

community development block grant program shall be halted until such report is submitted.

## AMENDMENT NO. 2150

(Purpose: To assist certain flight service station employees of the Federal Aviation Administration)

At the appropriate place, insert the following:

SEC. \_\_\_\_.(a)(1) This section shall apply to an employee of the Federal Aviation Administration, who—

(A) would be involuntarily separated as a result of the reorganization of the Flight Services Unit following the outsourcing of flight service duties to a contractor;

(B) was not eligible by October 3, 2005 for an immediate annuity under a Federal retirement system; and

(C) assuming continued Federal employment, would attain eligibility for an immediate annuity under section 8336(d) or 8414(b) of title 5, United States Code, not later than October 4, 2007.

(2) Notwithstanding any other provision of law, during the period beginning on the date of enactment of this Act and ending October 4, 2007, an employee described under paragraph (1) may, with the approval of the Administrator of the Federal Aviation Administration or the designee of the Administrator, accept an assignment to such contractor within 14 days after the date of enactment of this section.

(3) Except as provided in subsection (c), an employee appointed under paragraph (1)—

(A) shall be a temporary Federal employee for the duration of the assignment;

(B) notwithstanding such temporary status, shall retain previous enrollment or participation in Federal employee benefits programs under chapters 83, 84, 87, and 89 of title 5, United States Code; and

(C) shall be considered to have not had a break in service for purposes of chapters 83, 84, and sections 8706(b) and 8905(b) of title 5, United States Code, except no service credit or benefits shall be extended retroactively.

(4) An assignment and temporary appointment under this section shall terminate on the earlier of—

(A) October 4, 2007; or

(B) the date on which the employee first becomes eligible for an immediate annuity under section 8336(d) or 8414(b) of title 5, United States Code.

(5) Such funds as may be necessary are authorized for the Federal Aviation Administration to pay the salary and benefits of an employee assigned under this section, but no funds are authorized to reimburse the employing contractor for the salary and benefits of an employee so assigned.

(b) An employee who is being involuntarily separated as a result of the reorganization of the Flight Services Unit following the outsourcing of flight service duties to a contractor, and is eligible to use annual leave under the conditions of section 6302(g) of title 5, United States Code, may use such leave to—

(1) qualify for an immediate annuity or to meet the age or service requirements for an enhanced annuity that the employee could qualify for under sections 8336, 8412, or 8414; or

(2) to meet the requirements under section 8905(b) of title 5, United States Code, to qualify to continue health benefits coverage after retirement from service.

(c)(1) Nothing in this section shall—

(A) affect the validity or legality of the reduction-in-force actions of the Federal Aviation Administration effective October 3, 2005; or

(B) create any individual rights of actions regarding such reduction-in-force or any

other actions related to or arising under the competitive sourcing of flight services.

(2) An employee subject to this section shall not be—

(A) covered by chapter 71 of title 5, United States Code, while on the assignment authorized by this section; or

(B) subject to section 208 of title 18, United States Code.

(3) Temporary employees assigned under this section shall not be Federal employees for purposes of chapter 171 of title 28, United States Code (commonly referred to as the Federal Tort Claims Act). Chapter 171 of title 28, United States Code (commonly referred to as the Federal Tort Claims Act) and any other Federal tort liability statute shall not apply to an employee who is assigned to a contractor under subsection (a).

## AMENDMENT NO. 2173

(Purpose: To require that purchase card payments to Federal contractors be subjected to the Federal Payment Levy Program and to require improved reporting of air travel by Federal Government employees)

On page 406, between lines 7 and 8, insert the following:

**SEC. 724. PAYMENTS TO FEDERAL CONTRACTORS WITH FEDERAL TAX DEBT.**

The General Services Administration, in conjunction with the Financial Management Service, shall develop procedures to subject purchase card payments to Federal contractors to the Federal Payment Levy Program.

**SEC. 520. REPORTING OF AIR TRAVEL BY FEDERAL GOVERNMENT EMPLOYEES.**

(a) ANNUAL REPORTS REQUIRED.—The Administrator of General Services shall submit annually to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives a report on all first class and business class travel by employees of each agency undertaken at the expense of the Federal Government.

(b) CONTENTS.—The reports submitted pursuant to subsection (a) shall include, at a minimum, with respect to each travel by first class or business class—

(1) the names of each traveler;

(2) the date of travel;

(3) the points of origination and destination;

(4) the cost of the first class or business class travel; and

(5) the cost difference between such travel and travel by coach class fare available under contract with the General Services Administration or, if no contract is available, the lowest coach class fare available.

(c) AGENCY DEFINED.—(1) Except as provided in paragraph (2), in this section, the term “agency” has the meaning given such term in section 5701(1) of title 5, United States Code.

(2) The term does not include any element of the intelligence community as set forth in or designated under section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).

**DISABLED VETERANS AND OTHER PERSONS WITH DISABILITIES**

Mr. NELSON of Nebraska. Mr. President, I rise to enter into a colloquy with Senator DEWINE to discuss an amendment that we were going to offer on behalf of our Nation’s disabled veterans and other persons with disabilities.

I know that we are all concerned about taking care of our returning service men and women, especially those who were wounded in action and are now disabled, some severely. The

amendment that was to be offered today would have immediately increased employment of the disabled while potentially saving taxpayer money.

In October 2004, Congress enacted the American Jobs Creation Act of 2004, providing for outsourcing by the IRS of collection of unpaid and past due Federal income taxes. The administrative process for issuing contracts to qualified private sector debt collection companies is about to be completed. It is estimated that these contracts will create up to 4,000, well paying private sector jobs.

If the same tax collection activities were conducted by Federal employees, provisions of current law would give preferences in employment to disabled veterans in filling those Federal jobs. In addition, if other persons with disabilities were employed by the Federal Government in those jobs, those disabled persons would benefit from the Federal Government’s long history of nondiscrimination and policies of promoting job opportunities for the disabled. By enacting legislation to improve the IRS’s tax collection efforts and placing those efforts on a sound commercial footing by outsourcing or privatizing the initiative, Congress certainly did not intend to curtail the national commitment to creating meaningful job opportunities for disabled veterans and other persons with disabilities. Indeed, the contracts which the IRS will soon execute with private sector debt collection companies provide a unique opportunity for the Federal Government to stimulate creation of well paying jobs for disabled veterans and other persons with disabilities.

To realize this opportunity, however, Congress must act to assure that existing Federal employment preferences for disabled veterans and Federal policies promoting opportunities for other disabled persons are carried forward as a part of the IRS’s contracting criteria.

The language in the proposed amendment would have established a preference under the debt collection contracting program for contractors who meet certain threshold criteria relating to employment of disabled veterans and other disabled persons. Furthermore, the amendment would have required that at least a specified percentage of the individuals employed by the contractor to provide debt collection services under the contract with the IRS qualify as disabled veterans or disabled persons.

Some have expressed concern over this proposed amendment because they believe this could possibly derail the selection process currently underway.

It is not my intention to stall this process, but rather to make it better. As such, I have chosen not to offer the language at this time. But it is my intention to find the appropriate legislative vehicle for language mandating the hiring of persons with disabilities prospectively.

I wish to ask the Senator from Ohio to work with me on this very important matter.

Mr. DEWINE. Mr. President, I am happy to join my friend from Nebraska in bringing this very important issue to the attention of the Senate.

As my good friend has mentioned, the provisions contained in the American Jobs Creation Act of 2004 have created a unique opportunity to advance the futures of returning patriots and other persons with disabilities, while improving the fiscal outlook of our country.

A little over a year ago, the U.S. Army established the Disabled Soldiers Support System, or DS3, to provide its "disabled Soldiers and their families with a system of advocacy and follow-up to provide personal support that assists them in their transition from military service into the civilian community." The program has been combined with the Recovery and Employment Assistance Lifelines, or REALifelines, initiative as a joint project of the U.S. Department of Labor, the Bethesda Naval Medical Center, and the Walter Reed Army Medical Center. The joint effort aims to create a seamless, personalized assistance network to ensure that seriously wounded and injured servicemembers who cannot return to active duty are trained for rewarding new careers in the private sector.

In employing the new private debt collection provisions of the American Jobs Creation Act, private collection agencies would be in the unique position of being able to provide these veterans with well-paying and challenging jobs. Studies in the Worker's Compensation industry point to heightened degrees of vocational success when return to work efforts occur early. It is important that our returning disabled servicemembers be reincorporated into a stable work environment as soon as possible so that they do not become depressed and develop feelings of uselessness.

As the Senator has stated, some have expressed concern due to the selection process currently underway. Therefore, I agree with him that it is best not to offer this language at this time.

But notwithstanding, Senator NELSON of Nebraska and I plan to work to find the appropriate legislative vehicle to attach language that will mandate the hiring of persons with disabilities prospectively. I urge my fellow Senators to join me in supporting this effort. This is an innovative and cost-effective plan for increasing employment of disabled veterans and other disabled citizens. We owe it to our service men and women to improve their futures any way we can.

SETASIDE FUNDING FOR PUBLIC HOUSING  
AGENCIES

Ms. STABENOW. Mr. President, I rise to engage in a colloquy with the chairman and ranking member of the Transportation-HUD Appropriations Subcommittee. There has already been

much discussion about the critical role of the section 8 program in providing millions of Americans with affordable, safe housing. As my colleagues know, the 2005 funding year budget is based on a "snapshot" of verified VMS leasing and cost data averaged for the months of May, June, and July of 2004. I commend the chairman and ranking member for including a setaside of \$45 million in the Senate bill to adjust the allocations of the housing agencies whose snapshot did not accurately reflect the real leasing levels and costs for 2004.

Unfortunately, the provision as drafted does not take into account reduced leasing levels resulting from the public housing agency: One, following HUD directives to not reissue turnover vouchers, two, accepting 1,000 or more additional vouchers through Housing Conversion Actions or enhanced vouchers, or three, accepting assigned vouchers/voucher portfolios from other public housing authorities. Without these additional criteria, many public housing agencies, including the Michigan State Housing Development Authority, will be unfairly denied any of the setaside funding that is provided under this bill to make them whole. I urge the chairman and ranking member to improve this provision in conference to provide for a fairer distribution of this setaside funding.

Mr. BOND. Mr. President, I thank the distinguished Senator from Michigan and concur with her that this is a problem that must be addressed in conference. I will work with the Senator from Michigan to ensure that the final conference report includes a fair distribution of this setaside funding for public housing agencies. As you know, we included a provision to protect the use of project-based vouchers in the distribution formula.

Mrs. MURRAY. Mr. President, I appreciate the Senator bringing this issue to our attention and she can be sure that her concerns will be given every consideration in conference.

Ms. STABENOW. I thank the distinguished chairman and ranking member of the subcommittee.

JUDICIAL RESOURCES FOR THE U.S. DISTRICT  
COURT FOR THE DISTRICT OF NEW MEXICO

Mr. DOMENICI. Mr. President, I rise to speak on the pending Transportation, Treasury, Judiciary and HUD Appropriations bill for fiscal year 2006. I would like to discuss the special needs of the U.S. District Court for the District of New Mexico due to its disproportionately heavy caseload.

I thank the distinguished chairman of the Transportation, Treasury, Judiciary and HUD Appropriations Subcommittee, Senator BOND, and the distinguished ranking member, Senator MURRAY, for their willingness to address the difficulties faced by courts on the United States-Mexico Border due to lack of resources. This issue is one of great importance to the citizens of New Mexico.

The District Courts along the United States-Mexico border face particularly

pressing needs as they must deal with many immigration issues in addition to the typical cases filed in federal court. For example, for the 12-month period ending September 30, 2004, 364 felony cases per judge were filed in the District of New Mexico, compared to the national average of 88 cases per judge. The Las Cruces, NM division, which deals with a significant number of Spanish speakers, currently has only one staff interpreter to support five judges and magistrates. District judges from across the state travel to Las Cruces weekly to help manage the over-crowded docket in the southern part of the State, so they need additional travel funds. Finally, courtroom technology, such as video conferencing equipment, is needed to allow judges to hear motions without traveling across the State.

May I inquire of the distinguished chairman if it is the intention of the subcommittee to encourage the Administrative Office of the Courts, as they prepare their funding formula for the distribution of fiscal year 2006 funds, to take into account the above mentioned special needs of the U.S. District Court for the District of New Mexico?

Mr. BOND. Mr. President, the Senator from New Mexico is correct. The U.S. Court for the District of New Mexico faces an extraordinary need for interpreters, travel funds for judges, and improved courtroom technology, and I ask the Administrative Office of the Courts to consider these necessities in their allocation of fiscal year 2006 funds.

Mrs. MURRAY. I agree with the distinguished Senator from Missouri and request that the needs of the U.S. Court for the District of New Mexico be considered by the Administrative Office of the Courts. I have also been made aware of these concerns earlier in the year by the other Senator from New Mexico, Mr. BINGAMAN.

Mr. DOMENICI. I thank my colleagues for their concurrence regarding the special circumstances and requirements of the U.S. District Court for the District of New Mexico. I also thank the chairman for his willingness to attempt to address this issue in conference.

FEDERAL FUNDS FOR DISTRICT OF COLUMBIA  
RESIDENT TUITION ASSISTANCE

Mr. DURBIN. Mr. President, I would like to speak briefly about a particular Federal funding provision in the appropriations measure for the District of Columbia, which has been fully incorporated as part of this bill. The bill provides \$33.2 million in Federal funds for the District of Columbia Resident Tuition Assistance Program, also known as DC TAG.

The District of Columbia Resident Tuition Assistance Program provides funds which allow eligible District students to attend out-of-State public colleges and universities at in-State tuition rates. It also provides stipends for District students to attend private Historically Black Colleges and Universities, HBCUs, across the country and

private colleges in the District of Columbia metropolitan region.

I have had a long-standing interest in this program. I recall a meeting in my office in early 1999 with Donald Graham of The Washington Post. He was spearheading an effort to involve the Congress in creating and funding a program to work in tandem with a successful program that local business leaders established in the local schools to provide guidance to students exploring post-secondary educational opportunities. I was impressed with the concept and pledged to help get it done.

As ranking member of the District of Columbia oversight subcommittee, I worked closely with Senator VOINOVICH in shepherding through to enactment the legislation that initially established this program, the District of Columbia College Access Act of 1999. Then as subcommittee chairman in 2001, I worked to ensure that the District of Columbia College Access Improvement Act of 2002 to expand and strengthen the program was signed into law. More recently, I was an original cosponsor of bipartisan legislation last year to reauthorize the program.

This unique program has enjoyed remarkable success. District officials are to be commended for their efforts to quickly launch and implement the program within a short period following its authorization. The fact that the Federal funds have enabled over 8,000 District residents to achieve their dream of attending college at some institutions in 46 states is extraordinary.

Yet despite my long-standing, ongoing support for the TAG program and its continued viability, I do have significant concerns. These are not new.

First, this Program's source of revenue for its operation is strictly and wholly a Federal contribution. There are—and have been—no non-Federal funds invested in the Program. While the Mayor can be proud of how much it has accomplished in the past six years, there is no demonstrated financial commitment to it on the part of the local District government.

Secondly, in the past 2 fiscal years, this program has enjoyed a significant boost in annual funding. In FY 2005, the President requested \$17 million, the equivalent level Congress provided in each of the previous five years. However, the District sought \$25.6 million. The fact that the District at the time appeared to also have some \$9 million in unspent reserve funds prompted me to amend the Senate bill in committee to provide for \$21.2 million, with a directive that the District use the reserve funds to fully fund the program in fiscal year 2005 and work with the Senate and House authorizing and appropriations Committees to develop a plan involving Federal/non-Federal cost sharing for DC TAG for future fiscal years. The conference ultimately approved the full \$25.6 million.

Now this year, the proposed funding level for fiscal year 2006 of \$33.2 million represents a 30 percent increase over

the \$25.6 million allowed for fiscal year 2005, which itself represented a 52 percent hike over the \$17 million appropriated for fiscal year 2004. In response to questions I raised seeking further explanation and justification for this increase, Mayor Anthony Williams sent me his written assurance that "the last two years' requests for significant appropriations increase will not occur again." I ask unanimous consent that a copy of the Mayor's letter of July 20, 2005 be printed in the RECORD following my remarks.

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

(See exhibit 1)

Mr. DURBIN. Mr. President, I also note that 2 years ago, the Congress directed the Government Accountability Office to evaluate the DC TAG program to determine whether adequate controls are in place to protect the Federal interest, such as those pertaining to student eligibility, cash management, and administrative expenses, as well as assess relevant performance and demographic information.

I understand that the GAO's work on this mandated study may be in its final stages, and that a written report is anticipated soon. To the extent that GAO identifies any particular concerns which may put the DC TAG program and the Federal taxpayer dollars it receives at risk, I would urge that in response, the Mayor take immediate steps to promptly correct any identified weaknesses in the operations and financial management of the program, and advise the Congress of the District's plans and outcomes.

Additionally, to the extent that the GAO findings and recommendations are available in advance of the conference on this bill, I would recommend that the conference agreement include explicit directives to the Mayor and other appropriate District officials to address the GAO findings in order to help bolster the future fiscal management of this program without inordinate delay.

Furthermore, it would be prudent, prior to our consideration of the FY 2007 funding request for this program, that the District of Columbia appropriations subcommittee conduct a comprehensive oversight hearing on the DC TAG program. This could provide a forum to not only showcase the program's accomplishments and strengths, but to identify any weaknesses in the fiscal operations, program policies, and managerial structure which affect the efficient and effective use of Federal funds. It may afford an opportunity to collaborate with the authorizing committee to ensure that any necessary legislative and administrative reforms can be instituted. Any efforts we can take to improve this program as it matures and continues to benefit District residents in their educational pursuits will be time well spent.

EXHIBIT 1

JULY 20, 2005.

Hon. RICHARD J. DURBIN,  
Subcommittee on the District of Columbia, Senate Committee on Appropriations, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR DURBIN: I would like to thank you for your long history of support for the District of Columbia Tuition Assistance Grant Program (DCTAG). As a result of your leadership for both the authorization and significant appropriations for this most beneficial program, DCTAG has helped more than 8,000 students throughout the District of Columbia attend college.

The program's success has necessarily and predictably resulted in rising costs and I acknowledge your concerns about the rate of growth in program costs over the last two years. Moreover, I acknowledge your concerns about our current out-year cost projections. I can assure you that the last two years' requests for significant appropriations increase will not occur again. These increases were largely the result of two factors: 1) the program's annual carryover is virtually depleted meaning that we must request the actual operating costs (rather than relying, in part, on carryover surpluses) and 2) the program has been adding entire classes of students during its implementation phase (and we no longer will be adding new cohorts or categories of newly eligible persons.)

As Mayor, I am committed to undertaking measures to reduce the current cost projections in FY 07 and beyond, including: Negotiating tuition decreases based upon volume of students; aligning program requirements in line with those of the U.S. Department of Education; and revising maximum award calculations based on type of school.

Program officials have already discussed these scenarios with the authorizers and after appropriate consultation with you and others, we will begin to implement a range of cost containment measures. Attached is a copy of my testimony last month before the DC appropriations subcommittee which reiterates this commitment.

I once again thank you for support of the DCTAG program. This program has had a demonstrable impact on the quality of life for thousands of District families. Were it not for this program, the dream of a college education would not be a reality for many of these families. My staff and I are eager to continue our partnership with you and your staff in the management of this program to the benefit of the citizens of the District of Columbia.

Sincerely,

ANTHONY A. WILLIAMS,  
Mayor.

Ms. LANDRIEU. Mr. President, I like to thank the Senator from Illinois, Mr. DURBIN, for his concerted oversight of the DC Tuition Assistance Grant Program. This program is an important aspect of Congress's investment in educational opportunities for DC students. I appreciate Senator DURBIN's insight into the management of the program as he brings to our appropriations subcommittee on the District the perspective of the authorizing committee on which he served as well.

As Senator DURBIN noted, Congress engaged the Government Accountability Office to conduct a comprehensive review of the Tuition Assistance Grant Program—TAG—in 2004. We understand this report is forthcoming and are eager to review these findings with our colleagues. This unique program was created to fit the unique need that

the District of Columbia does not have a public university system similar to states across the country. TAG supports the opportunity for DC students to have choices to further their education in small or large universities around the country. The program has been lauded as a significant tool for increasing college attendance, but I am particularly interested to learn from the GAO the college graduation rates of TAG recipients. This, and answers many other questions, will enable the authorizers and appropriators to continually examine this program for performance.

As a unique program, tailored to the needs of the District, we also must ensure the program is meeting the goals set out by the Congress and the needs of the community. We understand the GAO has found that several management and financial controls are lacking. Because we have limited resources every program must be responsive to the community and operate in an accountable and rigorous manner. I am encouraged by the recent management improvements Mayor Williams has made, but as Senator DURBIN noted, there is still work to be done.

