

INOUYE) was added as a cosponsor of S. 1244, a bill to authorize appropriations for the Federal Maritime Commission for fiscal years 2004 and 2005.

S. 1255

At the request of Mr. KERRY, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 1255, a bill to amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

S. CON. RES. 54

At the request of Mr. COCHRAN, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. Con. Res. 54, a concurrent resolution commending Medgar Wiley Evers and his widow, Myrlie Evers-Williams for their lives and accomplishments, designating a Medgar Evers National Week of Remembrance, and for other purposes.

S. RES. 109

At the request of Mr. FEINGOLD, the names of the Senator from Connecticut (Mr. LIEBERMAN) and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of S. Res. 109, a resolution expressing the sense of the Senate with respect to polio.

S. RES. 151

At the request of Mr. WYDEN, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. Res. 151, a resolution eliminating secret Senate holds.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MCCAIN (for himself and Mr. FITZGERALD):

S. 1261. A bill to reauthorize the Consumer Product Safety Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. MCCAIN. Mr. President, today I am joined by the Chairman of the Senate Commerce Committee's Consumer Affairs and Product Safety Subcommittee, Senator FITZGERALD, in introducing the Consumer Product Safety Commission Reauthorization Act of 2003. This legislation is designed to reauthorize the Consumer Product Safety Commission, CPSC or Commission, in furtherance of its mission to protect consumers by reducing the risk of injuries and deaths associated with consumer products. This vital consumer protection agency has not been reauthorized since 1990.

This bill would authorize funding for the Commission for fiscal years 2004 through 2007. The bill also would clarify CPSC employee position titles that have evolved informally over time.

The CPSC is essential to ensuring the safety of the approximately 15,000 consumer and household products marketed and sold to American consumers. However, because the agency has not

been reauthorized for more than a decade, the Commission has fallen behind in its ability to upgrade its technology, meet its overhead expenses, and retain needed staff. Funding for the Commission has not kept pace with the cost of regulating the ever-increasing number of products covered by its jurisdiction.

I look forward to working on this important consumer protection legislation and I hope that my colleagues will join us in expeditiously moving this reauthorization through the legislative process. Reauthorizing the CPSC is crucial to the Commission's successful efforts to protect American consumers.

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. 1261

*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 "Consumer Product Safety Commission Reauthorization Act of 2003".

#### SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 32(a) of the Consumer Product Safety Act (15 U.S.C. 2081(a)) is amended by striking paragraphs (1) and (2) and inserting the following:

- "(1) \$60,000,000 for fiscal Year 2004;
- "(2) \$66,800,000 for fiscal year 2005;
- "(3) \$70,100,000 for fiscal year 2006; and
- "(4) \$73,600,000 for fiscal year 2007."

#### SEC. 3. FTE STAFFING LEVELS.

Section 4(g) of the Consumer Product Safety Act (15 U.S.C. 2053(g)) is amended by adding at the end the following:

"(5) The Commission is authorized to hire and maintain a full time equivalent staff of 471 persons in each of fiscal years 2004 through 2007."

#### SEC. 4. EXECUTIVE DIRECTOR AND OFFICERS.

So much of section 4(g) of the Consumer Product Safety Act (15 U.S.C. 2053(g)) as precedes paragraph (2) is amended to read as follows:

"(g) EXECUTIVE DIRECTOR; OFFICERS AND EMPLOYEES.—(1)(A)The Chairman, subject to the approval of the Commission, shall appoint as officers of the Commission an Executive Director, a General Counsel, an Associate Executive Director for Engineering Sciences, an Associate Executive Director for Laboratory Sciences, an Associate Executive Director for Epidemiology, an Associate Executive Director for Health Sciences, an Assistant Executive Director for Compliance, an Associate Executive Director for Economic Analysis, an Associate Executive Director for Administration, an Associate Executive Director for Field Operations, an Assistant Executive Director for Office of Hazard Identification and Reduction, an Assistant Executive Director for Information Services, and a Director for Office of Information and Public Affairs. Any other individual appointed to a position designated as an Assistant or Associate Executive Director shall be appointed by the Chairman, subject to the approval of the Commission. The Chairman may only appoint an attorney to the position of Assistant Executive Director for Compliance, but this restriction does not apply to the position of Acting Assistant Executive Director for Compliance."

By Mr. MCCAIN:

S. 1262. A bill to authorize appropriations for fiscal years 2004, 2005, and 2006 for certain maritime programs of the Department of Transportation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. MCCAIN. Mr. President, today I am introducing legislation to reauthorize the Maritime Administration, MARAD, for fiscal years 2004, 2005, and 2006. The bill was developed in consultation with Administration officials and would provide for needed reforms in a number of maritime programs.

The bill would authorize appropriations for MARAD operations and training, administrative costs associated with the shipbuilding loan guarantee program authorized by Title XI of the Merchant Marine Act of 1936, and the disposal of vessels in the National Defense Reserve Fleet that have been identified by the Secretary of Transportation as obsolete.

The bill is designed to reform how MARAD manages the Title XI maritime loan guarantee program. Both the Department of Transportation Inspector General and the General Accounting Office have found that MARAD has failed to provide effective oversight in receiving and approving loan guarantees; has failed to closely monitor the financial condition of borrowers during the term of the loan; and has failed to adequately monitor the condition of projects subject to guarantees. They also found that MARAD was flagrant in its use of authority in granting waivers to its own regulations governing the program without taking steps to better secure the taxpayer against defaults. The bill includes reform provisions to address these findings.

Furthermore, the bill would amend the Merchant Marine Act to give the Secretary of Transportation the authority to convey obsolete National Defense Reserve Fleet vessels to non-profit organizations, a State, Commonwealth, or possession of the United States or any municipal corporation or political subdivision thereof or the District of Columbia for their use and to U.S. territories and foreign governments for use as artificial reefs. The bill also would amend the Merchant Marine Act to allow, under certain circumstances, otherwise unqualified U.S.-flag vessels to carry reference cargo reserved for qualified U.S. vessels.

Finally, the bill would amend requirements for enforcement of the commitment agreements for students at the United States Merchant Marine Academy, USMMA, and students at the state maritime academies who receive student incentive payments, SIP; allow MARAD to use funds received from a settlement for legally authorized purposes, including completion of repairs to the Merchant Marine Academy, Fitch Building; provide the Secretary with the authority to also exclude vessels from the carriage of Government

impelled cargoes that have been detained for violations of security standards contained within international agreements to which the United States is a party; allow MARAD to retain funds received as a result of final judgments and settlements in the Vessel Operations Revolving Fund; and clarify the decades-old authority of the Saint Lawrence Seaway Development Corporation, SLSDC, to carry out the provisions of the Ports and Waterways Safety Act, PWSA, in the case of the Saint Lawrence Seaway.

I look forward to working on this important legislation and hope my colleagues will join me in expeditiously moving this authorization through the legislative process.

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. 1262

*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 "Maritime Administration Authorization Act of 2003".

**SEC. 2. AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS 2004, 2005, AND 2006.**

There are authorized to be appropriated to the Secretary of Transportation for the Maritime Administration—

(1) for expenses necessary for operations and training activities, not to exceed \$104,400,000 for the fiscal year ending September 30, 2004, \$106,000,000 for the fiscal year ending September 2005, and \$109,000,000 for the fiscal year ending 2006;

(2) for administrative expenses related to loan guarantee commitments under title XI of the Merchant Marine Act, 1936 (46 U.S.C. App. 1271 et seq.), \$4,498,000 for each of fiscal years 2004, 2005, and 2006; and

(3) for ship disposal, \$11,422,000 for each of fiscal years 2004, 2005, and 2006.

**SEC. 3. CONVEYANCE OF OBSOLETE VESSELS UNDER TITLE V, MERCHANT MARINE ACT, 1936.**

Section 508 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1158) is amended—

(1) by inserting "(a) AUTHORITY TO SCRAP OR SELL OBSOLETE VESSELS.—" before "If"; and

(2) by adding at the end the following:

"(b) AUTHORITY TO CONVEY VESSELS.—

"(1) IN GENERAL.—Notwithstanding section 510(j) of this Act, the Secretary of Transportation may convey the right, title, and interest of the United States Government in any vessel of the National Defense Reserve Fleet that has been identified by the Secretary as an obsolete vessel of insufficient value to warrant its further preservation, if—

"(A) the recipient is a non-profit organization, a State, Commonwealth, or possession of the United States or any municipal corporation or political subdivision thereof, or the District of Columbia;

"(B) the recipient agrees not to use, or allow others to use, the vessel for commercial transportation purposes;

"(C) the recipient agrees to make the vessel available to the Government whenever the Secretary indicates that it is needed by the Government;

"(D) the recipient agrees to hold the Government harmless for any claims arising from exposure to asbestos, polychlorinated

biphenyls, lead paint, or other hazardous substances after conveyance of the vessel, except for claims arising from use of the vessel by the Government;

"(E) the recipient has a conveyance plan and a business plan, each of which have been submitted to and approved by the Secretary; and

"(F) the recipient has provided proof, as determined by the Secretary, of resources sufficient to accomplish the transfer, necessary repairs and modifications, and initiation of the intended use of the vessel.

"(2) OTHER EQUIPMENT.—At the Secretary's discretion, additional equipment from other obsolete vessels of the National Defense Reserve Fleet may be conveyed to assist the recipient with maintenance, repairs, or modifications.

"(3) ADDITIONAL TERMS.—The Secretary may require any additional terms the Secretary considers appropriate.

"(4) DELIVERY OF VESSEL.—If conveyance is made under this subsection the vessel shall be delivered to the recipient at a time and place to be determined by the Secretary. The vessel shall be conveyed in an 'as is' condition.

"(5) LIMITATIONS.—If at any time prior to delivery of the vessel to the recipient, the Secretary determines that a different disposition of a vessel would better serve the interests of the Government, the Secretary shall pursue the more favorable disposition of the obsolete vessel and shall not be liable for any damages that may result from an intended recipient's reliance upon a proposed transfer."

**SEC. 4. CARGO PREFERENCE UNDER TITLE IX.**

(a) CONSTRUCTION OF U.S.-FLAG TANK SHIPS.—Section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)(1)) is amended by striking "three years;" and all that follows and inserting "3 years. Notwithstanding the preceding sentence, the term 'privately owned United States-flag commercial vessel' shall include a United States documented self-propelled tank vessel when the owner of such a vessel has notified the Maritime Administration in writing of the existence of an executed contract between the owner and a United States shipyard for the construction of 2 or more self-propelled, double hulled tank vessels to be documented under the laws of the United States, each to be capable of carrying more than 2 types of refined petroleum products. The preceding sentence shall apply to such a privately owned United States-flag commercial vessel for a 3-year period commencing on the date the contract is executed for construction of the vessels and shall continue to apply to the vessel throughout the 3-year period so long as the vessel remains documented under the laws of the United States."

(b) CONFORMING CARGO PREFERENCE YEAR TO FEDERAL FISCAL YEAR.—Section 901b(c)(2) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241f(c)(2)) is amended by striking "1986." and inserting "1986, the 18-month period beginning April 1, 2002, and the 12-month period beginning October 1, 2003, and each year thereafter."

**SEC. 5. EQUITY PAYMENTS BY OBLIGOR FOR DISBURSEMENT PRIOR TO TERMINATION OF ESCROW AGREEMENT UNDER TITLE XI.**

(a) IN GENERAL.—Section 1108 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1279a) is amended by adding at the end the following:

"(g) PAYMENTS REQUIRED BEFORE DISBURSEMENT.—

"(1) IN GENERAL.—No disbursement shall be made under subsection (b) to any person until the total amount paid by or for the account of the obligor from sources other than the proceeds of the obligation equals at least

25 per centum or 12½ per centum, whichever is applicable, of the actual cost of the vessel. The Secretary shall establish a system of controls, including automated controls, to ensure that no loan funds are disbursed to a shipowner or shipyard owner before the shipowner or shipyard owner meets the requirement of the preceding sentence.

"(2) DOCUMENTED PROOF OF PROGRESS REQUIREMENT.—The Secretary shall, by regulation, establish a transparent, independent, and risk-based process for verifying and documenting the progress of projects under construction before disbursing guaranteed loan funds. At a minimum, the process shall require documented proof of progress in connection with the construction, reconstruction, or reconditioning of a vessel or vessels before disbursements are made from the escrow fund. The regulations shall require that the obligor provide a certificate from an independent party certifying that the requisite progress in construction, reconstruction, or reconditioning has taken place."

(b) DEFINITION OF ACTUAL COST.—Section 1101(f) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1271(f)) is amended to read as follows:

"(f) ACTUAL COST DEFINED.—The term 'actual cost' means the sum of—

"(1) all amounts paid by or for the account of the obligor as of the date on which a determination is made under section 1108(g)(1); and

"(2) all amounts that the Secretary reasonably estimates that the obligor will become obligated to pay from time to time thereafter, for the construction, reconstruction, or reconditioning of the vessel, including guarantee fees that will become payable under section 1104A(e) in connection with all obligations issued for construction, reconstruction, or reconditioning of the vessel or equipment to be delivered, and all obligations issued for the delivered vessel or equipment."

**SEC. 6. WAIVERS OF PROGRAM REQUIREMENTS UNDER TITLE XI.**

Section 1104A(d) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274(d)) is amended by redesignating paragraph (4) as paragraph (5), and inserting after paragraph (3) the following:

"(4) The Secretary shall promulgate regulations concerning circumstances under which waivers of or exceptions to otherwise applicable regulatory requirements concerning financial condition can be made. The regulations shall require that—

"(A) a waiver of otherwise applicable regulatory requirements be made only with the documented concurrence of program offices with expertise in economic, technical, and financial aspects of the review process;

"(B) the economic soundness requirements set forth in paragraph (1)(A) of this subsection are met after the waiver of the financial condition requirement; and

"(C) the waiver shall provide for the imposition of other requirements on the obligor designed to compensate for the increased risk associated with the obligor's failure to meet regulatory requirements applicable to financial condition."

**SEC. 7. PROJECT MONITORING UNDER TITLE XI.**

(a) PROJECT MONITORING.—Section 1104A of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274) is amended by adding at the end the following:

"(k) MONITORING.—The Secretary shall monitor the financial conditions and operations of the obligor on a regular basis during the term of the guarantee. The Secretary shall document the results of the monitoring on a quarterly or monthly basis depending

upon the condition of the obligor. If the Secretary determines that the financial condition of the obligor warrants additional protections to the Secretary, then the Secretary shall take appropriate action under subsection (m) of this section. If the Secretary determines that the financial condition of the obligor jeopardizes its continued ability to perform its responsibilities in connection with the guarantee of obligations by the Secretary, the Secretary shall make an immediate determination whether default should take place and whether further measures should be taken to protect the interests of the Secretary while insuring that program objectives are met."

(b) SEPARATION OF DUTIES AND OTHER REQUIREMENTS.—Section 1104A of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274), as amended by subsection (a), is further amended by adding at the end the following:

"(l) REVIEW OF APPLICATIONS.—No commitment to guarantee, or guarantee of, an obligation shall be made by the Secretary unless the Secretary certifies that a full and fair consideration of all the regulatory requirements, including economic soundness and financial requirements applicable to obligors and related parties, has been made through an documented independent assessment conducted by offices with expertise in technical, economic, and financial aspects of the loan application process.

"(m) AGREEMENT WITH OBLIGOR.—The Secretary shall include provisions in loan agreements with obligors that provide additional authority to the Secretary to take action to limit potential losses in connection with defaulted loans or loans that are in jeopardy due to the deteriorating financial condition of obligors. Provisions that the Secretary shall include in loan agreements include requirements for additional collateral or greater equity contributions that are effective upon the occurrence of verifiable conditions relating to the obligors financial condition or the status of the vessel or shipyard project."

#### SEC. 8. DEFAULTS UNDER TITLE XI.

(a) ACTIONS TO BE TAKEN IN EVENT OF DEFAULT.—Section 1105 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1275) is amended by adding at the end the following:

"(f) DEFAULT RESPONSE.—In the event of default on a obligation, the Secretary shall conduct operations under this title in a manner which—

"(1) maximizes the net present value return from the sale or disposition of assets associated with the obligation;

"(2) minimizes the amount of any loss realized in the resolution of the guarantee;

"(3) ensures adequate competition and fair and consistent treatment of offerors; and

"(4) requires appraisal of assets by an independent appraiser."

(b) RESTRICTIONS.—

(1) Section 1104A(d)(1)(A)(i) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274 (d)(1)(A)(i)) is amended by striking "equipment for which a guarantee under this title is in effect;" and inserting "equipment;"

(2) Section 1104A(d)(1)(A) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274 (d)(1)(A)) is amended—

(A) by striking "and" after the semicolon in clause (v);

(B) by striking "safety." in clause (vi) and inserting "safety; and"; and

(C) by adding at the end the following:

"(vii) the past performance of the shipyard doing the construction on commercial projects, including cost-over-runs and on-time performance."

#### SEC. 9. 270-DAY DECISION PERIOD.

Section 1104A of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274), as amended by sec-

tion 7, is amended by adding at the end the following:

"(n) 270-DAY DECISION.—The Secretary of Transportation shall approve or deny an application for a loan guarantee under this title within 270 days after the date on which the signed application is received by the Secretary."

#### SEC. 10. LOAN GUARANTEES UNDER TITLE XI.

Section 1104A of the Merchant Marine Act, 1936 (46 U.S.C. App. 1274) is amended—

(1) by adding at the end of subsection (d)(1) the following:

"(C) The Secretary may make a determination that aspects of an application under this title require independent analysis to be conducted by third party experts due to risk factors associated with markets, technology, financial structures, or other risk factors identified by the Secretary. Any independent analysis conducted pursuant to this provision shall be performed by a party chosen by the Secretary.

"(D) Notwithstanding any other provision of this title, the Secretary may make a determination that an application under this title requires additional equity because of increased risk factors associated with markets, technology, financial structures, or other risk factors identified by the Secretary.

"(E) In determining whether to approve an application under this title, the Secretary may consider a proposed shipyard's past performance on commercial projects including cost increases, quality of work, and ability to meet work and delivery schedules. After consideration of these factors the Secretary may impose additional requirements on a shipyard, require additional security, or disapprove an application.

"(F) The Secretary may charge and collect fees to cover the costs of independent analysis under subparagraph (C). Notwithstanding section 3302 of title 31, United States Code, any fee collected under this subparagraph shall—

"(i) be credit as an offsetting collection to the account that finances the administration of the loan guarantee program;

"(ii) shall be available for expenditure only to pay the costs of activities and services for which the fee is imposed; and

"(iii) shall remain available until expended."; and

(2) by striking "(including for obtaining independent analysis under subsection (d)(4))," in subsection (f).

#### SEC. 11. ANNUAL REPORT ON TITLE XI PROGRAM.

The Secretary of Transportation shall report to Congress annually on the loan guarantee program under title XI of the Merchant Marine Act, 1936 (46 U.S.C. App. 1271 et seq.). The reports shall include—

(1) the size, in dollars, of the portfolio of loans guaranteed;

(2) the size, in dollars, of projects in the portfolio facing financial difficulties;

(3) the number and type of projects covered;

(4) a profile of pending loan applications;

(5) the amount of appropriations available for new guarantees;

(6) a profile of each project approved since the last report; and

(7) a profile of any defaults since the last report.

#### SEC. 12. REVIEW OF TITLE XI LOAN GUARANTEE PROGRAM.

(a) IN GENERAL.—The Secretary of Transportation shall conduct a comprehensive assessment of the human capital and other resource needs in connection with the title XI loan guarantee program under the Merchant Marine Act, 1936 (46 U.S.C. App. 1271 et seq.). In connection with this assessment, the Secretary shall develop an organizational

framework for the program offices that insures that a clear separation of duties is established among the loan application, project monitoring, and default management functions.

(b) PROGRAM ENHANCEMENTS.—

(1) Section 1103(h)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1273(h)(1)) is amended—

(A) by striking "subsection" in subparagraph (A) and inserting "subsection, and update annually,";

(B) by inserting "annually" before "determine" in subparagraph (B);

(C) by striking "and" after the semicolon in subparagraph (A);

(D) by striking "category." in subparagraph (B) and inserting "category; and"; and

(E) by adding at the end the following:

"(C) ensure that each risk category is comprised of loans that are relatively homogeneous in cost and share characteristics predictive of defaults and other costs, given the facts known at the time of obligation or commitment, using a risk category system that is based on historical analysis of program data and statistical evidence concerning the likely costs of defaults or other costs that expected to be associated with the loans in the category."

(2) Section 1103(h)(2)(A) of that Act (46 U.S.C. App. 1273(h)(2)(A)) is amended by inserting "and annually for projects subject to a guarantee," after "obligation."

(3) Section 1103(h)(3) of that Act (46 U.S.C. App. 1273(h)(3)) is amended by adding at the end the following:

"(K) A risk factor for concentration risk reflecting the risk presented by an unduly large percentage of loans outstanding by any 1 borrower or group of affiliated borrowers."

(c) REPORT.—The Secretary shall report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Armed Services on the results of the development of an organizational framework under subsection (a) by January 2, 2004.

(d) FUNDING.—It is the sense of the Congress that no further appropriations should be made for purposes of extending loan guarantees under the title XI loan guarantee program of the Merchant Marine Act, 1936 (46 U.S.C. App. 1271 et seq.) until the Secretary of Transportation has developed sufficient internal controls and resource allocation to ensure that the loan guarantee program is efficiently and effectively fulfilling the purposes for which it was established and has updated default and recovery assumptions used in estimating the credit subsidy costs of the program to more accurately reflect the actual costs associated with the program.

#### SEC. 13. WAR RISK INSURANCE.

(a) INTERNATIONAL AGREEMENTS.—Section 1205 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1285) is amended by adding at the end the following:

"(c) INSURING INTERNATIONAL OPERATIONS.—The Secretary of Transportation is authorized, upon the request of the Secretary of Defense or any other agency, with the approval of the President, to make payments on behalf of the United States with regard to an international sharing of risk agreement or any lesser obligation on the part of the United States for vessels supporting operations of the North Atlantic Treaty Organization or similar international organization or alliance in which the United States is involved, regardless of registration or ownership, and without regard to whether the vessels are under contract with a department or agency of the United States. In order to segregate moneys received and disbursed in connection with an agreement authorized under this subsection, the Secretary

of Transportation shall establish a sub-account within the insurance fund established under section 1208 of this Act.

**“(d) RECEIPT OF CONTRIBUTIONS.—**

**“(1) IN GENERAL.—**Notwithstanding the provisions of section 3302(b) of title 31, United States Code, if the international agreements referenced in subsection (c) of this section provide for the sharing of risks involved in mutual or joint operations, contributions for losses incurred by the fund subaccount or financed pursuant to section 1208 that are received from foreign entities, may be deposited in the fund subaccount.

**“(2) INDEMNITY AGREEMENT.—**Such risk sharing agreements shall not affect the requirement that the Secretary of Defense or a head of a department, agency, or instrumentality designated by the President make an indemnity agreement with the Secretary of Transportation under subsection (b) for a waiver of premium on insurance obtained by a department, agency or instrumentality of the United States Government.

**“(3) CREDITING OF CONTRIBUTORY PAYMENTS.—**If the Secretary of Defense, or a designated head of a department, agency or instrumentality, has made a payment to the Secretary of Transportation on account of a loss, pursuant to an indemnification agreement under subsection (b), and the Secretary of Transportation subsequently receives from an entity a contributory payment on account of the same loss, pursuant to a risk sharing agreement referred to in paragraph (1), the amount of the contribution shall be deemed to be a credit in favor of the indemnifying department, agency, or instrumentality against any amount that such department, agency, or instrumentality owes or may owe to the Secretary of Transportation under a subsequent indemnification agreement.”

**(b) PERMANENT BUDGETARY RESOURCE.—**Section 1208 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1288) is amended by adding at the end the following:

**“(c) AUTHORIZATION OF APPROPRIATIONS.—**To the extent that the fund balance is insufficient to fund current obligations arising under this chapter, there are authorized to be appropriated to the Secretary of Transportation such sums as may be necessary to pay such obligations.”

**(c) CLERICAL AMENDMENT.—**The section heading for section 1205 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1285) is amended to read as follows:

**“SEC. 1205. INSURANCE ON PROPERTY OF GOVERNMENT DEPARTMENTS, AGENCIES AND INTERNATIONAL ORGANIZATIONS.”**

**SEC. 14. MARITIME EDUCATION AND TRAINING.**

**(a) COST OF EDUCATION DEFINED.—**Section 1302 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295a) is amended—

(1) by striking “and” after the semicolon in paragraph (3);

(2) by striking “States.” in paragraph (4)(B) and inserting “States; and”; and

(3) by adding at the end the following:

“(5) the term ‘cost of education provided’ means the financial costs incurred by the Federal Government for providing training or financial assistance to students at the United States Merchant Marine Academy and the State maritime academies, including direct financial assistance, room, board, classroom academics, and other training activities.”

**(b) COMMITMENT AGREEMENTS.—**Section 1303(e) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295b(e)) is amended—

(1) by striking “Academy, unless the individual is separated from the” in paragraph (1)(A);

(2) by striking paragraph (1)(C) and inserting the following:

“(C) to maintain a valid license as an officer in the merchant marine of the United States for at least 6 years following the date of graduation from the Academy of such individual, accompanied by the appropriate national and international endorsements and certification as required by the United States Coast Guard for service aboard vessels on domestic and international voyages;”;

(3) by striking paragraph (1)(E)(iii) and inserting the following:

“(iii) as a commissioned officer on active duty in an armed force of the United States, as a commissioned officer in the National Oceanic and Atmospheric Administration, or other maritime-related employment with the Federal Government which serves the national security interests of the United States, as determined by the Secretary; or”;

(4) by striking paragraph (2) and inserting the following:

“(2)(A) If the Secretary determines that any individual who has attended the Academy for not less than 2 years has failed to fulfill the part of the agreement required by paragraph (1)(A), such individual may be ordered by the Secretary of Defense to active duty in one of the armed forces of the United States to serve for a period of time not to exceed 2 years. In cases of hardship as determined by the Secretary, the Secretary may waive this provision in whole or in part.

“(B) If the Secretary of the Navy is unable or unwilling to order an individual to active duty under subparagraph (A), or if the Secretary of Transportation determines that reimbursement of the cost of education provided would better serve the interests of the United States, the Secretary may recover from the individual the cost of education provided by the Federal Government.”;

(5) by striking paragraph (3) and inserting the following:

“(3)(A) If the Secretary determines that an individual has failed to fulfill any part of the agreement required by paragraph (1), as described in subparagraphs (1)(B), (C), (D), (E), or (F), such individual may be ordered to active duty to serve a period of time not less than 3 years and not more than the unexpired portion, as determined by the Secretary, of the service required by paragraph (1)(E). The Secretary, in consultation with the Secretary of Defense, shall determine in which service the individual shall be ordered to active duty to serve such period of time. In cases of hardship, as determined by the Secretary, the Secretary may waive this provision in whole or in part.

“(B) If the Secretary of Defense is unable or unwilling to order an individual to active duty under subparagraph (A), or if the Secretary of Transportation determines that reimbursement of the cost of education provided would better serve the interests of the United States, the Secretary may recover from the individual the cost of education provided in an amount proportionate to the unfulfilled portion of the service obligation as determined by the Secretary. In cases of hardship the Secretary may waive this provision in whole or in part.”; and

(6) by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following:

“(4) To aid in the recovery of the cost of education provided by the Federal Government pursuant to a commitment agreement under this section, the Secretary may request the Attorney General to begin court proceedings, or the Secretary may make use of the Federal debt collection procedures in chapter 176 of title 28, United States Code, or other applicable administrative remedies.”

**(c) DEGREES AWARDED.—**Section 1303(g) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295b(g)) is amended to read as follows:

“(g) DEGREES AWARDED.—

“(1) BACHELOR’S DEGREE.—The Superintendent of the Academy may confer the degree of bachelor of science upon any individual who has met the conditions prescribed by the Secretary and who, if a citizen of the United States, has passed the examination for a merchant marine officer’s license. No individual may be denied a degree under this subsection because the individual is not permitted to take such examination solely because of physical disqualification.

“(2) MASTER’S DEGREE.—The Superintendent of the Academy may confer a master’s degree upon any individual who has met the conditions prescribed by the Secretary. Any master’s degree program may be funded through non-appropriated funds. In order to maintain the appropriate academic standards, the program shall be accredited by the appropriate accreditation body. The Secretary may make regulations necessary to administer such a program.”

**(d) STUDENT INCENTIVE PAYMENTS.—**Section 1304(g) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295c(g)) is amended—

(1) by striking “\$3,000” in paragraph (1) and inserting “\$4,000”;

(2) in paragraph (3)(A) by striking “attending, unless the individual is separated by such academy;” and inserting “attending;”;

(3) by striking paragraph (3)(C) and inserting the following:

“(C) to maintain a valid license as an officer in the merchant marine of the United States for at least 6 years following the date of graduation from such State maritime academy of such individual, accompanied by the appropriate national and international endorsements and certification as required by the United States Coast Guard for service aboard vessels on domestic and international voyages;”;

(4) by striking paragraph (3)(E)(iii) and inserting the following:

“(iii) as a commissioned officer on active duty in an armed force of the United States, as a commissioned officer in the National Oceanic and Atmospheric Administration, or in other maritime-related employment with the Federal Government which serves the national security interests of the United States, as determined by the Secretary; or”;

(5) by striking paragraph (4) and inserting the following:

“(4)(A) If the Secretary determines that an individual who has accepted the payment described in paragraph (1) for a minimum of 2 academic years has failed to fulfill the part of the agreement required by paragraph (1) and described in paragraph (3)(A), such individual may be ordered by the Secretary of the Navy to active duty in the United States Navy to serve for a period of time not to exceed 2 years. In cases of hardship, as determined by the Secretary, the Secretary may waive this provision in whole or in part.

“(B) If the Secretary of the Navy is unable or unwilling to order an individual to active duty under subparagraph (A), or if the Secretary of Transportation determines that reimbursement of the cost of education provided would better serve the interests of the United States, the Secretary may recover from the individual the cost of education provided by the Federal Government.”;

(6) by striking paragraph (5) and inserting the following:

“(5)(A) If the Secretary determines that an individual has failed to fulfill any part of the agreement required by paragraph (1), as described in paragraphs (3)(B), (C), (D), (E), or (F), such individual may be ordered to active duty to serve a period of time not less than 2 years and not more than the unexpired portion, as determined by the Secretary, of the service required by paragraph (3)(E). The Secretary, in consultation with the Secretary of Defense, shall determine in which

service the individual shall be ordered to active duty to serve such period of time. In cases of hardship, as determined by the Secretary, the Secretary may waive this provision in whole or in part.

“(B) If the Secretary of Defense is unable or unwilling to order an individual to active duty under subparagraph (A), or if the Secretary of Transportation determines that reimbursement of the cost of education provided would better serve the interests of the United States, the Secretary may recover from the individual the cost of education provided in an amount proportionate to the unfulfilled portion of the service obligation as determined by the Secretary. In cases of hardship the Secretary may waive this provision in whole or in part.”; and

(7) by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and inserting after paragraph (5) the following:

“(6) To aid in the recovery of the cost of education provided by the Federal Government pursuant to a commitment agreement under this section, the Secretary may request the Attorney General to begin court proceedings, or the Secretary may make use of the Federal debt collection procedures in chapter 176 of title 28, United States Code, or other applicable administrative remedies.”.

(e) AWARDS AND MEDALS.—Section 1306 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295e) is amended by adding at the end the following:

“(d) AWARDS AND MEDALS.—The Secretary may establish and maintain a medals and awards program to recognize distinguished service, superior achievement, professional performance, and other commendable achievement by personnel of the United States Maritime Service.”.

**SEC. 15. PROHIBITION AGAINST CARRYING GOVERNMENT IMPELLED CARGOES FOR VESSELS WITH SUBSTANDARD SECURITY MEASURES.**

Section 2302(e)(1) of title 46, United States Code, is amended—

(1) by inserting “including violations of substandard security measures,” in subparagraph (A) after “party,”; and

(2) by inserting “including violations of substandard security measures,” in subparagraph (B) after “party.”.

**SEC. 16. AUTHORITY TO CONVEY OBSOLETE VESSELS TO U.S. TERRITORIES AND FOREIGN COUNTRIES FOR REEFING.**

(a) Section 3 of the Act entitled “An Act To authorize appropriations for the fiscal year 1973 for certain maritime programs of the Department of Commerce, and for related purposes.” (16 U.S.C. 1220), Title 16, United States Code, is amended to read as follows:

**“SEC. 3. PREPARATION OF VESSELS FOR USE AS ARTIFICIAL REEFS.**

“(a) GUIDANCE.—

“(1) IN GENERAL.—Not later than September 30, 2003, the Administrator of the Environmental Protection Agency and the Secretary of Transportation, acting through the Maritime Administration, shall jointly develop guidance recommending environmental best management practices to be used in the preparation of vessels for use as artificial reefs. Before issuing the guidance, the Administrator and the Secretary shall consult with interested Federal and State agencies.

“(2) REQUIREMENTS.—The guidance shall—

“(A) recommend environmental best management practices for the preparation of vessels that would ensure that the use of vessels so prepared as artificial reefs would be environmentally beneficial;

“(B) promote the nationally consistent use of such practices; and

“(C) provide a basis for estimating the costs associated with the preparation of vessels for use as artificial reefs.

“(3) USE BY FEDERAL AGENCIES.—The guidance shall serve as national guidance for Federal agencies preparing vessels for use as artificial reefs.

“(4) REPORT.—The Secretary of Transportation shall submit to Congress a report on the environmental best management practices developed under paragraph (1) through the existing ship disposal reporting requirements in section 3502 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (16 U.S.C. 5405 note). The report shall describe such practices, and may include such other matters as the Secretary considers appropriate.

“(b) APPLICATION REQUIRED.—

“(1) IN GENERAL.—A State, commonwealth, possession of the United States or foreign government may apply for any vessel of the National Defense Reserve Fleet that has been identified by the Secretary as an obsolete vessel of insufficient value to warrant its further preservation in such a manner and form as the Secretary shall prescribe. At a minimum, the application shall state—

“(A) the location at which the applicant proposes to sink the vessel or vessels;

“(B) the environmental goals to be achieved by the use of the vessel or vessels; and

“(C) that the applicant agrees to hold the Government harmless for any claims arising from exposure to asbestos, polychlorinated biphenyls, lead paint, or other hazardous substances after conveyance of the vessel, except for claims arising from use of the vessel by the Government.

“(2) STATES.—

“(A) ADDITIONAL DOCUMENTATION REQUIRED.—A State, commonwealth, or possession of the United States shall also provide to the Secretary and the Administrator in its application documentation that the proposed use of the particular vessel or vessels requested will comply with all applicable water quality standards and will benefit the environment in the vicinity of the proposed reef, taking into account the guidance issued under subsection (a) and other appropriate environmental considerations.

“(B) EPA CERTIFICATION.—Before any vessel may be used as an artificial reef, the State, commonwealth, or possession of the United States shall demonstrate to the Environmental Protection Agency, and that Agency shall determine in writing, that the use of the vessel as an artificial reef at the proposed location will be environmentally beneficial.

“(3) Foreign governments.—A foreign government shall also provide to the Secretary and the Administrator in its application—

“(A) documentation of—

“(i) how the proposed use of the vessel or vessels will benefit the environment; and

“(ii) remediation that the vessel will undergo prior to use as an artificial reef; and

“(B) certification that such remediation shall take into account the guidance issued under subsection (a).

