DO-NOTHING CONGRESS

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

Mr. PALLONE. Mr. Speaker, I would like to ask my Republican friends what they have accomplished here in the House this year. We have been here almost 8 months, and we have yet to pass any meaningful legislation into law.

Republicans will list off countless bills that they have passed here in the House. Some of them are actually recycled from last year. We do not actually have to vote on them again, but because Republicans do not have any new ideas, they have to bring up old bills that have already been passed but have yet to be signed into law.

House Republicans will blame the other Chamber. They will say they have passed all sorts of legislation but because the other Chamber does not see things their way, they cannot come to a suitable compromise. House Republicans can pass all sorts of legislation, but unless it becomes law it is meaningless.

Let me remind my Republican colleagues that they control the White House, the Senate and this House. Yet Congress is being forced to work without a budget because Republicans could not come to an agreement amongst themselves.

At the end of this week, Congress adjourns for 6 weeks. Yet congressional Republicans cannot point to one congressional achievement. Talk about a do-nothing Congress.

MEDICARE PRESCRIPTION DRUGS

(Mr. WHITFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITFIELD. Mr. Speaker, one uplifting message for the American people is the legislation that this House passed relating to the prescription drug benefit under Medicare.

This weekend I hosted three meetings in my district. Vicki Mayes came to one of those meetings. This was what she said. When she used her Medicare-approved drug discount card for the first time a week and a half ago, she was shocked. Drugs that normally cost her $50 cost her only $2.90. On Thursday when she went to the pharmacy for two more refills, drugs that would normally cost her $54 cost her $16.90.

All of us can be proud of this new prescription drug benefit passed by this Congress. As President Bush said, it was the most important expansion of Medicare that we have had since the inception of the Medicare program.

MEDICARE PRESCRIPTION DRUGS

(Mr. BEAUPREZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEAUPREZ. Mr. Speaker, as my colleague, the previous speaker, just mentioned, today America's seniors are receiving significant discounts on their prescription medications for the first time in the history of Medicare. Discounts range from approximately 20 percent for brand-name drugs to as much as 60 percent on mail order prescriptions. These savings can be seen all across the country.

My own parents, for example, back home in Colorado can save a combined $1,300 a year on their prescription medications. The money they are saving goes a long way toward helping them with their retirement savings or, more, to be generous with their grandchildren and great-grandchildren.

I am told that certain low-income seniors are realizing even greater savings from this program. Qualifying Medicare beneficiaries can save as much as 86 percent, as we just heard, on what they currently pay for prescription drugs. Millions of seniors are already enjoying these significant savings from their Medicare prescription drug cards.

I commend the Members of this House and the President for passing this legacy legislation.

PROVIDING FOR CONSIDERATION OF H.R. 3574, STOCK OPTION ACCOUNTING REFORM ACT

Mr. SESSIONS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 725 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 725

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 3574) to require the mandatory expensing of stock options granted to executive officers, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. BOOZMAN). The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

Mr. SESSIONS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Florida (Mr. HASTINGS), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, the resolution before us is a well-balanced, structured rule that makes in order a manager's amendment and three amendments offered by members of the minority, including a minority amendment in the nature of a substitute. It provides for 1 hour of general debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services.

The rule waives all points of order against consideration of the bill and provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services, now printed in the bill, shall be considered as an original bill for the purpose of amendment, and shall be considered as read.

It makes in order only those amendments printed in the Committee on Rules report accompanying the resolution, and provides that the amendments printed in the report may be considered only in the order printed in the report, and may only be offered by a Member designated in the report. They shall be considered as read, debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, not be subject to amendment, and not be subject to a demand for a division of the question in the House or in the Committee of the Whole.

Finally, the rules waive all points of order against the amendments printed in the report, and provides one motion to recommit with or without instructions.

Mr. Speaker, I rise today in strong support of the rule for H.R. 3574 as well as the underlying legislation. This bill offered by my good friend from Louisiana (Mr. BAKER) is carefully constructed legislation that will help the United States to retain its global dominance in the biotechnology and high-technology sectors while creating new jobs, fostering innovation and enhancing productivity. It will also empower rank-and-file employees to share in the

benefits of their hard work by allowing them to earn an equity stake in the companies where they work every day to create new products and technologies keeping America one step ahead of the rest of the world in technological advances and competitiveness.

H.R. 3574 achieves this worthy goal by bringing some common sense and discipline back to the debate over stock options expensing. First, it requires the immediate expensing of the stock options granted to the CEO and the next four most highly compensated executives of a company, consistent with information that must be filed with the SEC.

Second, it requires that options granted to the five top senior executives be valued in such a way that mitigates some of the most severe problems with FASB's expected valuation models which are based on valuation models for a type of option that differs fundamentally from stock options by virtue of being freely traded on open exchanges.

Third, it exempts certain small businesses from what we call the top five rule expensing requirement and delays option expensing for small business issuers until 3 years after an initial public offering has taken place, allowing a small business' stock to settle down from the initial volatility of the initial public offering.

Fourth, it prohibits the SEC from recognizing any stock option expensing accounting standard until the standard recognizes the true expense of the stock option on a company's financial statement when the option is exercised, expires or is forfeited, and a comprehensive economic impact study has been completed by the Secretary of Commerce and the Secretary of Labor.

□ 1030

Finally, this legislation improves corporate governance and transparency by requiring the SEC to issue a rule mandating that public companies include more detailed information on stock option and stock purchase plans in their public periodic reports, such as plain-English descriptions that describe the effect that stock options will have on earnings per share and the number of outstanding stock options.

Throughout the 108th Congress, the Republican majority in this House has championed and advanced a legislative program full of efforts to improve economic growth, corporate governance, and transparency on behalf of investors across the United States. Unfortunately, the Financial Accounting Standards Board's recent recommendation to mandate the expensing of stock option runs contrary to this pro-investor agenda. It represents a step in the wrong direction by providing investors with less accurate information about public-traded companies which will lead investors to a distorted picture of a company's financial performance. Even worse, the mandatory expensing proposal threatens to destroy broad-based plans and the productivity, innovation, and economic growth they currently generate.

I do not believe that Congress should replace FASB or become suddenly interested in micromanaging accounting standards; however, the proposal to expense all stock options does not simply have an academic outcome. It would have a negative real-world policy impact by destroying the American partnership culture of distributing stock options to our entire workforce. I believe that allowing such a proposal to go forward will choke off job growth, innovation, and entrepreneurship that broad-based ownership generates; and Congress does have a very real and immediate response to prevent this from happening.

The research behind the economic benefits of stock options support this view. As two Rutgers researchers recently concluded " . . . using broad-based options to create a partnership model of the corporation will, over the long run, help to make most companies more competitive and create more wealth for shareholders."

Research also shows that companies with stock-based option plans receive a one-time, but permanent, boost to their productivity of about 4 percent compared to what productivity would have been without entrepreneurship and employee ownership. More importantly, total shareholder returns go up by an average of about 2 percent. This kind of growth is vital to improving our economy and creating jobs; and I believe this kind of incentive should be nurtured, not eliminated.

Data on stock ownership also shows that the 100 largest high-tech firms that focus on the Internet, average employees hold approximately 19 percent of their company's stock, 17 percent accumulated through stock options. Top executives hold only 14 percent, demonstrating that stock options have empowered rank-and-file employees and low-level managers to acquire a stake in their work by accumulating more ownership in their companies than their bosses. Ninety-eight of these 100 companies provide options to them or to most of their employees. In Intel's case, for example, 98 percent of the options granted between 1998 and 2002 went to employees other than the top five executives.

More than 200 companies from more than 29 States have filed public comments opposing mandatory expensing. The NASDAQ, which lists 3,600 companies, opposes expensing, and opposition to FASB's proposal comes not only from the high-tech and biotech sectors but also from other areas of our economy, such as from the National Association of Manufacturers, the U.S. Chamber, America's Community Bankers, the Business Roundtable, and the Association of Financial Professionals.

I would like to thank the gentleman from Louisiana (Mr. BAKER), the Committee on Financial Services chairman; the gentleman from Ohio (Mr. OXLEY); and the gentleman from California (Mr. DREIER), the young chairman of the Committee on Rules, for all of their hard work, their vision, and leadership on this issue on behalf of American workers and investors. I believe this legislation improves the financial information available to investing for the public while ensuring that rank-and-file employees and middle management can still participate in the great American tradition of a broad-based employee ownership of their company.

The choice presented by this legislation is very stark and clear: Should Congress allow inside-the-beltway accounting technicians to implement standards with severe negative economic consequences, or should we develop policies that encourage economic growth, job creation, and international competitiveness? I say yes. I believe the choice is clear and that Congress should take this opportunity to stand up for American workers and business. I encourage all of my colleagues to support this rule and the underlying legislation.

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

Mr. HASTINGS of Florida. Mr. Speaker, I yield myself such time as I may consume.

I thank the gentleman from Texas (Mr. SESSIONS) for yielding me this time.

Mr. Speaker, while I would prefer that this be an open rule, I rise today in support of the rule, as it makes in order those amendments which were submitted yesterday evening during the Committee on Rules hearing.

I note that this is the 149th rule that this body has considered in the 108th Congress. Of those 149 rules, 18 have been procedural. Of the remaining 131 rules, 106, or more than 83 percent, have been closed or restricted. One can only hope that the majority will use this rule as the template for future rules.

As my colleague from the majority pointed out, the underlying legislation blocks the implementation of new accounting standards recently proposed by the Financial Accounting Standards Board. These new standards would require companies to deduct from their profits the value of the stock options they issue to employees and executives.

Supporters of the Stock Option Accounting Reform Act will note that their bill includes a compromise, requiring the inclusion of stock options afforded to a company's top five executives in that company's profits. The Wall Street Journal, however, has noted that such disclosure would not adequately reflect a company's true profits. Top executives of companies which offer stock options to their employees typically only receive 2 percent of the options that are issued.

Another study found that in the year 2003, only 18 percent of the options provided by the S&P 500 companies went

to the top five executives. The standard included in the underlying legislation potentially leaves anywhere between 82 and 98 percent of a company's stock option expenses hidden from the public. This failure to disclose runs the grave risk of inflating a company's profits and misleading investors.

For example, if this bill were law in 2003, Intel would have deducted $3.5 million from its 2003 profits, although it actually doled out more than $990 million in options.

Investors have a right to know the true profits and total expenses of the companies in which they invest. The underlying legislation fails them, in my judgment, in this arena.

In addition to my concerns about the policy of the underlying legislation, I am equally concerned about the implications of Congress overriding the rulings of the Financial Accounting Standards Board, an independent governing authority. I echo the comments that have already been made by the chairman of the Senate's Banking, Housing and Urban Affairs Committee, who has noted that Congress has no business undermining the Accounting Standards Board.

Independent boards, such as FASB and the Securities Exchange Commission, exist to ensure the veracity of the financial services industry. Efforts on the part of Congress to undermine their decisions compromise the integrity and reliability of the industry. When congressional pressure, political ideology, or legislative fixes play a role in the decisions of boards such as the FASB and SEC, these boards will cease to be independent.

The gentleman from Pennsylvania (Mr. KANJORSKI), ranking Democrat of the Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee, as well as the gentleman from Delaware (Mr. CASTLE) will offer an amendment in the nature of a substitute that I intend to support. Their substitute recognizes the roles of the FASB and SEC as independent boards, and I urge my colleagues to support it.

Mr. Speaker, Congress has a role to play to regulate and observe the financial services industry. The underlying legislation, however, runs the risk of crossing the line that currently exists. I urge my colleagues to strongly consider the implications of the underlying legislation.

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

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

What this legislation does do is run the risk of encouraging entrepreneurs and companies and people to work harder, produce better products for this country, to do the right thing for the investor, but mostly it runs the risk of making sure that the person who would get that stock option is able to then take advantage of that and better their life and to better the life of America by making sure that people have money in their pockets to where they can make their own decisions.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank the gentleman from Texas (Mr. SESSIONS), my friend, for his fine management of this rule and his commitment to the structure which will encourage innovation and creativity.

We are on the verge of yet another very important bipartisan victory for this institution and, most important, for the American people.

Mr. Speaker, I would like to begin my comments by extending my appreciation to a couple of Californians on the other side of the aisle who have played a very important role in getting us to the point where we are. First and foremost, the gentlewoman from California (Ms. ESHOO), my great friend with whom I have been privileged to work on this issue for literally years now as we have been trying to tackle and deal with this very important challenge. And also I would like to praise the gentlewoman from California (Ms. PELOSI), our minority leader, my fellow Californian who has joined as a cosponsor of this legislation and understands how important it is not only for our State of California and for the area that is represented by the gentlewoman from California (Ms. ESHOO) and the gentlewoman from California (Ms. PELOSI), but for the overall concept of encouraging innovation and creativity. And I do know that we have a wide range of other Members on the other side of the aisle who have followed the lead of the gentlewoman from California (Ms. ESHOO) and the gentlewoman from California (Ms. PELOSI) on this issue.

I also want to say, Mr. Speaker, that on our side of the aisle there have been a number of people who have been great champions in this. First of all, I want to express appreciation to the gentleman from Illinois (Speaker HASTERT) and the gentleman from Texas (Mr. DELAY), majority leader, for working closely with me and ensuring that we would have an opportunity to bring this measure to the floor; also to the two committee chairmen who have been very involved in this.

The prime committee of jurisdiction is the Committee on Financial Services. I would like to congratulate the gentleman from Ohio (Mr. OXLEY) and the gentleman from Louisiana (Mr. BAKER) and other members of that committee, including the gentleman from California (Mr. ROYCE) and the gentleman from California (Mr. OSE) and the gentleman from Arizona (Mr. SHADEGG), who have worked very hard on this issue. And also I would like to express appreciation to the gentleman from Texas (Mr. BARTON), who has just recently become the chairman of the Committee on Energy and Commerce and is doing a great job and joins with us in support of this important legislation.

I should also say that there are a number of staff people who have been very involved as well, Mr. Speaker. I see a number of them on the floor, but I do want to specifically mention the staff director of the Committee on Rules, Mr. Pitts; and from the Speaker's office, Seth Webb; and from the majority leader's office, Brett Shogren, who worked very hard with us in making sure that we got to the point where we are today, because this has been a difficult and a real challenge for us, but it is the right thing for us to do.

Mr. Speaker, I want to state for the record that I am an ardent opponent of mandatory stock option expensing.

□ 1045

With all due respect to the wonderful people who are supporting the Financial Accounting Standards Board's expensing proposal, the notion that stock options are an expense is absolutely absurd. You do not have to be an accountant to clearly understand that stock options result in no cash outflows from a company, nor do they add to its financial liabilities. But I recognize that in the wake of the corporate accounting scandals, and I know many people are going to be talking about that as we begin debate on this issue, a whole new environment does now exist.

In this arena, those who have long opposed the use of employee stock options, and recognize, there are many people, Mr. Speaker, who have long been opponents of the utilization of employee stock options, they have been able to artificially link the public's legitimate hunger to rein in corporate abuse with their desire to kill the use of employee stock options.

Let me say that again. We all are outraged at the corporate abuse that we have seen over the past few years, but it is, to me, very troubling that a number of people who are opponents of the utilization of employee stock options are using that shared concern that we all have to try and limit the opportunity for stock options to exist. In effect, they are trying to use an accounting sleight of hand to eliminate stock options in the name of investor interests and open corporate reporting.

If stock option opponents succeed, innovation and ingenuity, the indisputable drivers of our 21st century economy, will be unquestionably undermined. Millions and millions of rank and file employees will lose their ability to hold stakes in their company's future successes. A troublesome precedent will have been set in the promulgation of accounting standards.

Expensing proponents have successfully used what is supposed to be a technical, a technical, determination of an accounting standard to obtain what is really a corporate governance policy decision. That is why I want to applaud, as I said earlier, the gentleman from Louisiana (Chairman BAKER) for crafting a bill that achieves a critical balance.

H.R. 3574, the Stock Options Accounting Reform Act, while implementing stock option expensing for, as

has been pointed out by my colleague the gentleman from Texas (Mr. SESSIONS), for the company's top five executives, does so in a way that will preserve the continued viability of broad-based employee stock option plans. It is one of two critical reasons why I am a proud cosponsor of this Baker-Eshoo bill.

It is that latter objective, giving workers on the lower rungs of the corporate ladder the opportunity to own a piece of the company pie, that is so important to the health and growth of our ingenuity-driven economy.

Remember, it is the estimated 14 million workers, 90 percent of whom hold nonmanagement positions, who would be immediately affected by a mandatory expensing standard. These are the rank-and-file workers, the Americans who have invested their sweat equity in the hope, not the guarantee, but the hope that their investment will provide future retirement funds, college tuition or a housing downpayment.

I am reminded how my friend, the gentlewoman from California (Ms. ESHOO), and I joined in getting a wide range of employees, from Sun, Cisco, Intel and other companies, who have talked about the fact that their opportunity to own a home, to pay for their college education for their children, has come from the existence of these options.

Many argue that expensing will prevent CEOs from abusing stock options. That is simply untrue, Mr. Speaker. Illegal accounting tactics are just that, they are illegal. An accounting standard is not going to stop an individual who is intent on breaking the law. Instead, FASB's proposed accounting standard will eliminate what has been a valuable employee incentive tool. That will not help the top managers. Similar to what traditional companies, like Coca-Cola do now, we know that executives will continue to receive stock options even with mandatory expensing.

Speaking more broadly, if high-growth industries lose their flexibility to use broad-based stock options, we will all lose. Stock options align the employee interests with the company interest, and that produces a motivated worker. Nowhere has that formula proven more effective than in the technology sector of our economy, particularly in California's Silicon Valley.

No matter what area of technology you look at, you will find that the common thread to a company's success has been employee stock options. Without that flexibility, we would lose a key motivator for would-be entrepreneurs and existing innovative companies to take risks and transform new ideas into industry. New industries create new jobs, higher wages and increased standards of living.

That brings me to my other primary reason for supporting this legislation, and that is the investor. Expensing proponents cite time and time again the urgency of giving investors accurate information about a company's use of stock options. I absolutely agree with that goal, Mr. Speaker. Investors need meaningful and transparent information. However, the real investor class issue here is a corporate reporting issue, not an accounting issue. Options do not cost a company money, but they do have an impact on share value.

We must stand on the side of investors and ensure that they have clear and accurate information about how stock options dilute the value of their shares. I want to commend the gentleman from Ohio (Chairman OXLEY) for adding provisions to this measure that will do just that. His language will expand required disclosures to include plain English discussion of the dilutive effects of stock option plans, increased comparability information, the number of outstanding stock options and the estimated number of outstanding stock options that will vest in each year.

Many of us, Mr. Speaker, may have been following this issue closely over the past few years. Actually, I know a number of our colleagues, frankly, have not been following this issue in great detail over the last couple of years, so it is for that reason I think it is important to explain why stock option expensing will do everything but bring clarity and accuracy to corporate financial statements.

The inability to correctly value options that have not been exercised, may never be exercised and are not tradable in open markets means investors will necessarily get wrong information from expensing. Why? Because no one has been able to figure out how to value these options. That, in and of itself, should make anyone question FASB's fundamental premise that stock options are a corporate expense.

FASB set up an options valuation group earlier this year to come up with one single method, but the group was unable to do so. FASB now is preparing to recommend allowing companies to choose from two different valuation models in its pending proposal.

Mr. Speaker, Professor William Sahlman from Harvard, commenting on the Black-Scholes model said, ''If anything, expensing options may lead to an even more distorted picture of a company's economic position and cash flows than financial statements currently paint.''

One of the inventors of the other model, the binomial method, recently said, ''I was one of the inventors of the board-proposed model, and I say: Don't use it. It doesn't work.''

Mr. Speaker, I want to close my remarks by doing what I did when the gentlewoman from California (Ms. ESHOO) and I testified before the Committee on Financial Services subcommittee on this issue by taking us back nearly two millennia to around 100 A.D.

During that time, a brilliant mathematician, astronomer and geographer named Claudius Ptolemy, wrote a 13-volume treatise entitled The Mathematical Compilation. It is also known as the Almagest. It explained the movements of the sun, moon and five planets around the center of the Earth.

For nearly 15 centuries, his work was the leading scientific explanation of that ''truth.'' And based on the fact that the Earth was at the center of the universe, scientists of that time developed very complicated and precise answers to all types of questions, such as why the visible planets take certain paths around the sky.

Mr. Speaker, geniuses like Nicolaus Copernicus improved on the Ptolemaic work by proposing that the sun and Earth revolved around a point near the sun. And Tycho Brahe explained how the planets revolved around the sun, and the sun and planets revolved around the Earth. Even Galileo did not break completely from the intellectual view underpinning the 15 centuries of Ptolemy's astronomy.

What does Ptolemy have to do with stock options, expensing and the FASB? Mr. Speaker, the accountants at FASB, good people that they are, are determined to fit the entire universe around a world view that in the end is flawed as much as Ptolemy's universe was. Their view is that everything must be able to be scored and placed on a corporate balance sheet. Well, the Earth is not the center of the universe, and everything does not belong on a balance sheet.

That is not to say that given enough hard thinking, a smart person could not figure out a way to put everything on a balance sheet. Utterly brilliant people figured out a way to explain with amazing precision how and why the sun and planets revolved around the Earth. You can explain just about anything with mathematical precision, but that does not make it true.

FASB is not populated by Ptolemy, Copernicus, Brahe or Galileo, and you do not have to be a Johannes Kepler to know that FASB is just plain wrong when it comes to stock option expensing.

Mr. Speaker, the Stock Options Accounting Reform Act is one of the most important proeconomic growth, proemployee ownership bills that we will consider in this Congress. Unlike the FASB, and I do recognize their independence, we as elected officials have an obligation to American workers and investors to preserve an environment that allows entrepreneurs to grow our economy. A potential change in accounting treatment may be arcane to some, but it is in the real world that the negative impact of mandatory expensing will hurt the risk-takers who are creating jobs and wealth in this country.

Mr. Speaker, we have made a rule in order that will allow for consideration of all the amendments that have been submitted to us, but I want to urge my colleagues to vote in opposition to those amendments that could in any

way undermine the basis of this very important legislation.

So I urge my colleagues to support the rule and, of course, enthusiastically support this measure as it comes to passage, and enjoy a strong bipartisan victory at the end of the day.

Mr. HASTINGS of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the chairman has certainly given us an enlightened view of the universe. I want to remind him that the Vatican did not agree with much of what he talked about. But Ptolemy, I did not know he was going to wind up being here with us on this important subject.

Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. STARK), a good friend of all of us, to enlighten us perhaps in yet another of the universal aspects of this business.

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

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

I really meant to talk about celebrating the 35th anniversary of Apollo 11, but I can see that my distinguished colleague from California was there with me. I thought we were really talking about accounting, and we are talking about H.R. 3574, which is appropriate, because it is sheer lunacy.

While our soldiers are fighting overseas, our children are crying out for better schools, 45 million people have no health insurance, we have set the goal today of ''Let's help the rich get richer.'' Yes, sir, Mr. Speaker, let us give more money to the millionaires.

Frankly speaking, do you know how high gas prices have gone? Do you know how much jet fuel costs? Do you know how much private jet pilots earn? We must help those people so they do not have to go from $4,000 to $5,000 to fly those little things. And that is what this bill today is doing.

I am glad to see we are helping. Why? Right now, corporations can deduct stock options for tax purposes, ha-ha, and not pay the income tax, but they do not have to report those expenses to shareholders on their SEC financial statements. That is what I call sleight of hand.

You cannot have it both ways. If you want to not deduct options, then do not take them off your income tax. It makes some sense.

This accounting loophole was encouraged by companies like Enron and Cisco to artificially inflate the value of their company while deceiving their investors and evading corporate income tax. It is much simpler than moving to Bermuda. Even Alan Greenspan has criticized this practice.

To fix this problem, the FASB board has drafted a rule requiring that we expense the options. It makes some sense. But rather than following FASB, a board made up of professional accountants, I might add, to implement a sensible rule, why, Congress has decided to use their accounting expertise.

I look around the room at my fellow Congressmen, and wonder how many of them have taken the accounting course I took?

□ 1100

And if they did, they all know that debits are in the column next to the windows, except as one looks around this Chamber, there are windows on four sides. No wonder we are confused.

So let the FASB rule be damned; we are going to set some rules of our own about accounting around here. Do my colleagues know what? They anticipate that there will be criticism that lets rich corporate executives off the hook, so they are going to limit it to the top five executives. I say to my colleagues, nice try, but as Warren Buffett points out, that is like saying in a large company which gives everyone a bonus, only five bonuses have to be expensed.

This bill requires companies to assume also that stocks have zero volatility. Stocks with zero volatility? Now, that does not pass the laugh test. Ask Martha Stewart about stocks with no volatility. She knows something about stock volatility. I suspect Ken Lay could tell us that it is a real phenomenon that we cannot do away with by legislation.

So the bill perpetuates the Bush administration's failed economic policies, while simultaneously lining the pockets of their fat cat friends. And the sponsors of this bill should be proud. It increases the deficit, it falsifies corporate earnings, and it serves the millionaires in this country well.

Mr. SESSIONS. Mr. Speaker, I would like to notify my colleague, the gentleman from Florida (Mr. HASTINGS), that at this time the majority does not have additional speakers. I believe I have approximately 5 minutes remaining, and I would encourage him to utilize that time that is necessary for him to close, and then I will do so myself.

Mr. HASTINGS of Florida. Mr. Speaker, just so that we can accurately record it so that I may dispense time on our side, how much time remains for both sides?

The SPEAKER pro tempore (Mr. BONILLA). The gentleman from Florida (Mr. HASTINGS) has 21½ minutes remaining; the gentleman from Texas (Mr. SESSIONS) has 5 minutes remaining.

Mr. HASTINGS of Florida. Mr. Speaker, I am pleased to yield 3 minutes to the gentlewoman from California (Ms. ESHOO), my good friend, who is an original cosponsor of this legislation; and she and I came to Congress together, and she has worked actively. The first bill that she introduced was a measure dealing with what we are discussing today.

Ms. ESHOO. Mr. Speaker, I thank the gentleman from Florida (Mr. HASTINGS), my good friend and classmate, for yielding me this time.

I am very proud to be the Democratic lead sponsor of the Stock Option Accounting Reform Act, and I want to thank the gentleman from California (Chairman DREIER) for his partnership and his hard work, and the gentleman from Louisiana (Chairman Baker), as well as colleagues from both sides of the aisle for the work that they have done to bring this issue forward so that we can take this up on the floor of the House today.

The Financial Accounting Standards Board, FASB, has sought for years to force public companies to expense stock options from their earnings, and Congress has consistently turned away these efforts. This is not the first time. I hope it will be the last time, but it is not the first time.

Now, the board has seized on the recent corporate scandals to push this controversial proposal through. But supporters of the FASB rule, including FASB itself, are unable to identify a single instance where the accounting treatment of broad-based stock option plans for rank-and-file employees has contributed to corporate misconduct or shareholder fraud. Stock options are already fully disclosed in corporate financial treatments. They are not, however, deducted from earnings.

The reason most companies reject the expensing of stock options is that their actual cost is highly speculative and extremely difficult to measure. Options have a direct impact on the dilution of shareholder value, but the actual cost to the company is uncertain. Furthermore, valuation of employee options is highly inaccurate, and FASB has yet to come up with an acceptable means for estimating their value.

That is why this legislation is needed. It is needed to prevent FASB's new rules from taking effect later this year, causing substantial disarray in corporate accounting. Implementation of these new accounting rules would have a disastrous impact on American companies and, most importantly, American workers. If companies are forced to expense stock options, most likely they will drop broad-based stock option plans because of the prospect of taking a huge and misleading charge against their bottom line.

So while corporate executives will undoubtedly continue to receive lucrative compensation, rank-and-file employees will lose the benefits of these employee ownership programs.

Congress, I believe, has the responsibility to ensure that a major change in corporate accounting is appropriate and that it is implemented prudently. Why? Because impacts on our national economy are the business of the Congress. We would not have stepped in before, and I would not be offering this legislation were this not the case. FASB has acknowledged that to us, that they are in charge of accounting rules; but they do not take into consideration the economic impacts.