I appreciate Senator DURBIN raising these important concerns to Chairman BROWNBACK and me. I will work with the other conferees to ensure that funding for the TAG program meets the current need in the community, and that proper controls are in place for strict management of these funds. In addition, I welcome an opportunity for the Committee to examine the TAG program in our hearings next spring. I hope we are able to collaborate with the authorization committee so we may continue to manage and fund this program to generate the best benefit for all DC students attending college.

Senator DURBIN, I thank you for bringing these recommendations to our attention.

Mr. GREGG. Mr. President, the pending Departments of Transportation, Treasury, HUD, the Judiciary and Related Agencies appropriations bill for fiscal year 2006, H.R. 3058, as reported by the Senate Committee on Appropriations provides \$84.806 billion in budget authority and \$141.037 billion in outlays in fiscal year 2006. Of these totals, \$18.987 billion in budget authority and \$18.973 billion in outlays are for mandatory programs in fiscal year 2006.

The bill provides total discretionary budget authority in fiscal year 2006 of \$65.819 billion. This amount is \$5.689 billion more than the President's request, equal to the 302(b) allocations adopted by the Senate and \$47 million less than fiscal year 2005 enacted levels. This legislation is also equal to the 302(b) outlay allocation.

For the information of my colleagues, I must note that this legislation contains several provisions that will result in spending in 2007 and subsequent years. I must inform my colleagues that the provisions creating these advance appropriations would be subject to a budget point of order

under section 401(b) of the 2006 budget resolution. It is my hope that these problems can be addressed by the bill managers so that we will not have to consider points of order against this bill.

Mr. President, I ask unanimous consent that a table displaying the Budget Committee scoring of the bill be inserted in the RECORD.

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

H.R. 3058, 2006 TRANSPORTATION, TREASURY, JUDICIARY, AND HUD APPROPRIATIONS—SPENDING COMPARISONS—SENATE-REPORTED BILL

(Fiscal Year 2006, \$ millions)

	General purpose	Mandatory	Total
<b>Senate-reported bill:</b>			
Budget authority .....	65,819	18,987	84,806
Outlays .....	122,064	18,973	141,037
<b>Senate 302(b) allocation:</b>			
Budget authority .....	65,819	18,987	84,806
Outlays .....	122,064	18,973	141,037
<b>2005 Enacted:</b>			
Budget authority .....	65,866	18,580	84,446
Outlays .....	116,866	18,532	135,398
<b>President's request:</b>			
Budget authority .....	60,130	18,987	79,117
Outlays .....	119,218	18,973	138,191
<b>House-passed bill:<sup>1</sup></b>			
Budget authority .....	66,934	18,987	85,921
Outlays .....	120,949	18,973	139,922
<b>Senate-Reported Bill Compared To:</b>			
<b>Senate 302(b) allocation:</b>			
Budget authority .....	0	0	0
Outlays .....	0	0	0
<b>2005 Enacted:</b>			
Budget authority .....	-47	407	360
Outlays .....	5,198	441	5,639
<b>President's request:</b>			
Budget authority .....	5,689	0	5,689
Outlays .....	2,846	0	2,846

<sup>1</sup> House and Senate bills having different jurisdictions.

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with scorekeeping conventions.

Ms. STABENOW. Mr. President, I rise today in support of the Transportation/Treasury/HUD appropriations bill and my trade amendment that was adopted by unanimous consent this morning. This amendment will send a strong signal to our major Asian trading partners that we are no longer going to tolerate their trade violations that are costing us jobs here at home—especially in my State of Michigan.

As my colleagues may know, Treasury Secretary Snow has been traveling in China for the last week to advance a trip that President Bush is taking to China and Japan in November. Unfortunately, he seems to be making little progress in our attempt to get China to stop its illegal trade practices like currency manipulation.

The President's upcoming trip could not come at a more important time. Currently, Chinese and Japanese trade policies are literally destroying U.S. industries, costing us jobs and hurting our middle-class families.

In order to help President Bush as he pushes China and Japan to stop their currency manipulation, to crack down on the counterfeiting of American manufactured goods, and to cease the pirating of intellectual property, I believe the Senate should go on record to show that our Government is united in opposition to these illegal trade practices.

Just last week, Delphi, our Nation's largest auto parts supplier, declared

bankruptcy, threatening 15,000 jobs in Michigan and more than 33,000 across the country.

In terms of assets, this bankruptcy is the largest ever in the United States, surpassing the reorganizations of K-Mart and Worldcom.

The Delphi bankruptcy should serve as a wake up call to the Congress and the administration that we can no longer tolerate unfair trade practices. Unless we put a stop to them, our economic spiral downward will continue and the American middle class way of life will be in jeopardy.

In Michigan, we are experts at many things, but we excel at making things and growing things.

Whether it is cars or office furniture, apples or cherries, we lead the way in manufacturing innovation and efficiency.

And manufacturing jobs are the life blood of almost every community in Michigan.

Even though Michigan has growing, cutting-edge industries, such as biotechnology and nanotechnology, it still has one of the highest unemployment rates in the country because of our troubled manufacturing sector.

Our current economy is moving through a period of great uncertainty. It would be easy to blame this on a particularly bad business cycle—a business cycle that will eventually correct itself. But, to do so would require us to overlook a very real threat to our economy and our way of life.

That threat is the lack of a level playing field for American businesses and workers in the global marketplace.

As my colleagues know, China currently exports to the United States some \$160 billion more than it takes in.

A significant portion of this deficit is driven by consumer demand here in the United States, but a shockingly large portion of it is due to illegal trade practices, namely currency manipulation, counterfeiting and the theft of intellectual property.

Since 1995 China has pegged its currency and has not allowed it to "float."

The impact of this illegal action is clear. It gives a distinct advantage to Chinese companies that export into the United States and diminishes our ability to export to the Chinese market—therefore, China is effectively giving its exporters an exchange rate subsidy.

This manipulation increases the price of our goods while making their goods appear cheaper here at home.

For example, a mid-sized American car sold in China or Japan is \$2,000 more expensive than it should be because of currency manipulation. This really hurts our automobile industry.

Earlier this year, I spoke with employees of a large auto parts supplier who told me they had recently lost a parts contract to a Chinese company despite the fact that they were the lowest bidder.

The reason: when you factored in the impact of the artificially low yuan, the Chinese company had a cheaper bid.

As we all know, such currency manipulation is illegal under the terms of China's International Monetary Fund and World Trade Organization membership.

Some economists have calculated that this price differential may amount to as much as 40 percent. It is simply devastating our manufacturers in Michigan and it is costing us jobs every day.

In July, China announced that it would stop pegging its currency, but after rising 2 percent on July 21, the yuan has barely budged.

This is an unacceptable situation that calls for immediate action.

I think it is important to note, though, this is not just a China problem. This is a pan-Asian problem that includes Japan among the offenders.

Unfortunately, currency manipulation is not the only illegal trade practice we need to address.

Chinese counterfeiting and Intellectual property theft are enormous problems for manufacturing in my home State of Michigan.

Let me give two examples of the problem that we in Michigan currently face with regard to this unfair competition.

Counterfeit automotive products not only kill American jobs, they have the potential to kill American families—when shoddy counterfeit automotive products replace legitimate ones of higher-quality our manufacturers lose, and our consumers are put at risk.

The Federal Trade Commission estimates that the automotive parts and components industry loses an estimated \$12 billion annually in sales on a global basis to counterfeiting.

It is estimated that if these losses were eliminated, and those sales were brought into legitimate companies, the automotive industry could hire 200,000 additional workers.

And we don't even keep statistics on the potential loss of life—when shoddy counterfeit auto parts fail and cause car accidents.

We should understand that, if left unchecked, penetration by counterfeit automotive products, as well as other manufactured goods, has the potential to undermine the public's confidence and trust in what they are buying. We can't let that happen.

The second example I want to share involves a small manufacturer located in western Michigan.

Peter Perez is the president of Carter Products Company located in Grand Rapids. He is also the national president of the Wood Machinery Manufacturers of America.

Carter Products employs 15 people and holds numerous patents—one of which belongs to this small piece of equipment—the Carter Stabilizer Guide.

It is used to support a band saw blade in such a way as to allow for a wood worker to make nearly any type of angled cut.

Shortly after introducing the Stabilizer—the product, its installation in-

structions, and instruction photos were copied by a Chinese company and re-sold into the American market.

Under normal circumstances, the Stabilizer would cost a retail customer about \$70. The pirated product was being sold for less than \$10—which is far below the cost of the raw materials necessary to create the product.

Carter Products had to launch a case at its own expense to stop this illegal trade violation. After spending more than \$20,000 the company was able to keep the illegal product out of the U.S. market by stopping its distribution in markets covered by the company's patents.

But what company can ever be sure that they have achieved victory against this type of illegal behavior if the country of origin—in this case China—is not going to abide by their obligations under the WTO?

Second only to our human resources, intellectual property is our Nation's most valuable asset. As the United States freely trades with the world's nations, we are discovering new opportunities and new challenges.

International rules and institutions have been set up to protect intellectual property, but China falls short when it comes to following those rules and keeping their commitments.

They are seeking to gain an advantage over American companies and American workers by breaking the rules. In April, I proposed bipartisan legislation to strengthen our Government's ability to protect the rights of American companies and American workers in world markets; that includes protection of our intellectual property rights. The Chief Trade Prosecutor Act should be passed into law immediately so we may defend our companies and workers from those who seek to gain an advantage by breaking the rules.

It is time to send a message to the Chinese and Japanese governments. It is time to say we are fed up and we will not take it anymore. Let's give them a shot across the bow. Let's make it loud and clear that they will have to change now—not later—or we will take real action against them.

Workers across the country are losing their job. For their sake and for those who are clinging to their jobs, let's stand up to the Chinese and Japanese governments and stand up for our working families.

Mr. KENNEDY. Mr. President, as this bill now moves to conference with the House, I strongly urge our Senate conferees to reject an unfortunate amendment adopted by the House prohibiting the allocation of any funds for the District of Columbia to enforce its firearms registration law and its requirement for DC residents to keep their firearms unloaded and disassembled, or bound by a trigger lock. In effect, the House amendment would repeal the DC Government's longstanding ban on firearms and would be a disastrous blow to gun safety in the District. For almost

three decades, DC's ban on handguns and assault weapons bans have helped reduce the risk of deadly handgun violence. City residents and public officials overwhelmingly support the ban, and the courts have upheld it. Representative ELEANOR HOLMES NORTON, Mayor Anthony Williams, and Police Chief Charles Ramsey all strongly oppose the House amendment.

Mayor Williams has called this effort to repeal the city's gun ban "a slap in the face." Chief Ramsey has said that a repeal of DC's gun ban would have a "scary" impact. Without question, more guns mean more violence. More than half of the robberies and 20 percent of the aggravated assaults in the city are committed with a firearm. In 2004, nearly 80 percent of District homicides were committed with firearms. The youngest victim was only 7 years old.

It is difficult to understand how weaker gun safety laws will make residents and visitors safer. This effort by Congress to prevent the enforcement of the DC gun laws will only serve to increase the number of homicides, suicides and accidental shootings. Greater availability of firearms will make it more likely that deadly handgun violence will erupt in public buildings, offices, and public spaces. Over 20 million visitors come to Washington each year, and this amendment puts the safety of all of them at needless risk.

The amendment is also an attack upon the well-established principle of home rule for the District. It tramples the rights of the city's elected leaders and local residents to govern their homes, streets, neighborhoods, and workplaces. It is an insult to the 600,000 citizens of the District of Columbia.

Statistics show that crime prevention is working in the District. Crime decreased 18 percent last year and homicides went down 17 percent. In the first 5 months of 2005, the Metropolitan Police Department confiscated more than 1,000 firearms on city streets. Only a tiny percentage of recovered firearms are registered in the District. The city continues to face serious concerns about firearms illegally brought into the city from other jurisdictions, and the House amendment would unfairly limit the ability of DC officials to combat this problem.

Congress should respect the public safety efforts of this city's leaders and let the District decide what firearm regulations are best for its citizens. I urge my colleagues to oppose this reckless, special-interest amendment that will endanger the safety of all who live or work or visit here.

Ms. SNOWE. Mr. President, I rise today, along with my colleagues Senators THUNE and COLLINS, in support of an amendment to the Transportation, Treasury and Housing and Urban Development appropriations bill. I would like to commend the managers on both sides of the aisle for their efforts to shepherd along this extremely vital legislation to passage in the Senate.

They have shown a great eagerness to work with Senators to improve the overall legislation, and have done so in a sincerely bipartisan way that is so rarely seen in the Senate nowadays.

This amendment will offer some small measure of protection to employees at our flight service stations scattered across the country. In Bangor, ME, our flight service station, highly skilled workers decipher flight plans and help pilots navigate the tricky summer fog of coastal Maine and the constantly changing winter weather.

As many of you know, our Nation's flight service stations have been contracted to Lockheed-Martin. While some may dispute the wisdom of such a decision, I do not come to the floor to discuss that issue. I do, however, wish to prevent unforeseen and serious damage to the financial future of many of our employees who have so diligently and skillfully protected our pilots and aviators for so many years.

Hundreds of flight service station employees who are years, months, or in some cases weeks away from a well-deserved retirement would be, if not protected, stripped of their Federal pensions and benefits as the stations are transferred over to Lockheed-Martin. The aerospace company has operated in good faith, there can be no disputing that, but many of these individuals have been counting the days until their retirement, complete with the Federal benefits they have so rightly earned. To take those away from them, with but a few weeks to spare, is quite obviously cruel and uncalled for.

This amendment would allow those workers who are eligible for retirement in 2 years or less to remain on the Federal Aviation Administration's payroll, to retire at the end of those 2 years, and receive the Federal retirement benefits they have worked so long to earn. This cost will be offset by reducing the payout of the contract to Lockheed-Martin.

For years, pilots have been clamoring for better technology in our flight service stations, and Lockheed will do an excellent job providing that. What will be missing will be the local knowledge and eyes on the ground that those same pilots have come to rely on. This amendment, in its own small way, attempts to honor those individuals who have proven so reliable over the years.

I urge my colleagues to support this very simple amendment, and would like to thank Senators COLLINS, THUNE, JOHNSON, SANTORUM, and SPECTER for their steadfast efforts on this amendment as well.

Mr. OBAMA. Mr. President, I am proud to cosponsor the amendment that Senators LEAHY, COLEMAN, SARBANES, GRAHAM and REED have offered to protect funding for three programs critical to working families and low-income communities: the Community Development Block Grant, the Section 8 Voucher Program, and the Public Housing Operating and Capital Funds.

These programs expand opportunities to home ownership for working class

families and help communities across the country pursue growth that develops poor communities without pushing out the poor themselves.

Let me talk about how each of these programs supports communities of hope and opportunity.

The Community Development Block Grant, CDBG, program makes it possible for our communities to improve their infrastructure, develop new businesses, provide important social services, and rehabilitate homes—all of which translates into expanded opportunity for people.

This year, Illinois will receive more than \$196 million in CDBG funds. The State-level CDBG program alone has invested more than \$33 million in projects around the State. As a result, 66,000 of my constituents received improved water, sanitary and storm water systems; small businesses were assisted in creating or retaining more than 1,000 jobs; and 313 homes in 27 communities were rehabilitated to address health and safety issues.

Cities throughout Illinois also leverage CDBG funds for 2,500 affordable housing units, economic development in 70 communities, job training and placement for nearly 900 low-income residents, and health care services for more than 235,000 people.

And beyond being good policy, these programs are fiscally responsible. For the State-level CDBG program, every dollar invested in Illinois infrastructure and housing yielded over three additional dollars in other private or public investment. That translates into \$109 million in additional dollars for communities across Illinois. If only all government investments could yield that kind of return.

The other economic development programs this amendment would protect are funding for the Section 8 Voucher Program and the Public Housing Operating and Capital Funds. These two programs form the foundation of housing support in this country for low-income individuals and families.

Over a million households in Illinois spend more than 30 percent of their income on rent. The Section 8 program addresses this problem by making more than 76,000 Housing Choice Vouchers available to Illinois residents each year. But that still leaves 56,000 households in Illinois on Section 8 waiting lists, and the lists are getting longer. Families waiting on Section 8 vouchers are either paying too much of their income on housing—and too little on food and healthcare—or they are joining the ranks of the more than 8 percent of Illinoisans who have experienced homelessness at some point in their lives. This situation is unacceptable, and this amendment begins to address it.

The amendment also shores up funding for the Public Housing Operating and Capital Funds. Millions of Americans call public housing "home," and more than 62 percent of public housing residents are families with children or

elderly households. The operating fund helps these residents by making money available for building maintenance, utilities, and the salaries of Public Housing Authority employees. And the capital fund is a critical tool for maintaining housing infrastructure. It helps local housing authorities modernize, rehabilitate or replace aging units, thereby assuring that families live in safe homes.

Communities and families across my State, and indeed across the country, depend on these programs to help them move forward. As housing stock and infrastructure continues to age, and voucher waiting lists continue to grow, we cannot afford to take money away from the working class folks who need it most. I urge my colleagues to support this amendment.

Mr. GRAHAM. Mr. President, I am expressing my support of an amendment to provide additional funding for the Community Development Block Grants, CDBG, Program.

I share the concerns of many of my colleagues that some government programs are overreaching and duplicative. I remain committed to goals of limiting the size and scope of the Federal Government, but as we fulfill this mission, Congress must work to ensure that we continue to support programs that truly serve the needs of our constituents.

CDBG grants have benefited almost 130,000 people in South Carolina alone. Further, over ten thousand jobs have been created through CDBG projects. The CDBG program is one of HUD's most successful programs. It should be held up as an example of local communities, coordinating with their state, to using Federal dollars to foster growth and encourage citizen participation.

In listening to community leaders across the state of South Carolina, the CDBG program gives them flexibility to execute plans that accurately address their situational needs, which in turn pay great dividends for the community. To put it simply, the CDBG program works and I am a proud to be an original cosponsor of this amendment.

Mr. KOHL. Mr. President, we are staring at an approaching disaster. Again, we face a disaster that will largely affect the poor, underprivileged, elderly, and handicapped. Again, it is a disaster that will threaten lives and drive people into bankruptcy. But this time Congress can take action to avoid this disaster. The question is will we act?

Today the approaching disaster is not a hurricane but high energy prices. Estimates are that the costs of heating the average home with natural gas will skyrocket 70 percent over last year in the Midwest. This is on top of the double-digit increases between 2003 and 2004. Utility companies in the State of Wisconsin believe that the homeowners will face heating bills in my State that are 40 percent higher than last year. For working families, these dramatic

increases come on top of several months of increasing prices at the gas pump.

These high prices will force many to make difficult choices about how to spend their money, which bills to pay, and which to avoid. For many, the thermostat will be turned down to dangerous levels, prescriptions will go unfilled, and groceries will not be bought. For many elderly folks, the choice to stay warm will be dangerous, even fatal. Many disabled Americans will endanger their own health in an effort to keep their bills low.

The Federal Low-Income Home Heating Assistance, or LIHEAP, can help make some of these choices easier. LIHEAP is an extremely effective program that allows low-income people around the country to avoid being delinquent on their heating bills. The problem is that there has not been a significant increase in the funding of this program for many years, and now the rising prices have made the current funding levels unacceptably low. In past years LIHEAP has only been able to help roughly 17 percent of the eligible households, but now with rapidly rising prices the \$2 billion in funding will not even be able to meet that level.

Adding \$3.1 billion to LIHEAP will allow us to head off this impending catastrophe. I have voted for this amendment before, and I am glad to have the opportunity to support it again today. This money is absolutely necessary to keep my constituents safe and warm through the long Wisconsin winter. Without this money more working class people in my State will face high utility bills this winter and utility shutoffs come spring. Until Congress and the administration can figure out some way to bring energy prices down, relieving the pressure on low-income Americans should be a top priority.

Mr. KERRY. Mr. President, families all over this country are going to pay more to heat their homes this winter than they ever have before. The average heating bill may climb more than \$600, and that comes on top of a record increase last winter. This is going to be one of the most expensive winters on record.

Last week, the Energy Information Administration, EIA, released its Short-Term Energy Outlook. The report shows that families—particularly low-income families and seniors—are facing an increasingly more expensive heating season. According to the EIA, this winter, residential space-heating expenditures are projected to increase for all fuel types compared to last year. On average, households heating primarily with natural gas are expected to spend about \$350—48 percent—more this winter in fuel expenditures. Households heating primarily with heating oil are expected to pay \$378—32 percent—more this winter. Households heating primarily with propane can expect to pay \$325—30 percent—more this winter. If our weather is colder than

usual, expenditures will be significantly higher.

Millions of families who simply need to heat their homes are going to face prices they cannot afford. They will choose between medicine, food, and warmth. It is a tough choice to make. The National Energy Assistance Directors' Association, NEADA, just found that 32 percent of families sacrificed medical care; 24 percent failed to make a rent or mortgage payment; and 20 percent went without food for at least a day.

We must act now.

Just 2 weeks ago, I offered a bipartisan amendment with more than 20 cosponsors to fully fund the LIHEAP program at \$5.1 billion. The amendment had support from across the country. It was endorsed by community groups, Governors, and national organizations, such as the AARP, which knows rising energy prices are especially tough on seniors living on a fixed income. And the amount of funding we are seeking is equal to the amount authorized in the Energy bill the President has signed into law. That amendment got 50 votes, enough to win, but in the end it was defeated on procedural grounds.

Senators REED, COLLINS, KENNEDY, myself and others are back again this week offering the amendment to the Transportation appropriations bill. I understand that the leadership can block this amendment procedurally like they did before. I hope they do not. It is bipartisan. It is not our preference to attach it to the Transportation appropriations bill, but it is our only option for now.

I do not want this issue to be political. And so it bothered me when I read this week that the White House, which has opposed more funding for LIHEAP, is worried not about high energy prices but about the politics of high energy prices. To the White House this is a political problem—not a problem for working families, seniors, the disabled, and millions of others who will need help during this cold winter. A Republican strategist who works closely with the White House has reportedly called winter heating costs “a sleeper issue.” Well, it is time the White House wakes up.

I urge my colleagues to vote in favor of the bipartisan Reed-Collins-Kerry amendment and ensure the total \$5.1 billion in emergency funding is available for LIHEAP.

Mr. AKAKA. Mr. President, I originally filed an amendment that would prohibit the use of funds within this appropriations bill for the Debt Indicator program. The Debt Indicator program is an acknowledgment from the Internal Revenue Service, IRS, to tax preparers stating whether the taxpayer's refund will be paid or intercepted for Government debts. I continue to be outraged that the IRS provides the service of the Debt Indicator program to predatory refund anticipation loan, RAL, originators while cutting essential services to low-income taxpayers.

The Earned Income Tax Credit, EITC, is a refundable Federal income tax credit that is of great benefit to low-income working individuals and families. Many taxpayers who earn the EITC receive their tax refunds through predatory RALs. The excessive interest rates and fees charged on RALs are not justified because of the short duration of these loans and the minimal risk of repayment that they present. The IRS Debt Indicator program further reduces risk by assuring RAL lenders that the taxpayer's refund will be issued and thus the loan will be repaid. The EITC was diminished by an estimated \$1.75 billion in 1999. I am concerned about the aggressive marketing of RALs in low-income neighborhoods where EITC recipients often live. These loans take money away from the day-to-day needs of lower-income families.

RALs carry little risk because the Debt Indicator program informs the lender whether or not an applicant owes Federal, State taxes, child support, student loans, or other government obligations. This service assists the tax preparer in ascertaining applicant ability to obtain their full refund. In 1995, the use of the debt indicator was suspended because of massive fraud in e-filed returns with RALs. This suspension caused RAL participation to decline. RAL prices were expected to go down as a result of the reinstatement of the debt indicator in 1999. However, this has not occurred. The debt indicator should once again be stopped. The IRS should not be facilitating these predatory loans that allow tax preparers to reap outrageous profits by exploiting working families.

H & R Block Chief Executive Officer Frank L. Salizzoni remarked, upon the reinstatement of the debt indicator, that it “is good news for many of our clients who opt to receive the amount of their refund through RALs. The IRS program will likely result in substantially lower fees for this service.” This has not happened. According to the National Consumer Law Center's report entitled, “Corporate Welfare for the RAL Industry: The Debt Indicator, IRS Subsidy, and Tax Fraud,” prices for RALs dipped in 2000, but since then have gone up beyond pre-debt indicator levels. The report also points out that the “main effect of the debt indicator appears to be, not in lowering RAL fees, but in higher RAL profits.”

The NCLC report also indicates that the reinstatement of the debt indicator “generates more fraud related to RALs, which the IRS must spend enforcement dollars to address.”

The debt indicator serves only to facilitate the exploitation of taxpayers. The reinstatement of the debt indicator has not helped consumers to access cheaper RALs nor has it reduced RAL related fraud. If the debt indicator is removed, then the loans become riskier and the tax preparers may not aggressively market them among EITC filers. The IRS should not be aiding efforts that take the earned benefits away from low-income families.

RALs are extremely short term loans that unnecessarily diminish the EITC. There are alternatives to speeding up refunds such as filing electronically or having the refund directly deposited into a bank or credit union account. Using these methods, taxpayers can receive their returns in about 7 to 10 days without paying the high fees associated with RALs.

Instead of offering my amendment to prevent the use of funds for the DI, I chose to modify my amendment to have the Internal Revenue Service, along with the National Taxpayer Advocate, study the use of the debt indicator, the debt collection offset practice, and recommendations that could reduce the amount of time required to deliver tax refunds. In addition, the report shall study whether the debt indicator facilitates the use of RALs, evaluate alternatives to RALs, and examine the feasibility of debit cards being used to distribute refunds.

I look forward to reviewing the results of the study. I welcome the opportunity to work with the Internal Revenue Service, the National Taxpayer Advocate, and my colleagues to reduce the use of RALs and to expand access to alternative methods of obtaining timely tax refunds. I want to thank Senator BOND and Senator MURRAY for working with me to incorporate this language into the legislation and hope it will be maintained in the conference report through conference negotiations with the other body.

I ask unanimous consent to print the above-referenced report in the RECORD.

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

[From the National Consumer Law Center, June, 2005]

**CORPORATE WELFARE FOR THE RAL INDUSTRY: THE DEBT INDICATOR, IRS SUBSIDY, AND TAX FRAUD**

(BY CHI CHI WU)  
EXECUTIVE SUMMARY

The debt indicator is an acknowledgement from the IRS telling tax preparers whether a taxpayer's refund will be paid versus intercepted for government debts. The debt indicator has proven to be a substantial benefit to the refund anticipation loan (RAL) industry, as it about doubles the number of RALs made by the industry.

The debt indicator has helped boost RAL profitability. The IRS terminated the debt indicator in 1994 due to RAL fraud, and the price of RALs rose significantly, from \$29-\$35 to \$29-\$89. The IRS reinstated the debt indicator in 1999 partly to lower RAL prices. RAL prices dipped for a year in 2000, but have gone back up to pre-indicator levels. Meanwhile, the amount of RAL fraud has multiplied since the debt indicator was reinstated.

The debt indicator raises significant privacy issues. It is unclear whether taxpayers realize they are allowing the IRS to provide sensitive personal information to tax preparers about debts owed to the federal government, such as child support and student loan debts.

**A. HISTORY OF THE DEBT INDICATOR**

The debt indicator is a service provided by the Internal Revenue Service that screens

electronically filed tax returns for any claims against a taxpayer's refund. The debt indicator informs the preparer whether a taxpayer's full refund amount will be paid and not offset by other obligations collectible by the federal government, such as prior tax debt, child support arrears, or delinquent student loan debt.

When the IRS first provided the debt indicator in the early 1990s, it was called the "direct deposit indicator." In 1994, the IRS terminated the debt indicator due to concerns over massive fraud in e-filed returns that involved refund anticipation loans (RALs). The elimination of the debt indicator elicited "screams of rage" by the RAL industry. In addition to cutting into their profits, the RAL industry claimed there would be multitudes of disappointed clients who could not get their RALs. Two of the four major RAL lenders, Mellon Bank and Greenwood Trust, stopped making RALs and left the market.

Over the next few years, the RAL industry pressed for reinstatement of the debt indicator. Then, in 1998, Congress imposed a goal on the IRS to have 80 percent of returns electronically filed. Not coincidentally, a year later, the IRS announced it was re-instating the Debt Indicator. However, note that the Congressional 80 percent e-file goal is not mandatory, but merely exhortatory, in that the statutory language actually states "it should be the goal of the Internal Revenue Service to have at least 80 percent of all such returns filed electronically by the year 2007."

The first year of the reinstatement of the debt indicator was a pilot. Subsequently, the IRS decided to make the debt indicator permanent and provide it for all e-filed returns, not just returns associated with a RAL application.

**B. THE DEBT INDICATOR INCREASES RAL VOLUME**

The debt indicator has had a dramatic effect on the volume of RALs and electronically filed returns. In 1994, prior to the elimination of the debt indicator, the number of RALs had risen to 9.5 million. After the termination of the debt indicator, RAL volume dropped and by 1999, the number of RALs had fallen to 6 million. When the debt indicator was reinstated effective the 2000 tax season, the number of RALs rose sharply to 10.8 million. The number of RALs continued to increase to 12.1 million in 2001 and 12.7 million in 2002.

Data from individual companies in the RAL industry showed similar trends. In 1994, the nation's largest commercial preparation chain, H&R Block, processed 5.5 million RAL applications. After the debt indicator was eliminated, that number dropped to less than half, 2.35 million in 1995. By 1999, that number was at 2.8 million. When the debt indicator was reinstated, RAL volume rose to 4.8 million for Block.

(In millions)

Year	Overall # of RALs	H&R Block # of RAL applications
1994	9.5	5.5
1995	NA	2.3
1996		2.4
1997		2.6
1998		2.4
1999	6	2.8
2000	10.8	4.8
2001	12.1	4.5
2002	12.7	5.2

Other industry player reported similar trends. In 1994, all but 10,630 of the returns prepared by Jackson Hewitt were associated with RALs. After the debt indicator was dropped, the number of returns without RALs at Jackson Hewitt rose to 138,000 by late February 1995. RAL lender Santa Barbara Bank & Trust reported a sharp increase in loans versus non-loan refund anticipation

checks following reinstatement of the debt indicator.

The debt indicator also had similar effects on the volume of electronically-filed returns in general. The IRS reported there were 14 million e-filed returns in 1994, but only 12 million in 1995. H&R Block reported that its e-filed returns declined 22 percent in 1995. This decrease reflects the close link between e-filed returns and RALs that existed in the mid-1990s.

When the IRS reinstated the debt indicator, it publicly acknowledged that it expected the program to produce 2 million more e-filed returns than if it were not reinstated. With the close link between e-filing and RALs, the IRS surely must have been aware that there would be a corresponding increase in the number of RALs. Indeed, RAL issuers predicted that the reinstatement of the debt indicator would increase RAL demand by 50 percent. These predictions proved correct, as Block alone nearly doubled its RAL volume and made 2 million more loans (and thus e-filed returns) in 2000. Thus, much of the expected increase in e-filed returns was actually an increase in the number of RALs.

**C. THE DEBT INDICATOR AND RAL APPROVAL RATES: THE IRS SECURITY BLANKET**

The debt indicator promotes RALs by assuring lenders that the taxpayer's refund will be issued and thus the loan will be repaid. For the pre-1995 debt indicator, if the indicator came back showing there was no federal offset, there was an over 99 percent chance the IRS would issue the refund. At that time, the approval rate for RALs was 92 percent—and all but 0.5 percent of loan denials were turned down based on the debt indicator. As one IRS employee stated, the debt indicator was a "federally supplied security blanket" and "we were doing their credit check for them."

The elimination of the debt indicator in 1995 significantly lowered RAL approval rates. The approval rate for Beneficial (which became Household) dropped from 92 percent to 78 percent. This 78 percent rate includes partial approvals; the approval rate for a RAL of the taxpayer's full refund was only 40-50 percent. Banc One's approval rate for RALs also dropped by 25-30 percent. Even with the decrease in approval rates, Beneficial ended up with significant losses on RALs in 1995.

With the reinstatement of the debt indicator, RAL approval rates appear to be back around 90 percent. Thus, the debt indicator helps increase RAL approval rates and RAL profits. Of course, this service is not without its cost. One question is how much does it cost IRS to provide the debt indicator? While we do not have definitive information, note that in 1994, the IRS suggested imposing a fee for the debt indicator of \$8 per return.

**D. REINSTATEMENT OF THE DEBT INDICATOR HAS NOT LOWERED RAL FEES**

The existence of the debt indicator has had an impact on RAL fees as well, although in the end it appears to be more of a profitability boost for RAL lenders. Prior to the elimination of the debt indicator, the loan fee for RALs was approximately \$29 to \$35. The largest RAL lender, Beneficial, charged a flat fee of \$29 per RAL. Bank One charged a flat fee of \$31, while the lender for Jackson Hewitt charged \$29 to \$35.

After the debt indicator was eliminated, RAL fees jumped dramatically. Beneficial began using a tiered fee structure, with fees of \$29 to \$89, depending on the size of the loan. Banc One began charging \$41 to \$69 and Jackson Hewitt charged \$69 to \$100. By 1999, Beneficial loans made through H&R Block cost \$40 to \$90.

One of the benefits that the IRS and industry touted for reinstating the debt indicator

was lower RAL fees. In fact, lower RAL fees constituted one of four measures by which the success of the pilot program for reinstatement was to be judged. The IRS Assistant Commissioner for Electronic Tax Administration, Bob Barr, threatened to end the debt indicator if RAL prices did not decrease. Industry expressed its agreement that fees would decrease, with one RAL issuer claimed that its fees would be reduced 30 to 40 percent.

When the debt indicator was reinstated, RAL fees did go down. However, this decrease turned out to be temporary. For example, RAL fees at H&R Block and Household Bank dropped for one year, but then shot back to pre-Debt Indicator levels. After the IRS reinstated the debt indicator, Household and Block's fees went from \$40-\$90 to \$20-\$60 for the 2000 tax season. Both the IRS and industry touted this decrease in RAL fees. However, fees went back up in 2001, with Block/Household charging \$30 to \$87—close to the fees charged prior to reinstatement of the debt indicator.

Also, part of the decrease in RAL fees in 2000 occurred because Block offered a “no fee” RAL in six markets, including entire state of California. However, Block and Beneficial appear not to have offered this “no fee RAL” after the 2000 tax season. One reason was probably that the “no fee RAL” program was subject of a lawsuit for deception by a competitor.

RAL fees never went down again after 2001, but RAL profits have increased. The increase in RAL fees from 2000 to 2001 for H&R Block/Beneficial resulted in Block's RAL revenues increasing by 49 percent from 2000 to 2001. Most of the revenue increase appears to be the result of the higher RAL fees, because per-RAL-revenue rose by 43.9 percent, while sales volume only increased by 2.7 percent.

Thus, the main effect of the debt indicator appears to be, not in lowering RAL fees, but in higher RAL profits. If the reinstatement of the debt indicator had really lowered RAL fees back to pre-1995 prices, a RAL would only cost a flat fee of \$37.53 or \$45.91 in 2005 (the equivalent of \$29 or \$35 in 1994 adjusted for inflation). Instead, they currently cost about \$35 to \$115, with Block and its lending partner charging a fee of \$100 for RALs for the average refund of slightly over \$2,000. These fees translate into effective annual interest rates (APR) ranging from about 40 percent to over 700 percent.

(In dollars)

Year	RAL Price—Beneficial/Household & Block	RAL price—Bank One	RAL Price—Jackson Hewitt
1994	\$29	\$31	\$29 to 35
1995	29 to 89	41 to 69	69 to 100
1996	29 to 89.		
1997	40 to 90.		
1998	40 to 90.		
1999	40 to 90		49 to 80
2000	20 to 60.		
2001	30 to 87.		
2002	30 to 90	34 to 87.	
2003	30 to 90	34 to 89	34 to 89
2004	30 to 100	34 to 89	29 to 94 (& 5 for EITC)
2005	30 to 110	34 to 99	29 to 99 (& 5 for EITC)

It appears the debt indicator is an IRS subsidy that increases profits for the RAL industry. The debt indicator has made each individual RAL more profitable, encouraging RAL lenders to aggressively promote RALs and increase RAL volume.

E. PRIVACY ISSUES

In addition to being a taxpayer-funded subsidy to the RAL industry, the debt indicator program raises significant privacy concerns. In fact, the IRS may be violating its own privacy law in providing the service to tax preparers. The IRS Code contains broad and strong privacy protections for taxpayer in-

formation. Section 6103 of the IRS Code states that all “[r]eturn and return information shall be confidential” and shall not be disclosed. “Return information” is broadly defined and includes the taxpayer’s “nature, source, or amount of his . . . liabilities . . .” Therefore, information as to whether a taxpayer is subject to a refund offset would be information about the nature or amount of a taxpayer’s liabilities.

It would seem that the information disclosed by the IRS to a RAL provider would constitute a violation of the IRS privacy statute, unless there is an exemption. One possible exemption would be the provision that allows the IRS to disclose return information with a taxpayer’s consent. However, the IRS regulations set forth clear and definite requirements for such consent, including that the consent be set forth in a separate written document pertaining to the disclosure, and that the document reference the particular data item of return information to be disclosed.

A document that conceivably grants such consent is IRS Form 8453, which is used to authenticate an e-filed return. Yet the consent to disclose information in Form 8453 is not a separate, stand-alone document pertaining solely to the disclosure. Furthermore, the consent is buried in small print inadequate to clearly inform taxpayers that they are permitting the IRS to disclose personal financial information to their tax preparers about whether they owe a child support or student loan debt.

Another exemption allows the IRS to send an acknowledgement to an e-file provider without the need for a stand-alone consent form, along with “such other information as the [IRS] determines is necessary to the operation of the electronic filing program.” Because RALs increase the number of e-filed returns, the IRS may argue that this language permits it to send the debt indicator in the e-file acknowledgement (as it currently does) without a stand-alone consent form. However, while it increases the number of e-filed returns, that is not a factor that is “necessary” to the operation of the e-file program.

Even if IRS can legally provide the debt indicator, there still remain significant privacy issues regarding the program. With the debt indicator, the IRS is providing an indicator that communicates personal and potentially embarrassing financial tax information to the tax preparer. Indeed, when the IRS proposed requiring a similar indicator on tax returns filed through the Free File Alliance, commercial preparers objected strongly, citing privacy concerns. National Taxpayer Advocate Nina Olson noted ironically “These businesses already rely heavily on returns flagged with an indicator to tell them that this return has other outstanding refund offsets” and “Let’s use the same argument to say the debt indicator should be eliminated.”

Given the lack of prominence of the consent in Form 8453, it is unclear whether most taxpayers actually realize they are giving permission for IRS to reveal the presence of government debts to their preparer. It is even unclear whether they know about the debt indicator itself or understand what it is.

F. RE-EMERGENCE OF FRAUD

The debt indicator represents an IRS subsidy in another respect, that is, in the amount of fraud it promotes and the taxpayer dollars spent combating that fraud. As discussed above, the IRS dropped the debt indicator in 1994 due to concerns over mounting fraud in refund claims. IRS data had indicated that 92 percent of fraudulent returns filed electronically involved RALs. It was believed that the debt indicator led to tax

fraud because of its role in supporting RALs, whose quick turnaround period makes fraud detection difficult.

The elimination of the debt indicator seems to have had its intended effect. According to the Assistant Attorney General in charge of the Tax Division at the Department of Justice, eliminating the debt indicator, along with other fraud prevention measures, successfully reduced the number of fraudulent claims.

When IRS reinstated the debt indicator in 1999, it attempted to address the fraud issue by requiring tax preparers to institute fraud prevention measures. The first year of the debt indicator was termed a pilot, and only certain tax preparers who entered into memoranda of agreement with the IRS were eligible to receive the debt indicator. As a condition of the agreement, tax preparers were required to actively screen returns for potential fraud and abuse, using measure such as requiring two valid forms of identification and verifying questionable W-2s. However, after the 2000 tax season, the debt indicator is no longer a pilot and is provided to all taxpayers who e-file. Thus, it is unclear whether these fraud prevention measures are still mandatory.

Whether or not these fraud prevention measures are in effect, fraud is still a significant issue with respect to RALs. Gary Bell, Director of the IRS Criminal Investigation Division’s Refund Crimes Unit, noted that currently 80 percent of fraudulent e-filed returns are tied to a RAL or other refund financial product. Furthermore, fraud appears to have increased since the debt indicator was reinstated. Bell noted that e-file fraud had increased by more than 1,400 percent since 1999 (when the debt indicator was reinstated), and that approximately 1 in every 1,200 e-filed returns was phony, compared with a rate of about 1 in every 5,000 four years ago.

The Treasury Department’s Financial Crimes Enforcement Network (FinCEN) has raised similar concerns about the role of RALs in promoting tax fraud. FinCEN issued a warning to banks in August 2004, regarding RAL fraud. In this report, FinCEN also noted that RAL fraud had multiplied between 2000 and 2003. FinCEN noted that “To make this type of loan appealing to the public, funds are made immediately available, leaving little time for the lender to perform due diligence to prevent fraud.” As one commentator noted, the IRS has a fraud detection system, but “it may take the IRS three or more weeks to process the return, especially in the peak of the spring filing season. Meanwhile, the RAL lenders have processed the loan within a couple of days of the return being filed, the money is in the hands of the bad guys, and they can disappear without a trace. . . .”

G. CONCLUSION

As it did in 1994, the IRS should terminate the debt indicator. The program represents a form of corporate welfare and government subsidy of an industry already rolling in profits from making usurious loans to low-income taxpayers. It has increased profits for the RAL industry, while resulting in no permanent price decreases for consumers. Not only does the RAL industry siphon off hundreds of millions of tax dollars by skimming the Earned Income Tax Credit from working poor families, the IRS abets this drain and makes it more profitable by conducting part of the RAL lenders’ credit checks using taxpayer-funded resources. Furthermore, the debt indicator represents even more of a subsidy, in that it generates more fraud related to RALs, which the IRS must spend enforcement dollars to address.

Mr. DODD. Mr President, I speak on the subject of full funding for the payments to State governments in order to comply with the requirements mandated on January 1, 2006, under the Help America Vote Act of 2002, HAVA.

On October 16, 2002, over 3 years ago, the Senate overwhelmingly adopted the conference report for this bipartisan landmark legislation by a vote of 98–2. The House of Representatives adopted the conference report by a vote of 357–48 on October 10, 2002. President Bush signed HAVA into law on Oct. 29, 2002. At the White House signing ceremony, surrounded by a bipartisan group of congressional members, President Bush said in a brief speech:

When problems arise in the administration of elections, we have a responsibility to fix them. . . . Every registered voter deserves to have confidence that the system is fair and elections are honest, that every vote is recorded and that the rules are consistently applied. The legislation I sign today will add to the nation's confidence.

I agree with the President. We must follow the American tradition of fixing problems that occur in our national elections system. HAVA began a new era in election law—one where the Federal Government works with State and local governments, in conjunction with civil rights, voting rights and disability organizations, to conduct fair, free and transparent elections in our Nation. HAVA is our collective promise to the American people to fix the problems in our Federal elections. After the 2000 November elections, Americans recognized that real election reform changes must be made to ensure the integrity and security of our democracy. Congress made a commitment to the States, and to the voters of this Nation, that we would be a full partner in the conduct of Federal elections. Congress accomplished much with the passage of HAVA; but two years later in the November 2004 general election, some voters faced both old barriers to ballot access that HAVA promised to remove and new ones. We can do better and we must do better. Full funding of HAVA will ensure America does better in conducting Federal elections by ensuring both ballot access and ballot integrity.

Building democracy and freedom for every American must begin at home in the United States. In the wake of the October 15, 2005 province-by-province election on the Constitution in Iraq, it is critical that Americans take stock of our own decentralized elections systems. In light of the continuing barriers and irregularities that Americans faced at polling places across this Nation in 2004, we cannot fail to fully fund HAVA to fix these problems. Our ability to successfully do so goes directly to ensuring the integrity of elections and ensuring the confidence of the American people in the final results of those elections. America's ability to promote free societies abroad is inextricably linked to our ability to expand and secure transparent elec-

tions at home. At a time when we are spending billions of dollars to ensure the spread of democracy across the globe, we must ensure the primary right to vote for all eligible voters, regardless of race, ethnicity, age, disability, or resources.

For the first time in our Nation's history, Congress acknowledged the responsibility of the Federal Government to provide leadership and funding to States and local governments in the administration of Federal elections. First, Congress codified the Federal role in HAVA by entering into a partnership with States to restore the public's confidence in the final results of Federal elections and to ensure that every eligible American had an equal opportunity to cast a vote and have that vote counted. Next, Congress required States to conduct Federal elections according to minimum Federal requirements for voting system standards, provisional balloting and Statewide voter registration lists, including new requirements to prevent voter fraud. Finally, Congress refused to impose unfunded mandate on States and authorize nearly \$4 billion in payments to States over 3 fiscal years to implement the HAVA requirements and disability access grants and services.

January 1, 2006, is the effective date for two of the most important Federal requirements mandated by HAVA: the voluntary voting system standards and the Statewide computerized voter registration list. Both requirements are expected to make it easier to vote and harder to cheat by providing an equal opportunity for every eligible voter to cast a vote and have that vote counted, as well as providing important anti-fraud requirements to protect and preserve the integrity of our decentralized elections systems. In order to comply with HAVA, States must timely implement both requirements, which are expected to cost millions in both Federal dollars for the 95 percent portion and State dollars for the 5 percent portion of the expenditures.

To date, the President's budget, for the second year in a row, while providing millions in funding for democratic elections in foreign countries, such as Afghanistan and Iraq, assumes no funding for requirements or disability access payments to the States.

Congress also failed to fully fund HAVA 2 years in a row. HAVA is underfunded by a total of \$822 million. In addition to the \$600 million authorized in fiscal year 2005, but not appropriated Congress underfunded HAVA by \$222 million over the last 3 fiscal years, from fiscal year 2003 to fiscal year 2005. As a result, HAVA currently has a total funding shortfall of \$822 million in federal funds, \$727 million for election administration requirements and \$95 million for disability grant payments.

The absence of the \$727 million for requirements payments will likely impede the Statewide implementation of

the two most critical election reforms, the voting system standards and the Statewide voter registration lists in time for the 2006 congressional elections.

No civil right is more fundamental to the vitality and endurance of a democracy of the people, by the people, and for the people, than the people's right to vote. HAVA has been acknowledged as the "first civil rights law of the 21st century." Full funding of HAVA enjoys the support of a broad coalition of organizations representing the civil rights communities, voting rights groups, disabilities groups, and State and local governments, spearheaded by the Leadership Conference on Civil Rights and the National Association of Secretaries of State.

I am grateful to LCCR and NASS for their consistent leadership in ensuring that Congress fulfills our commitment to fully fund the HAVA reforms. I applaud the nonpartisan work of the LCCR/NASS Coalition and look forward to continuing to work with them to see this commitment come to fruition.

The organizations have submitted a letter, dated October 20, 2005, in support of full funding in the amount of \$727 million for HAVA implementation in fiscal year 2006. The letter, and I quote, states that:

The states and localities need the remaining authorized funding to implement the requirements of HAVA and the federal EAC needs to be fully funded to carry out its responsibilities as well.

I ask unanimous consent that the letter be printed in the RECORD following my remarks.

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

(See exhibit 1)

Mr. DODD. If we fail to honor commitment now and only appropriate partial funding, we may jeopardize the ability of the States to implement these historic and comprehensive election reforms. We will also miss an opportunity to ensure the integrity and security of Federal elections and the confidence of the American people in the final results of those elections.

While I will not offer an amendment today to provide for this additional funding, I am serving notice that as the States proceed to complete implementation of the HAVA requirements, I will continue to monitor this situation and as the needs of the States become more clear, I will come back to my colleagues for prompt action to ensure that the States do not face an unfunded mandate.

#### EXHIBIT 1

#### MAKE ELECTION REFORM A REALITY—FULLY FUND THE HELP AMERICA VOTE ACT

OCTOBER 20, 2005.

DEAR SENATORS: We, the undersigned organizations, urge you to support full funding for the Help America Vote Act of 2002 (HAVA) and include \$727 million in the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies

Appropriations Act of 2006. This figure represents the authorized HAVA funds for federal requirements that remain unappropriated.

HAVA, which passed with overwhelming bipartisan support, includes an important list of reforms that states must implement for federal elections. State and local governments have been working on such reforms as improving disability access to polling places, updating voting equipment, implementing new provisional balloting procedures, developing and implementing a new statewide voter registration database system, training poll workers and educating voters on new procedures and new equipment.

To help state and local governments pay for these reforms, HAVA authorized \$3.9 billion over three fiscal years. To date, Congress has generously appropriated \$3 billion between FY03 and FY04. Unfortunately, while HAVA authorized funding for states for FY05, none was appropriated. The states and localities need the remaining authorized funding to implement the requirements of HAVA, and the federal EAC needs to be fully funded to carry out its responsibilities as well.

States and localities are laboring to implement the requirements of HAVA based on a federal commitment that HAVA would not be an unfunded mandate. State officials have incorporated the federal amounts Congress promised when developing their HAVA implementation budgets and plans. Without the full federal funding, state and local governments will encounter serious fiscal shortfalls and will not be able to afford complete implementation of important HAVA mandates. According to a state survey, lack of federal funding for HAVA implementation will result in many states scaling back their voter and poll worker education initiatives and on voting equipment purchase plans, both of which are vital components to making every vote count in America.

We are thankful that you have seen the importance of funding the work of the Election Assistance Commission in FY06. States, localities and civic organizations look forward to the work products from the EAC that will aid them in their implementation of HAVA i.e., the voting system standards, the statewide database guidance, and the studies on provisional voting, voter education, poll worker training, and voter fraud and voter intimidation.

We thank you for your support of funding for the Help America Vote Act, and we look forward to working with you on this critical issue. Should you have any questions, please contact Leslie Reynolds of the National Association of Secretaries of State or Rob Randhava of the Leadership Conference on Civil Rights, or any of the individual organizations listed below.

Sincerely,

*Organizations Representing State and Local Election Officials*

Council of State Governments  
Election Center  
International Association of Clerks, Recorders, Election Officials and Treasurers  
National Association of Counties  
National Association of County Recorders, Election Officials and Clerks  
National Association of Latino Elected and Appointed Officials (NALEO) Educational Fund

National Association of Secretaries of State

National Conference of State Legislatures

*Civil and Disability Rights Organizations*

Alliance for Retired Americans  
American Association of People with Disabilities  
American Federation of Labor—Congress of Industrial Organizations

Americans for Democratic Action  
APIA Vote  
Asian American Justice Center  
Asian American Legal Defense and Educational Fund  
Common Cause  
FairVote—The Center for Voting and Democracy  
Lawyers' Committee for Civil Rights Under Law  
Leadership Conference on Civil Rights  
League of Women Voters of the United States  
Mexican American Legal Defense and Educational Fund  
National Association for the Advancement of Colored People  
National Council of La Raza  
National Disability Rights Network  
National Federation of the Blind  
National Voting Rights Institute  
Project Vote  
The Arc of the United States  
United Cerebral Palsy  
United Church of Christ, Justice and Witness Ministries  
USAction

Mr. NELSON of Florida. Today the Senate adopted unanimously the Nelson-Smith amendment which puts the Senate on record supporting the placement of al-Manar on the Specially Designated Global Terrorist list. Al-Manar is a global satellite television operation dedicated to broadcasting inflammatory and radical Islamic propaganda.

Al-Manar, a television station funded by Hezbollah, promotes hatred, anti-Semitism, and glorifies suicide bombing. The actions of this network are truly appalling and frightening.

Viewed via satellite throughout the Muslim world, al-Manar promotes suicide attacks against American and Israeli targets and encourages Iraqi insurgents to attack U.S. troops. It includes particularly shocking children's programming, aimed at shaping the beliefs and values of the next generation of Muslim youth.

The station broadcasts programs that spread anti-Semitic material, perpetuating myths about Jewish history, which resulted in the station's recent ban from French airwaves. This is not a media outlet sharing the news; it is a propaganda tool used by a terrorist organization to spread its message of violence and hatred.

The U.S. Government placed al-Manar on the Terror Exclusion List which prevents persons associated with the channel from traveling to the U.S. There is a much stricter list, the Specially Designated Global Terrorist list, which allows much harsher penalties, including financial sanctions against individuals, groups, and banks that do business with al-Manar. So far, the Government has not placed al-Manar on this list.

The case is clear and obvious: al-Manar is supporting and promoting terrorism. This warrants placement on the list of Specially Designated Global Terrorists.

In August, 51 Senators sent a letter to the President, urging him to place al-Manar on the Specially Designated Global Terrorist list. I ask unanimous

consent that a copy of the letter be printed in the RECORD.

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

CONGRESS OF THE UNITED STATES,

Washington, DC, August 2, 2005.

President GEORGE W. BUSH,

*The White House,  
Washington, DC.*

DEAR PRESIDENT BUSH: We write to urge you to place al-Manar, the official television station of Hezbollah on the Treasury Department's Specially Designated Global Terrorist Entity list (SDGT) and to aggressively target the organizations that aid in its broadcast. Hezbollah, a known terrorist organization, funds al-Manar, calling it a 'station of resistance.' Viewed via satellite throughout the Muslim world, al-Manar promotes suicide attacks against American and Israeli targets and encourages Iraqi insurgents to attack U.S. troops.

Al-Manar is a mouthpiece of hatred and violence. In addition, the station broadcasts programs that spread anti-Semitic material, perpetuating myths about Jewish history, which resulted in the station's recent ban from French airwaves. This is not a media outlet sharing the news; it is a propaganda tool used by a terrorist organization to spread its message of violence and hatred.

We welcome your December 2004 decision to place al-Manar on the Terror Exclusion List (TEL), which allows the U.S. Government to deport or deny admission to aliens involved with al-Manar's support or endorsement of terrorist activities. But further acknowledgment of al-Manar's role in spreading violence and hatred is warranted and should be shown through its placement on the SDGT list. This step would allow the U.S. government to sanction foreign banks and freeze the financial assets of individuals or organizations that associate with the station. This would cause many telecommunications corporations and financial institutions to reconsider their decision to work with al-Manar.

The United States must use all available means to stop the transmission of al-Manar's programs. Placing al-Manar and the Lebanese Communications Group S.A.L., its parent company, on the SDGT will send a clear message that the United States is serious about confronting any organization that supports the violence carried out by terrorist groups.

We strongly support the global war on terrorism and continuing efforts to stop terrorists wherever they may be. Stopping al-Manar's broadcast of hatred and violence is an integral part of the global war on terrorism. Thank you for your time and consideration. We look forward to your response.

Sincerely,

Gordon Smith, Evan Bayh, John F. Kerry, Mark Dayton, Mitch McConnell, Richard Durbin, Wayne Allard, Frank Lautenberg, Charles Schumer, Bill Nelson, Hillary Rodham Clinton, George Allen, Jon Kyl, Conrad Burns, Ron Wyden, Byron L. Dorgan, Norm Coleman, Mel Martinez, Dianne Feinstein, John Corzine, Russell D. Feingold, Joe Lieberman, Ben Nelson, Barack Obama, Barbara Boxer, Deborah Stabenow, Olympia Snowe, Herb Kohl, Barbara A. Mikulski, David Vitter, Ken Salazar, Jack Reed, Lisa Murkowski, Richard Shelby, Tim Johnson, Arlen Specter, Johnny Isakson, Tom Coburn, Susan Collins, Sam Brownback, John Ensign, James M. Talent, Jeff Sessions, Orrin Hatch, Rick Santorum, Kent Conrad, Mary L. Landrieu, Daniel K. Akaka, Chuck E. Grassley, Jeff Bingaman, Saxby Chambliss.

Mr. NELSON of Florida. Today, the entire Senate is on record. This amendment affirms the Senate's concerns over the free dissemination of radical and violent ideology and calls on the Administration to add al-Manar to the Specially Designated Global Terrorist list.

Mr. BOND. Mr. President, are there any others? I believe we have now covered all of the amendments we have agreed to accept. I think it is time to go to third reading, and I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill, as amended, pass?

The yeas and nays have been ordered. The clerk will call the roll.

Mr. MCCONNELL. The following Senators were necessarily absent: The Senator from Arizona (Mr. MCCAIN) and the Senator from New Hampshire (Mr. SUNUNU).

Mr. DURBIN. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from New Jersey (Mr. CORZINE), the Senator from Hawaii (Mr. INOUE); and the Senator from New York (Mr. SCHUMER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 93, nays 1, as follows:

[Rollcall Vote No. 264 Leg.]

YEAS—93

Akaka	Dole	Lugar
Alexander	Domenici	Martinez
Allard	Dorgan	McConnell
Allen	Durbin	Mikulski
Bennett	Ensign	Murkowski
Biden	Enzi	Murray
Bingaman	Feingold	Nelson (FL)
Bond	Feinstein	Nelson (NE)
Boxer	Frist	Obama
Brownback	Graham	Pryor
Bunning	Grassley	Reed
Burns	Gregg	Reid
Burr	Hagel	Roberts
Byrd	Harkin	Rockefeller
Cantwell	Hatch	Salazar
Carper	Hutchison	Santorum
Chafee	Inhofe	Sarbanes
Chambliss	Isakson	Sessions
Clinton	Jeffords	Shelby
Coburn	Johnson	Smith
Cochran	Kennedy	Snowe
Coleman	Kerry	Specter
Collins	Kohl	Stabenow
Conrad	Kyl	Stevens
Cornyn	Landrieu	Talent
Craig	Lautenberg	Thomas
Crapo	Leahy	Thune
Dayton	Levin	Vitter
DeMint	Lieberman	Voinovich
DeWine	Lincoln	Warner
Dodd	Lott	Wyden

NAYS—1

Bayh

NOT VOTING—6

Baucus	Inouye	Schumer
Corzine	McCain	Sununu

The bill (H.R. 3058), as amended, was passed.

(The bill will be printed in a future edition of the RECORD.)

Mr. BOND. Mr. President, I move to reconsider the vote.

Mrs. MURRAY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BOND. I ask unanimous consent that the Senate insist upon its amendment, request a conference with the House, and the Chair be authorized to appoint conferees.

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

Mrs. MURRAY. Mr. President, I wanted to take a minute, as we finish this bill, to again thank my colleague from Missouri for his tremendous work on this bill. I know he has been under personal duress today and had a late night last night, but his team won despite what it appears to be. I think he has done a tremendous job and I wish to thank him.

I also wish to thank all of the majority staff, John Kamareck Paul Doerrer, Cheh Kim, Lula Edwards, Josh Manley, and Matt McCardle for their help in working with us for many months along the way, and also our minority staff, Peter Rogoff, Kate Hallahan, Diana Hamilton, Bill Simpson, Meaghan McCarthy, as well as my personal staff, especially Casey Sixkiller. I also want to thank all of the floor staff who have been diligent in working with us as we have moved this bill through and again thanks to my colleague from Missouri for his tremendous work on this bill.

Mr. BOND. I continue to be grateful for the cooperation of the Senator from Washington and her staff. I was going to go down the list of the staff members on both sides. I will incorporate by reference and say once again our staff worked very well together. This is the first time anybody had dealt with a TTHUD bill. It has many interesting moving parts, and some of them move in different directions at the same time. We could not have done it without the tremendous assistance of all of the staff, plus the floor staff.

I want to say a special thanks to Lula Davis, Dave Schiappa, and all the people in front here for their unflinching willingness to sit and help us through all of these things. This was more exciting than I wanted it to be, and their help enabled us to get through.

We would also like to put in a special thanks to Mike Solon in the Whip's office for helping us work on a number of things and both the Appropriations Committee leaders, Chairman COCHRAN and Senator BYRD. Also, the majority leader and minority leader were a great help.

So we are most grateful, and we are delighted to be out of the way now, and we will go to conference. We look for-

ward to coming back with perhaps an even better process and a good product.

MORNING BUSINESS

Mr. BOND. I ask unanimous consent that there now be a period for morning business with Senators permitted to speak for up to 10 minutes each.

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

The Senator from Iowa.

Mr. GRASSLEY. I ask unanimous consent to speak for roughly 15 minutes instead of the 10 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

BUDGET RECONCILIATION

Mr. GRASSLEY. Mr. President, because I am chairman of the Senate Finance Committee and we have jurisdiction over taxes, I want to respond to some of the comments that have been made over the last 2 or 3 days, both on the floor as well as in news conferences, by the Senate Democratic leadership on the reconciliation tax relief bill that will be before Congress sometime between now and Thanksgiving. Quite frankly, it is necessary to pass because if we do not, then taxes are automatically going to go up without a vote of Congress. It is not necessarily the biggest tax increase that Congress has ever voted but a very sizable tax increase.

Obviously, if we are going to increase taxes, it ought to be done by a vote of the Congress and not done automatically. So we have to take action before we adjourn this fall, and that is what the reconciliation tax relief bill is all about.

It is quite obvious from these news conferences that the Democrats have been having, in statements on the floor, that they do not seem to understand that this is going to happen, and if it does happen, it is going to hurt middle income taxpayers as well as lower income taxpayers.

In press reports for several weeks now, the distinguished Democratic leader suggested that we cease all efforts to address expiring tax relief provisions. The senior Senator from Nevada stated as follows: I think we need to revisit this budget and reconciliation. Is it really the time to have \$70 billion more in tax cuts?

Well, we are not going to have \$70 billion more in tax cuts if we pass this reconciliation tax relief package. We are going to continue the tax policy we have had for the last several years, and if we do not pass it, we are going to have a \$70 billion tax increase, and that is what inaction is going to bring about. I see the Senator suggesting that that happen. I am going to say why that is bad not only for taxpayers, but that is bad for the economy of our country.

Then we also had the assistant Democratic leader, the senior Senator