“(4) DETERMINATION OF ENVIRONMENTAL BENEFIT.—No obsolete vessel shall be conveyed unless the Maritime Administration and the Environmental Protection Agency jointly determine, in writing, that the proposed remediation measures will ensure that use of the vessel as an artificial reef will be environmentally beneficial. The contract conveying the vessel or vessels from Maritime Administration to the foreign government shall require the use of the remediation measures determined by Maritime Administration and the Environmental Protection Agency to ensure that use of the vessel or vessels as an artificial reef will be environmentally beneficial.

“(c) APPLICATION WITH OTHER LAW.—Nothing in this section shall be construed as af-

fecting in any manner the application of any other provision of law, including laws relating to the conveyance of obsolete vessels, their distribution in commerce, or their use as artificial reefs.”.

**SEC. 17. MAINTENANCE OF CURRENT SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION SAFETY RESPONSIBILITIES.**

Section 3(2) of the Ports and Waterways Safety Act (33 U.S.C. 1222(2)) is amended by striking “operating,” and inserting “operating, except that ‘Secretary’ means the Secretary of Transportation with respect to the applicability of this Act to the Saint Lawrence Seaway.”.

**SEC. 18. USE OF INSURANCE PROCEEDS FOR REPAIRS AT UNITED STATES MERCHANT MARINE ACADEMY.**

Notwithstanding section 3302 of title 31, United States Code, the Maritime Administration may deposit into its operations and training account (account number 69X1750) and use, for purposes otherwise authorized by law and in addition to amounts otherwise appropriated, the amount received by the Maritime Administration as insurance proceeds as a result of the fire that occurred on December 16, 1996, at the United States Merchant Marine Academy, Fitch Building.

**SEC. 19. AVAILABILITY TO THE VESSEL OPERATIONS REVOLVING FUND OF FUNDS FROM LAWSUITS AND SETTLEMENTS.**

The Vessel Operations Revolving Fund, created by the Third Supplemental Appropriations Act, 1951 (65 STAT. 59), shall, after the date of enactment of this Act, be credited with amounts received by the United States from final judgments and dispute settlements that arise from the operation of vessels in the National Defense Reserve Fleet, including the Ready Reserve Force. Funds credited to the Fund under this section shall be available until expended.

By Mr. HAGEL:

S. 1263. A bill to amend the Internal Revenue Code of 1986 to exclude from gross income interest received on loans secured by agricultural real property; to the Committee on Finance.

Mr. HAGEL. Mr. President, 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:

*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 “Rural Economic Investment Act of 2003”.

**SEC. 2. EXCLUSION FOR INTEREST ON LOANS SECURED BY AGRICULTURAL REAL PROPERTY.**

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by inserting after section 132 the following new section:

**“SEC. 133. INTEREST ON LOANS SECURED BY AGRICULTURAL REAL PROPERTY.**

“(a) EXCLUSION.—Gross income shall not include interest received by a qualified lender on any qualified real estate loan.

“(b) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED LENDER.—The term ‘qualified lender’ means any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

“(2) QUALIFIED REAL ESTATE LOAN.—The term ‘qualified real estate loan’ means any

loan secured by agricultural real estate or by a leasehold mortgage (with a status as a lien) on agricultural real estate.

“(3) AGRICULTURAL REAL ESTATE.—The term ‘agricultural real estate’ means—

“(A) real property used for the production of 1 or more agricultural products, and

“(B) any single family residence—

“(i) which is the principal residence (within the meaning of section 121) of its occupant, and

“(ii) which is located in a rural area (as determined by the Secretary of Agriculture) with a population (determined on the basis of the most recent decennial census for which data are available) of 2,500 or less.”.

(b) CLERICAL AMENDMENT.—The table of sections for such part III is amended by inserting after the item relating to section 132 the following new item:

“Sec. 133. Interest on loans secured by agricultural real property.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

By Mr. McCAIN:

S. 1264. A bill to reauthorize the Federal Communications Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. McCAIN. Mr. President, today I am introducing the Federal Communications Commission Reauthorization Act of 2003. This legislation is designed to reauthorize the Federal Communications Commission, FCC or Commission, so that it may continue to carry forth its charge to ensure interference-free communication on interstate and international radio, television, wire, satellite, and cable communications. This independent agency has not been reauthorized since 1991.

The FCC is responsible for a wide range of duties, including establishing regulatory policies that promote competition, innovation, and investment in broadband services; ensuring that a comprehensive and sound national competitive framework for communications services exists; encouraging the best use of spectrum domestically and internationally; and providing leadership for the rapid restoration of the Nation’s communications infrastructure in the event of disruption.

This bill would reauthorize the Commission through fiscal year 2007. It would require that all application and regulatory fees paid to the Commission be deposited with the Commission subject to Appropriations.

The legislation also would authorize the Commission to allocate sufficient funds to be used for an audit of the e-rate program to determine the specific fraud or abuse that has occurred during the operation of the program. Serious allegations of fraud in the operation of the e-rate fund have been raised in recent months, and we should provide the Commission adequate resources to ensure that e-rate funds are being used for the purposes intended. The Commission would be required to transmit a report of its findings and conclusions to the Senate Committee on Commerce, Science, and Transportation

and the House of Representatives Committee on Energy and Commerce on the anniversary of the Act’s enactment for each year between 2004 and 2007.

Further, this bill would clarify the Commission’s review of its media ownership rules. Specifically, the bill sets forth the timing and the standard the FCC will use for reviewing its broadcast ownership rules. Currently, the FCC is required to review its broadcast ownership rules every 2 years. The bill lengthens the duration between reviews from 2 years to 5 years. At a recent hearing, all five FCC Commissioners recommended this change.

The legislation also would clarify the actions the FCC may take during its media ownership reviews. Courts have found the current review standard to carry “with it a presumption in favor of repealing or modifying ownership rules” as part of “a process of deregulation.” This bill modifies the review standard to specifically allow the FCC to repeal, strengthen, limit, or retain media ownership rules if it determines such changes are in the public interest. At a recent hearing, several of the FCC Commissioners endorsed this change.

The bill would increase the Commission’s ability to enforce the Communications Act of 1934, the 1934 Act, by raising the statutory cap on Commission fines and forfeitures by a factor of ten. The Commission has sought this increased enforcement ability to ensure communications providers do not accept Commission fines as a “cost of doing business.” The bill also increases the statute of limitations for violations of FCC rules or regulations from one year to two years. The legislation also allows the Commission to assess fines against direct broadcast satellite (DBS) operators for violations of the Communications Act in the same manner that the Commission may assess fines against broadcasters and cable operators.

The bill would further clarify that a party injured by a common carrier’s violation of FCC rules or orders may recover damages for such injury in an action before the FCC or before a United States District Court. The need for this clarification is underscored by the recent decision by the United States Court of Appeals or the Second Circuit in *Conboy v. AT&T Corp.* Moreover, the new section would allow for the recovery of attorneys’ fees in complaints filed either in district court or at the FCC.

The bill also would allow the Commission to seize broadcasting equipment where one engages in malicious interference to radio communications. This type of behavior is particularly egregious when parties attempt to maliciously interfere with public safety frequencies.

Furthermore, the bill would ensure that valuable spectrum does not lie fallow unnecessarily. It precludes a successful bidder in a spectrum auction from using bankruptcy to avoid its obligation to pay for its spectrum license.

The bill also establishes an office within the Commission for the recording and perfecting of security interests related to licenses.

