under a method permitted by Section 3 of Revenue Procedure 71-21, and

(2) for purposes of Revenue Procedure 71-21, shall be deemed earned as of the date the tour departs.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 166—DESIGNATING THE WEEK OF OCTOBER 21, 2001, THROUGH OCTOBER 27, 2001, AND THE WEEK OF OCTOBER 20, 2002, THROUGH OCTOBER 26, 2002, AS "NATIONAL CHILDHOOD LEAD POISONING PREVENTION WEEK"

Mr. REED (for himself, Ms. COLLINS, Mr. TORRICELLI, Mr. BOND, Mr. AKAKA, Mr. BAYH, Mrs. BOXER, Mr. BREAUX, Mrs. CARNAHAN, Mr. CARPER, Mr. CHAFEE, Mr. CLELAND, Mrs. CLINTON, Mr. CONRAD, Mr. CORZINE, Mr. DEWINE, Mr. DODD, Mr. DORGAN, Mr. DURBIN, Mr. EDWARDS, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FRIST, Mr. GRAHAM, Mr. INOUE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KENNEDY, Mr. KERRY, Mr. KOHL, Ms. LANDRIEU, Mr. LEVIN, Mr. LIEBERMAN, Mrs. LINCOLN, Ms. MIKULSKI, Mr. REID, Mr. SARBANES, Mr. SCHUMER, Mr. SMITH of Oregon, Ms. STABENOW, and Mr. WELLSTONE) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 166

Whereas lead poisoning is a leading environmental health hazard to children in the United States;

Whereas according to the Centers for Disease Control and Prevention, 890,000 preschool children in the United States have harmful levels of lead in their blood;

Whereas lead poisoning may cause serious, long-term harm to children, including reduced intelligence and attention span, behavior problems, learning disabilities, and impaired growth;

Whereas children from low-income families are 8 times more likely to be poisoned by lead than those from high-income families;

Whereas children may become poisoned by lead in water, soil, or consumable products;

Whereas most children are poisoned in their homes through exposure to lead particles when lead-based paint deteriorates or is disturbed during home renovation and repainting; and

Whereas lead poisoning crosses all barriers of race, income, and geography: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week of October 21, 2001, through October 27, 2001, and the week of October 20, 2002, through October 26, 2002, as "National Childhood Lead Poisoning Prevention Week"; and

(2) requests that the President issue a proclamation calling upon the people of the United States to observe such weeks with appropriate programs and activities.

SENATE RESOLUTION 167—RECOGNIZING AMBASSADOR DOUGLAS "PETE" PETERSON FOR HIS SERVICE TO THE UNITED STATES AS THE FIRST AMERICAN AMBASSADOR TO VIETNAM SINCE THE VIETNAM WAR

Mr. MCCAIN (for himself, Mr. KERRY, Mr. GRAHAM, Mr. HAGEL, Mr. NELSON of Florida, Mr. CLELAND, and Mr. CARPER) submitted the following resolution; which was considered and agreed to: