

PROVIDING FOR A CONDITIONAL ADJOURNMENT OR RECESS OF THE SENATE AND HOUSE OF REPRESENTATIVES

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to S. Con. Res. 95, which is at the desk. The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 95) providing for a conditional adjournment or recess of the Senate and a conditional adjournment of the House of Representatives.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. REID. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to and the motion to reconsider be laid upon the table, without any intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 95) was agreed to, as follows:

S. CON. RES. 95

Resolved by the Senate (the House of Representatives concurring). That when the Senate recesses or adjourns at the close of business on Tuesday, January 29, 2002, it stand recessed or adjourned until noon on Monday, February 4, 2002, or until such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the House adjourns on the legislative day of Tuesday, January 29, 2002, it stand adjourned until noon on Monday, February 4, 2002, or until Members are notified to reassemble pursuant to section 2 of the concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and House, respectively, to reassemble at such place and time as they may designate whenever, in their opinion, the public interest shall warrant it.

HOPE FOR CHILDREN ACT—
Continued

AMENDMENT NO. 2718

Mr. BAUCUS. Mr. President, there was a vote earlier on a small business amendment offered by the Senator from Missouri, Mr. BOND. It was adopted. That shows we are starting to make progress toward an agreement on a bill to stimulate economic recovery. That was the small business expensing amendment which increased the ceiling amount available for business as to expense.

We now have an opportunity to make even more progress by adopting the Baucus-Smith amendment. This amendment makes two important improvements: First, it strikes a balance on the bonus depreciation issue with a 2-year compromise provision. Second, it will help States by increasing the

Federal matching payments for Medicaid. As a bonus depreciation, this assistance will be provided for 2 years.

Essentially, I am offering an amendment, joined by my good friend from Oregon, Mr. SMITH, to provide for a 2-year bonus depreciation, as well as a 2-year FMAP payment. I will speak first about bonus depreciation.

I think we all agree that a strong stimulus bill must create tax incentives for business to invest in new equipment. I do not think there is much doubt about that. This amendment creates jobs, lifts the economy, and also increases productivity in the long run. Chairman Greenspan and others have talked a lot about productivity. There is not much doubt that this amendment will help us move in that direction.

Everyone agrees on the concept. The debate, however, has been over the details. The proposal before us is a 10-percent bonus. We have agreed to increase that to 30 percent. The question now is how long should the incentive last.

The Democratic proposal was 1 year; the Republican proposal was 3 years. Our bipartisan compromise amendment, that is the amendment of Senator SMITH from Oregon and myself, is 2 years. This is not simply an effort to split the difference. Instead, if one steps back and thinks about it, a 2-year incentive makes good sense. Three years is too long. It will not encourage business to invest quickly enough. As a result, it will not stimulate businesses to act when we most need them to act.

On the other hand, in the debate last week, Senator SMITH and others made a very good point. They said that a 1-year bonus period might not be long enough because it does not give businesses enough time to make sound investment decisions. Let's not forget the investment to qualify has to be in place, in service within the requisite period.

We have to assume this legislation will not be enacted before March. If we were to stick to the 1-year period, companies would only have a few months left at that point to make purchases and get assets in place, as we are dealing with the calendar year. That is not time enough, especially if we think about the kinds of investments we want to encourage, which is airplanes, heavy machinery, equipment used in manufacturing, locomotives, pipelines, and refineries. In many cases, these assets may take longer to build than 1 year, or the contracts for purchase may take some time to negotiate. This is a legitimate concern.

To address it, our amendment gives companies until December 31, 2003, to make their purchases and get assets in place. Even after that, companies would have an extra year to put the assets in place if they take more than a year to build, so long as they meet a binding contract test.

The amendment will provide economic stimulus. It will work quickly, and it recognizes business realities and

gives companies the time they need to make sound investment decisions. That is the first part of the amendment.

The second part relates to the States. The technical term is FMAP. What it is about is helping States by temporarily increasing the rate at which we match State payments under Medicaid. Let me explain why this is important.

Rising Medicaid costs are already contributing to the States' fiscal crisis. Health care costs are increasing rapidly, while rising unemployment is increasing the number of people eligible for Medicaid services. Medicaid spending grew by 11 percent last year. It is likely to increase even faster this year if current economic and budgetary conditions persist.

Many States have already implemented or are now considering implementing significant cuts in Medicaid and the State Children's Health Insurance Program, otherwise known as CHIP, in 2003.

These cuts would affect thousands of children, elderly, and disabled people. For example, Oklahoma and New Mexico may eliminate their CHIP-funded Medicaid expansions to children entirely.

CHIP—that is the State Children's Health Insurance Program—has been very popular. It helps low-income kids get health insurance, health insurance they did not previously have. I think it would be very unfortunate if, due to State budget constraints, they either choose to or believe they are forced to cut back and, in some cases, eliminate those programs that provide health insurance for children.

Tennessee has proposed cutting Medicaid eligibility for 180,000 low-income people in its TennCare Program. Other States will no longer cover disabled workers returning to work or low-income women with breast and cervical cancer. These budget cuts and these tax increases are based on revenue forecasts that do not assume enactment of bonus depreciation provisions. Because most States tie their own tax collections to the Federal tax system, the additional loss of revenues in 2003 that would result from a lengthy bonus depreciation period would increase the likelihood and severity of State actions to cut programs and raise taxes.

The underlying amendment would address this problem by providing a temporary 1-year increase in the Federal matching rate under Medicare. Our amendment goes a bit further by extending the period for 2 years to match the depreciation period.

By doing so, the amendment ensures the amount of aid provided both to States generally and to individual States in particular, will grow if the recession proves deeper than currently projected. That is the second part of the amendment.

All told, the amendment will help businesses, it will help workers, it will help States, and it will help families maintain Medicaid coverage.

The PRESIDING OFFICER. The Senator from Utah.