It also would ban any payment or reimbursement to the FCC of travel costs for FCC officials or staff from a non-governmental sponsor of a convention, conference, or meeting. Recent reports indicate that during the last eight years, FCC officials and staff have taken more than 2,500 trips paid for by the industries they regulate. Although this is perfectly legal and it is often appropriate for FCC officials and staff to attend such conventions, conferences, or meetings, it should be without the appearance of impropriety. Therefore, the bill authorizes the Commission sufficient funds to pay for their own travel costs in the future.

The bill would impose a one year lobbying ban on high-level FCC staffers who leave the FCC’s employment.

Finally, the bill contains language in response to a recent court case before the D.C. Circuit Court of Appeals, which held that the Commission lacked jurisdiction to promulgate regulations necessary to require video descriptions of television programming to assist those who are visually impaired. This section would provide the FCC such authority.

Reauthorizing the FCC is important so the agency may continue to successfully carry out its many responsibilities. I look forward to working on this important legislation and I hope that my colleagues will agree to join me in expeditiously moving this reauthorization through the legislative process.

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. 1264

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

**SECTION 1. SHORT TITLE; AMENDMENT OF COMMUNICATIONS ACT OF 1934.**

(a) SHORT TITLE.—This Act may be cited as the “FCC Reauthorization Act of 2003”.

(b) AMENDMENT OF COMMUNICATIONS ACT.—Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision of law, the reference shall be considered to be made to a section or other provision of the Communications Act of 1934 (47 U.S.C. 151 et seq.).

**SEC. 2. AUTHORIZATION OF APPROPRIATIONS.**

(a) IN GENERAL.—Section 6 (47 U.S.C. 156) is amended—

(1) by striking subsections (a), (b), and (c);

(2) by redesignating subsection (d) as subsection (c);

(3) by inserting “REGULATORY FEES OFFSET.—” before “Of” in subsection (c), as redesignated; and

(3) by inserting before subsection (c), as redesignated, the following:

“(a) IN GENERAL.—There are authorized to be appropriated for the administration of this Act by the Commission \$281,289,000 for fiscal year 2004, \$299,500,000 for fiscal year 2005, \$318,982,000 for fiscal year 2006, and

\$334,931,000 for fiscal year 2007, to carry out this Act including amounts necessary for unreimbursed travel, together with such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs, for each of such years.

“(b) STAFFING LEVELS.—The Commission may hire and maintain an adequate number of full time equivalent staff, to the extent of the amounts authorized by subsection (a), necessary to carry out the Commission's powers and duties under this Act.”

(b) DEPOSIT OF APPLICATION FEES.—Section 8(e) is amended to read as follows:

“(e) DEPOSIT OF COLLECTIONS.—Moneys received from fees established under this section shall be deposited as an offsetting collection in, and credited to, the account providing appropriations to carry out the functions of the Commission.”

**SEC. 3. AUDITS AND INVESTIGATIONS OF E-RATE BENEFICIARY COMPLIANCE WITH PROGRAM REQUIREMENTS.**

(a) IN GENERAL.—The Federal Communications Commission shall conduct an investigation into the implementation, utilization, and Commission oversight of activities authorized by section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)) and the operations of the National Education Technology Funding Corporation established by section 708 of the Telecommunications Act of 1996 for each of fiscal years 2004 through 2007, with a particular emphasis on determining the specific fraud or abuse of Federal funds that has occurred in connection with such activities or operations.

(b) REPORTS.—The Commission shall transmit a report, setting forth its findings, conclusions, and recommendations, of the results of its investigation for each of fiscal years 2004 through 2007 to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Energy and Commerce within 1 year after the date of enactment of this Act.

(c) FUNDING.—Of the amounts authorized by section 6(a) of the Communications Act of 1934 (47 U.S.C. 156(a)), the Commission shall allocate such sums as may be necessary for fiscal years 2004 through 2007 to be used for audits and investigations of compliance by beneficiaries with the rules and regulations of the Universal Service Fund program under section 254(h), commonly known as the “e-rate program”.

**SEC. 4. CLARIFICATION OF CONGRESSIONAL INTENT WITH RESPECT TO BIENNIAL REVIEW MODIFICATIONS; FREQUENCY OF REVIEW.**

(a) COMMISSION REVIEW OF OWNERSHIP RULES.—Section 202(h) of the Telecommunications Act of 1996 is amended to read as follows:

“(h) FURTHER COMMISSION REVIEW.—

“(1) IN GENERAL.—The Commission shall review its rules adopted pursuant to this section, and all of its ownership rules quinquennially (beginning with 2007), and shall determine whether—

“(A) any rule requires strengthening or broadening;

“(B) any rule requires limiting or narrowing;

“(C) any rule should be repealed; or

“(D) any rule should be retained.

“(2) CHANGE, REPEAL, OR RETAIN.—The Commission shall change, repeal, or retain such rules pursuant to its review under paragraph (1) as it determines to be in the public interest.”

(b) OTHER REGULATORY REFORM REVIEWS.—Section 11 of the Communications Act of 1934 (47 U.S.C. 161) is amended by adding at the end the following:

“(c) OWNERSHIP RULES.—Subsections (a) and (b) do not apply to ownership rules reviewable under section 202(h) of the Telecommunications Act of 1996.”

**SEC. 5. FCC ENFORCEMENT ENHANCEMENTS.**

(a) FORFEITURES IN CASES OF REBATES AND OFFSETS.—

(1) BROADCAST AND MULTICHANNEL VIDEO PROVIDERS.—Section 503(b)(2)(A) (47 U.S.C. 503(b)(2)(A)) is amended—

(A) by striking “operator, or” in clause (i) and inserting “operator or any other multichannel video distributor, or”;

(B) by striking “\$25,000” and inserting “\$250,000”; and

(C) by striking “\$250,000” and inserting “\$2,500,000”.

(2) COMMON CARRIERS.—Section 503(b)(2)(B) (47 U.S.C. 503(b)(2)(B)) is amended—

(A) by striking “\$100,000” and inserting “\$1,000,000”; and

(B) by striking “\$1,000,000” and inserting “\$10,000,000”.

(3) OTHERS.—Section 503(b)(2)(C) (47 U.S.C. 503(b)(2)(C)) is amended—

(A) by striking “\$10,000” and inserting “\$100,000”; and

(B) by striking “\$75,000” and inserting “\$750,000”.

(4) STATUTE OF LIMITATIONS.—Section 503(b)(6) (47 U.S.C. 503(b)(6)) is amended—

(A) by striking “1 year” in subparagraph (A)(i) and inserting “2 years”;

(B) by striking “1 year” in subparagraph (B) and inserting “2 years”.

(b) FORFEITURES OF COMMUNICATIONS DEVICES.—Section 510 (47 U.S.C. 510) is amended by inserting “and any equipment used to create malicious interference in violation of section 333,” after “302.”

(c) LIABILITY OF CARRIERS FOR DAMAGES.—Section 206 (47 U.S.C. 206) is amended to read as follows:

**“SEC. 206. LIABILITY OF CARRIERS FOR DAMAGES.**

“A common carrier that does, or causes or permits to be done, any act, matter, or thing prohibited or declared to be unlawful in this Act, or in any rule, regulation, or order issued by the Commission, or that fails to do any act, matter, or thing required to be done by this Act, or by any rule, regulation, or order of the Commission is liable to any person injured by such act or failure for the full amount of damages sustained in consequence of such act or failure, together with a reasonable attorney's fee. The amount of the attorney's fee shall be—

“(1) fixed by the court in every case of recovery in a judicial proceeding; or

“(2) fixed by the Commission in every case of recovery in a Commission proceeding.”