So I urge my colleagues to look at this carefully. There are many, many complications to this. More than anything else, this is not for corporate executives. This is for rank-and-file employees who take a risk in start-up

companies and say that when the risk is realized in a positive way that everyone wins. Let us protect that, especially at a time where our national economy needs to protect something that we know works.

Mr. HASTINGS of Florida. Mr. Speaker, at this time I am pleased to yield 2½ minutes to my good friend, the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentleman's courtesy in yielding me this time, and I rise in strong support of the sentiments just expressed by my good friend, the gentlewoman from California (Ms. ESHOO).

This is about fundamental policy, not just accounting standards. I am as reluctant as any to have Congress meddle in regulatory affairs, but this legislation is most decidedly not about helping rich people. Enron did not have a broad-based stock option program. Indeed, the evidence is those companies that have broad-based stock option programs have a countervailing force that militates against this sort of abuse.

I personally am not worried about the investor class. They hire smart people to check what is already a part of company financial records. The mutual funds, the pension funds, the venture capitalists all know the status. Expensing would have a negative impact on the value of these companies who use broad-based stock options, and retroactive application would make it even worse. It would make it much less likely that we are going to have these programs in the future, and many current programs will be eliminated. This is a fundamental issue of policy that Congress can and should be involved with.

I take modest disagreement with some sentiments that were expressed here earlier. I do not know anybody who is against stock options per se. I do not think Warren Buffett is a part of a conspiracy to eliminate stock options, and there are legitimate issues about how they are taxed.

But my concern is making sure that we have an entrepreneurial tool that is available for start-up enterprises, particularly in high tech, where people can invest their sweat equity, that are broad based, and help not just the top of the financial heap. The top executives are going to be taken care of one way or another. The enactment of this standard is simply going to take it away from the vast majority of employees in the broad-based program.

I think it is important for us to maintain this tool. It is currently used by a minority of companies with no evidence of abuse. Strong support here from Congress in being able to keep this going is going to be good for the economy, it is going to be good for these entrepreneurial efforts; and, indeed, the extent to which we transition to broad-based stock options, I think it will be a tool against abuse in the future.

Mr. HASTINGS of Florida. Mr. Speaker, I am pleased to yield 3½ minutes to the gentlewoman from New York (Mrs. MALONEY), my good friend, who represents the financial district of this country.

Mrs. MALONEY. Mr. Speaker, I thank the gentleman for yielding me this time.

I am pleased that the Committee on Rules has decided to allow my amendment to protect investors by making companies show their true earnings in their public filings, and I am pleased that they have placed this in order. This amendment keeps whole the authority of the SEC to regulate the contents of public filings by companies issuing stock. The SEC has had that authority since its inception, and for good reason, to protect investors, to protect stockholders, and to protect the safety and soundness of our financial institutions.

This bill would remove the SEC's existing power to regulate whether stock options are shown as an expense. Simply put, a stock option is either an expense, or it is not an expense. My amendment preserves present law and the policy that Congress has followed since 1934, of letting an independent agency make the rules about what information companies must tell their investors and their filings. It preserves transparency to the investing public.

Accounting standards, like interest rates, should not be set by Congress, although we do have oversight. A host of the biggest names in financial policy have spoken out against this bill and in support of my amendment and in favor of preserving independent standard-setting for corporate accounting: Alan Greenspan, Arthur Levitt, William Donaldson, Warren Buffett, John Bogle; and the list goes on and on. Many editorials across this country have come out against the bill that is before us today. I will include the statements of these individuals and the editorials in the RECORD.

Expensing is the overwhelming view of financial experts, even before Enron. A 2001 survey of over 18,000 analysts and portfolio managers showed that 83 percent agreed that stock options must be expensed. None of these authorities stand to make a dime off expensing. They are standing up for the right thing to do for investors and shareholders in our country.

On the other hand, we have the corporate views of Cisco, Intel, and others who will lose, at least on paper, a cool billion-plus each if they have to show their options as expenses. Now, whose interests do they have at heart? Is it the investors? I do not think so.

It is a tragedy that these few corporations have set up a false war between investors and employees. Nothing in the FASB standard prevents expensing. Over 600 companies in America voluntarily expense. These companies tell the truth about the expense of stock options, but still give them to employees. Other companies can do the same. Is showing the true cost of stock options so damaging to these companies that no one should know how much they are spending for them?

I have received several letters from employees. They say that they need these options because they do not have pension plans or health care plans; and I ask my colleagues, is this what we want to encourage? Employees deserve pensions and health care. Hidden stock options should not be used as a substitute.

Expensing stock options is the right thing to do for both investors and employees; and as Arthur Levitt said, finally and plainly put, this bill hurts investors and the financial markets of America.

I urge a ''no'' vote on this bill and a ''yes'' on the amendment.

Mr. HASTINGS of Florida. Mr. Speaker, I yield 3 minutes to the gentlewoman from Oregon (Ms. HOOLEY), my good friend.

□ 1115

Ms. HOOLEY of Oregon. Mr. Speaker, I thank the gentleman from Florida for yielding me this time.

I rise in support of the legislation before us today. I would like to give special thanks to the gentlewoman from California (Ms. ESHOO) for working on this important legislation.

The legislation before us today is in response to FASB's proposed rules that would require the expensing of all stock options. First, let me quickly touch on the specific issue of accounting accuracy, which proponents of the FASB rule argue is a primary motivation. They claim that expensing options is right because in the accounting world, it is the accurate way to do things. Well, this is wrong in two ways.

First, it is impossible to accurately value the expense of stock options. That fact is indisputable.

Second, options are already reflected in the earnings per share calculation with before-and-after dilution. Requiring expensing options would be double-charging their issuance, once as an expense and the second time as a dilution.

In a broader sense and somewhat separate from the accounting issue is the larger problem with FASB's proposal, and that is why, by all appearances, they have given no consideration toward the economic consequences. Their proposal would seriously jeopardize the health of the American economy. The issuance of stock options has allowed small start-up companies to present the motivation, an essential tool for new recruits. These new employees are literally given a piece of the company, and consequently, they have a vested interest in the success of that company.

The stock options have helped new businesses. They have helped start-up companies. In fact, that is one of the ways that really makes those companies go.

People have accused supporters of this legislation as being in the pocket

of huge technology companies. Well, nothing could be further from the truth. The fact is that when I talk to companies at home about stock options, it is the small companies, it is the start-up companies, it is the innovators that say we would be lost without this.

And it makes sense. Large companies already have the capital to recruit the best and the brightest, and they do not really need to offer stock options as an incentive, but the small companies, the new start-ups who are struggling to meet the day-to-day costs, they are the ones to rely on the prospect of future successes of the company. That is the heart of this debate.

Preserving stock options is preserving an optimism in the growth of our economy and our Nation. Stock options we know have increased productivity. We know they have increased innovativeness, and they were a large part of the emergence of the new economy in the 1990s. When we are striving to have an economic recovery, the last thing we need is a proposal to stifle the growth, productivity and the innovativeness that stock options have provided. This bill is a vehicle to protect the safety of the American economy, and it is vital that we support it today.

Mr. HASTINGS of Florida. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I thank the gentleman for yielding me this time.

The problem with this bill is that it has so many flaws in it that it just would not work in the real world. How can there possibly be an argument made that the four highest paid executives, plus the chief executive of a company, their stock options would be counted one way and all the other stock options of the other employees would be counted another way inside of the same company? It makes no sense at all.

But the biggest detour into accounting Never-Never Land that the bill provides is when a company is calculating the expense of the options to these five executives, it must assume that the stock price has zero volatility. That is right, zero.

So let me read the language, which appears on page 4 of the bill. ''To the extent that an option pricing model is used to determine the fair value of an option, the assumed volatility of the underlying stock shall be zero.'' It will be zero. Volatility for stocks is zero. We are legislating that here on the floor of Congress today.

Now, there are lots of assumptions, which this Congress could actually begin to write right into the law, and I am sure the Republicans would like to do that. When it comes to the budget, the Republican Party is a great proponent of dynamic scoring as a way of getting the numbers to come out right. Here is an alternative, static scoring, no volatility whatsoever. Let us just legislate that.

How about the cost of the war in Iraq? We could assume that the volatility is zero. It would be zero, after all, if we simply assumed that we have already won the war, transformed Iraq into a pluralistic, secular, capitalistic democracy. So easy, we just declare the war won and we go home. No messy occupation, no truck bombs, no terrorism. Just hold a big parade to celebrate.

Hey, I have got an idea for the banner too. It could just read, ''Mission Accomplished.'' No volatility in Iraq. Let us just legislate that out here on the floor as well.

Al Qaeda, pay no attention to Al-Jazeera broadcast. We just assume that terrorism has ended as well. We will just legislate. No volatility in terrorism.

And while we are at it, let us just legislate that if we have a couple of hot fudge sundaes every day, it will have no impact on our weight, no volatility in our weight. We will just legislate it down here. Let us just legislate.

That is what they are saying today, that stocks have no volatility. Tell them who tune into CNBC and Bloomberg all day long with their eyes glued to the set, no volatility.

What are we doing here in Congress? We have no right, we have no right, ladies and gentlemen, in making that assumption for all of the investors in our country.

Mr. HASTINGS of Florida. Mr. Speaker, I yield 2 minutes and 15 seconds to the gentleman from New York (Mr. MEEKS).

Mr. MEEKS of New York. Mr. Speaker, I rise today in support of the rule and in support of the Stock Option Accounting Reform Act. This bipartisan legislation has widespread support on both sides of the aisle. This bill is all about maintaining the leadership role of the United States in emerging industries such as high technology and biotechnology and by recruiting and sustaining the best available workforce. This bill is about giving employees an incentive to be the best that they can be and encouraging small companies, not stifling them.

Mr. Speaker, this legislation ensures that the rank-and-file employees who have benefited from broad-based stock option plans in the past can continue to reap these benefits in the future. Broad-based employee stock option plans benefit middle-class and younger workers who have taken a chance on smaller companies right out of school with the opportunity and promise to grow with that company and share in its success professionally and financially.

In my congressional district, companies such as American Airlines, Verizon, Time Warner and Jet Blue are just a few of the companies that provide stock options as a benefit to their employees. And throughout this debate, some have claimed that stock option benefits only benefit senior corporate executives. The facts say otherwise; 14.6 million American workers held stock options in 2002, representing 13 percent of private sector workers nationwide. Eighty-five percent of stock options are held by nonmanagement workers, and one out of eight employee option-holders is either a union member or married to someone who is. And 39 percent of the employees earning stock options earn only $30,000 to $75,000 a year.

Meanwhile, this bill is also about combating abuse in executive compensation. The bill immediately requires the expensing of all stock options given to the top five executives of a company, but exempts small companies from this requirement for 3 years so that they do not get penalized disproportionately, a balanced and fair compromise.

There are undoubtedly reservations about having Congress enact accounting laws, and I share these reservations and counsel that we should be prudent in our approach. However, the granting of stock options to certain employees in the early and growth stages of a company, particularly in a technological industry, has been a critical component and the success of many technological companies and technological innovations that many Americans utilize, including the devices we carry around with us in the House.

Mr. Speaker, this is bipartisan legislation which reflects the kinds of issues that this Congress needs to address to jump-start our economy with quality jobs for all of American workers. I urge my colleagues to join me in voting for this bill.

Mr. HASTINGS of Florida. Mr. Speaker, I yield 2 minutes and 15 seconds to the gentleman from Florida (Mr. STEARNS).

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

Mr. STEARNS. Mr. Speaker, I thank my colleague from Florida for yielding me the time.

Mr. Speaker, I had an amendment to the Committee on Rules that unfortunately did not get a part in this debate process. My amendment to the bill of the gentleman from Louisiana (Mr. BAKER) would allow companies that voluntarily expense all employees' options to continue doing so. I contend, and I submit, that the original bill, H.R. 3574, would bar them from that practice.

At a recent hearing I held as chairman of the Committee on Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection with jurisdiction over FASB, the Financial Accounting Standards Board, the chairman of FASB said that 576 companies are currently expensing options. Think of that, 576 are expensing options, and as it now stands, H.R. 3574 would prevent these companies from continuing to voluntarily expense stock options.

Now, my amendment would correct that, and I believe congressional interference into FASB rule-making sets a

dangerous standard and a precedent and that the process should be left to independent experts. And as the bill now stands, that is not true. We hope we can correct it, but my amendment was not included as part of this debate.

And I filed this amendment in the Committee on Rules to correct it, and subsequent to that, I think the proponents of this legislation realized the wisdom of my amendment. In fact, I think they have adopted it as their own in the manager's amendment, and I consider that high flattery that they would take what we offered and adopt it as a manager's amendment, but I still believe that this stand-alone amendment would make a better point in this case for why FASB should be left intact, and we should not, as Members of Congress, go about the process of instituting, by statute, written accounting rules.

In fact, I know of no occasion in history in which Congress, by statute, has written an accounting rule, and so I do not think Members are that confident that they can go ahead and disregard the unanimous advice of the President's leading economic advisers and the most famous investor in history.

When we think about it, the most famous investor in the country indicated that in a sense this bill H.R. 3574 sets an accounting rule that is in direct contradiction to the treatment of the same item in the Tax Code. So Warren Buffett has 62 years of investing experience. That seems to be a lot, a lot more, perhaps, than many of us here in the House, and I think if his recommendation is that we not institute a statute which changes the accounting rule, we should also abide by what he is talking about.

We saw what happened with Enron and WorldCom, and they paid themselves tens of billions of dollars in stock options. And they were never accounted for, and I do not think this bill is going to do it. And I think my amendment would have helped.

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

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

I thank you for your indulgence in hearing this debate today and for your wisdom and hard work to be with us through this process.

Mr. Speaker, what we have heard today is, Members of Congress from all across this great country, California, Oregon, Florida, Texas and other places, who have talked about the need and the desire for us to pass this legislation that we have before us.

I am proud that our speaker, the gentleman from Illinois (Mr. HASTERT) and our majority leader, the gentleman from Texas (Mr. DELAY) are fully in support of this bipartisan legislation, legislation that has been brought to the floor through the leadership of the gentleman from Ohio (Mr. OXLEY) and the gentleman from Louisiana (Mr. BAKER) and the gentleman from Texas (Mr. BARTON), who is the chairman of the Committee on Energy and Commerce, and certainly the words from the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules, in talking about how this excites America and workers to achieve not only dedication and hard work, but also encourages biotech firms.

I think this is exciting. I think this is the right thing. I think this is what Congress should be doing in the leadership of the gentleman from Texas (Mr. DELAY) and the gentleman from Illinois (Mr. HASTERT) to make sure this kind of legislation consumes our time, is important to America and our future.

In 2002, nearly 15 million Americans held stock options, about 13 percent of private sector workers nationwide. About 85 percent of the existing stock options are held by nonmanagement workers. This is a whole lot to do about allowing people who get up and go to work every day, Mr. Speaker, who care about not only this country and about their families, but this offers them to protect that nest egg that grows.

I am proud of what the Republican Party is doing by bringing this legislation to the floor. I am equally as proud that it is bipartisan, because it is doing the right thing for people, and I stand in support of this, encourage my colleagues to support the underlying legislation in the rule.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1130

PROVIDING FOR CONSIDERATION OF H.R. 4850, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2005

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 724 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 724

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 4850) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2005, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 of rule XXI are waived except: sections 116, 126, 130, and 131. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. BONILLA). The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Florida (Mr. HASTINGS), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

H. Res. 724 provides for consideration of H.R. 4850, the District of Columbia Appropriations Act of 2005, under an open rule, as is customary with most annual appropriations measures.

I am very pleased that the normal, open amendment process outlined in H. Res. 724 will allow a Member to offer any amendment to the bill, as long as it complies with the standing rules of the House.

The rule provides 1 hour of debate in the House on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. The resolution waives all points of order against consideration of the bill.

H. Res. 724 waives points of order against provisions in the bill for failure to comply with clause 2 of rule XXI, which prohibits unauthorized appropriations or legislative provisions in an appropriations bill, except as specified in the resolution.

H. Res. 724 also authorizes the Chair to accord priority in recognition to Members who have preprinted their amendments in the CONGRESSIONAL RECORD. This procedure will help the House in considering amendments in a more orderly manner. Finally, H. Res. 724 provides for one motion to recommit with or without instructions.

Mr. Speaker, with respect to the underlying legislation, I want to begin by commending the chairman of the Subcommittee on the District of Columbia of the Committee on Appropriations, the gentleman from New Jersey (Mr. FRELINGHUYSEN). He has done a good job in working with the gentleman from Pennsylvania (Mr. FATTAH) in crafting H.R. 4850, and the bill deserves the support of the House today.

This provides the District of Columbia with a $560 million Federal payment, and it provides $8.2 billion in