(d) VIOLATIONS OF REGULATIONS, RULES, AND ORDERS.—Section 208 (47 U.S.C. 208) is amended by inserting “or of any rule, regulation, or order of the Commission,” after “thereof.”

**SEC. 6. APPLICATION OF COMMUNICATIONS ACT WITH BANKRUPTCY AND SIMILAR LAWS.**

Section 4 (47 U.S.C. 154) is amended by adding at the end the following:

“(p) APPLICATION WITH BANKRUPTCY LAWS.—

“(1) IN GENERAL.—The bankruptcy laws shall not be applied—

“(A) to avoid, discharge, stay, or set-off any pre-petition debt obligation to the United States arising from an auction under this Act,

“(B) to stay the payment obligations of the debtor to the United States if such payments were a condition of the grant or retention of a license under this Act, or

“(C) to prevent the automatic cancellation of licenses for failure to comply with any monetary or non-monetary condition for

holding any license issued by the Commission, including automatic cancellation of licenses for failure to pay a monetary obligation of the debtor to the United States when due under an installment payment plan arising from an auction under this Act,

except that, upon cancellation of a license issued by the Commission, the United States shall have an allowed unsecured claim for any outstanding debt to the United States with respect to such canceled licenses, and that unsecured debt may be recovered by the United States under its rights as a creditor under title 11, United States Code, or other applicable law.

“(2) DEBTOR TO HAVE NO INTEREST IN PROCEEDS OF AUCTION.—A debtor in a proceeding under the bankruptcy laws shall have no right or interest in any portion of the proceeds from an auction of any license reclaimed by the Commission for failure to pay a monetary obligation of the debtor to the United States in connection with the grant or retention of a license under this Act.

“(3) SECURITY INTERESTS.—Notwithstanding any other provision of law, the Commission may—

“(A) establish rules and procedures governing security interests in licenses, or the proceeds of the sale of licenses, issued by the Commission; and

“(B) establish an office within the Office of Secretary for the recording and perfection of such security interests without regard to otherwise applicable State law.

“(4) BANKRUPTCY LAWS DEFINED.—In this subsection, the term ‘bankruptcy laws’ means title 11, United States Code, or any otherwise applicable Federal or State law regarding insolvencies or receiverships, including any Federal law enacted or amended after the date of enactment of the FCC Reauthorization Act of 2003 not expressly in derogation of this subsection.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to cases and proceedings commenced on or after the date of enactment of this Act.

**SEC. 7. BAN ON REIMBURSED TRAVEL EXPENSES.**

Section 4(g)(2) (47 U.S.C. 154(g)(2)) is amended to read as follows:

“(2) Notwithstanding section 1353 of title 31, United States Code, section 4111 of title 5, United States Code, or any other provision of law in pari materia, no Commissioner or employee of the Commission may accept, nor may the Commission accept, payment or reimbursement from the nongovernmental sponsor (or any affiliated organization) of any convention, conference, or meeting for expenses for travel, subsistence, or related expenses incurred by a commissioner or employee of the Commission for the purpose of enabling that commissioner or employee to attend and participate in any such convention, conference, or meeting. The Commission may establish a de minimus level of payment or value to which the preceding sentence does not apply.”

**SEC. 8. APPLICATION OF ONE-YEAR RESTRICTIONS TO CERTAIN POSITIONS.**

For purposes of section 207 of title 18, United States Code, an individual serving in any of the following positions at the Federal Communications Commission is deemed to be a person described in section 207(c)(2)(A)(ii) of that title, regardless of the individual's rate of basic pay:

(1) Chief, Office of Engineering and Technology.

(2) Director, Office of Legislative Affairs.

(3) Inspector General, Office of Inspector General.

(4) Managing Director, Office of Managing Director.

(5) General Counsel, Office of General Counsel.

(6) Chief, Office of Strategic Planning and Policy Analysis.

(7) Chief, Consumer and Governmental Affairs Bureau.

(8) Chief, Enforcement Bureau.

(9) Chief, International Bureau.

(10) Chief, Media Bureau.

(11) Chief, Wireline Competition Bureau.

(12) Chief, Wireless Telecommunications Bureau.

#### SEC. 9. VIDEO DESCRIPTION RULES AUTHORITY.

Notwithstanding the decision of the United States Court of Appeals for the District of Columbia Circuit in Motion Picture Association of America, Inc., et al, v. Federal Communications Commission, et al (309 F. 3d 796, November 8, 2002), the Federal Communications Commission—

(1) shall, within 90 days after the date of enactment of this Act, reinstate its video description rules contained in the report and order identified as Implementation of Video Description of Video Programming, Report and Order, 15 F.C.C.R. 15,230 (2000); and

(2) may amend, repeal, or otherwise modify such rules.

### AVIATION INVESTMENT AND REVITALIZATION VISION ACT

(On Thursday, June 12, 2003, the Senate passed H.R. 2115, as follows:)

*Resolved*, That the bill from the House of Representatives (H.R. 2115) entitled "An Act to amend title 49, United States Code, to reauthorize programs for the Federal Aviation Administration, and for other purposes.", do pass with the following amendment:

Strike out all after the enacting clause and insert:

#### SECTION 1. SHORT TITLE; AMENDMENT OF TITLE 49.

(a) *SHORT TITLE*.—This Act may be cited as the "Aviation Investment and Revitalization Vision Act".

(b) *AMENDMENT OF TITLE 49*.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 49, United States Code.

#### SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title; amendment of title 49.

Sec. 2. Table of contents.

#### TITLE I—REAUTHORIZATIONS; FAA MANAGEMENT

Sec. 101. Airport improvement program.

Sec. 102. Airway facilities improvement program.

Sec. 103. FAA operations.

Sec. 104. Research, engineering, and development.

Sec. 105. Other programs.

Sec. 106. Reorganization of the Air Traffic Services Subcommittee.

Sec. 107. Clarification of responsibilities of chief operating officer.

Sec. 108. Whistle-blower protection under Acquisition Management System.

#### TITLE II—AIRPORT DEVELOPMENT

Sec. 201. National capacity projects.

Sec. 202. Categorical exclusions.

Sec. 203. Alternatives analysis.

Sec. 204. Increase in apportionment for, and flexibility of, noise compatibility planning programs.

Sec. 205. Secretary of Transportation to identify airport congestion-relief projects.

Sec. 206. Design-build contracting.

Sec. 207. Special rule for airport in Illinois.

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#### TITLE VII—EXTENSION OF AIRPORT AND AIRWAY TRUST FUND EXPENDITURE AUTHORITY

Sec. 701. Extension of expenditure authority.

#### TITLE I—REAUTHORIZATIONS; FAA MANAGEMENT

#### SEC. 101. AIRPORT IMPROVEMENT PROGRAM.

(a) *AUTHORIZATION OF APPROPRIATIONS*.—Section 48103 is amended—

(1) by inserting "(a) IN GENERAL.—" before "The";

(2) by striking "and" in paragraph (4);

(3) by striking "2003." in paragraph (5) and inserting "2003;";

(4) by inserting after paragraph (5) the following: