AMENDMENT NO. 2276

At the request of Mr. DOMENICI, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of amendment No. 2276 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

AMENDMENT NO. 2283

At the request of Mr. HARKIN, the names of the Senator from Pennsylvania (Mr. SPECTER), the Senator from Rhode Island (Mr. REED), the Senator from New Jersey (Mr. CORZINE) and the Senator from North Dakota (Mr. CONRAD) were added as cosponsors of amendment No. 2283 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

AMENDMENT NO. 2287

At the request of Mr. SPECTER, the name of the Senator from Nevada (Mr. ENSIGN) was withdrawn as a cosponsor of amendment No. 2287 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

At the request of Mr. KENNEDY, his name was added as a cosponsor of amendment No. 2287 proposed to H.R. 3010, supra.

AMENDMENT NO. 2289

At the request of Mr. DAYTON, the name of the Senator from Nevada (Mr. ENSIGN) was added as a cosponsor of amendment No. 2289 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

AMENDMENT NO. 2299

At the request of Mr. TALENT, his name was added as a cosponsor of amendment No. 2299 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

AMENDMENT NO. 2301

At the request of Mr. OBAMA, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of amendment No. 2301 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

AMENDMENT NO. 2308

At the request of Mr. SPECTER, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of amendment No. 2308 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

AMENDMENT NO. 2327

At the request of Mr. COLEMAN, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of amendment No. 2327 proposed to H.R. 3010, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WYDEN:

S. 1927. A bill to amend the Internal Revenue Code of 1986 to make the Federal income tax system simpler, fairer, and more fiscally responsible, and for other purposes; to the Committee on Finance.

Mr. WYDEN. Mr. President, today I am proposing a Fair Flat Tax Act that will finally provide real tax relief to America's hurting middle class. It will do so by making the tax system simpler, flatter and fairer. And at the same time, it will begin to reduce the deficit that is destabilizing our economy, our security and our future.

This tax reform proposal is simpler because it's easier to understand and use. My legislation will include a new, simplified 1040 form that is one page, 30 lines, for every individual taxpayer.

This plan is flatter because it collapses the current system of six individual tax brackets down to three—15, 25 and 35 percent—and creates a flat corporate rate of 35 percent.

Ultimately, this plan is fairer because it changes the laws that disproportionately favor the most affluent Americans and corporations at the expense of the middle class. Instead, it provides a major middle-class tax cut—paid for by the elimination of scores of tax breaks in the individual and corporate income tax breaks, and by repealing the Bush tax cuts that favored the most fortunate few at the expense of the many.

This plan is fairer for American taxpayers because it treats work and wealth equally.

This is a radical statement about tax law: America can do better than a two-tier system which forces a policeman to pay a higher effective tax rate than an investor who makes his income on capital gains and dividends.

Under the current Federal Tax Code, all income is not created equal in this country. Americans who work for wages, in effect, subsidize the tax cuts and credits and deferrals of those who make money through unearned income—the dividends from investments. It's time to treat all taxpayers the same.

Let me be clear: I am not interested in soaking investors. I am a Democrat who believes in markets, and creating wealth. But what our country is all about is equality, and our Tax Code should treat everyone's income more equally too.

My legislation, The Fair Flat Tax Act of 2005, adapts the flat tax idea to help reduce the deficit instead, through fewer exclusions, exemptions, deductions, deferrals, credits and special rates for certain businesses and activities, and through the setting of a single, flat corporate rate of 35 percent. On the individual side, it ends favoritism for itemizers while improving deductions across the board: The standard deduction would be tripled for single filers from $5,000 to $15,000 and raised from $10,000 to $30,000 for married couples. Six individual rates are collapsed into three progressive rates of 15 percent, 25 percent and 35 percent, and income from all sources is taxed the same.

Several deductions used most frequently by individuals, those for home mortgage interest and charitable contributions, and the credits for children, education and earned income are retained. No one would have to calculate their taxes twice: this proposal eliminates the individual Alternative Minimum Tax (AMT), which could snare as many as 21 million American taxpayers in 2006.

This proposal would eliminate an estimated $20 billion each year in special breaks for corporations, and direct the Treasury Secretary to identify and report to Congress an additional $10 billion in savings from tax expenditures that subsidize inefficiencies in the health care system. Eliminating these breaks would sustain current benefits for our men and women in uniform, our veterans and the elderly and disabled—as well as breaks that promote savings and help families pay for health care and education.

What makes the Fair Flat Tax Act truly unique is that it corrects one of the most glaring inequities in the current tax system: regressive State and local taxes. Under current law, low and middle income taxpayers get hit with a double whammy: compared to wealthy Americans, they pay more of their income in State and local taxes. Poor families pay more than 11 percent and middle income families pay about 10 percent of their income in State and local taxes, while wealthier taxpayers only pay five percent. And because many low and middle income taxpayers don't itemize, they get no credit on their Federal form for paying State and local taxes. In fact, two-thirds of the Federal deduction for State and local taxes goes to those with incomes above $100,000. Under the Fair Flat Tax Act for the first time the Federal code would look at the entire picture, at an individual's combined Federal, State and local tax burden, and give credit to low and middle income individuals to correct for regressive State and local taxes.

Repealing some individual tax credits, deductions and exclusions from income—along with some serious changes to the corporate Tax Code—enables larger standard deductions and broader middle-class tax relief.

The deductions most important to most Americans remain in place: the home mortgage deduction stays, as do child credits and charitable contributions, higher education and health savings.

What all this means for American taxpayers is—the vast majority of taxpayers will see a cut, particularly the middle class. Congressional Research Service experts tell us that middle class families and families with wage and salary incomes up to $150,000 will see tax relief.

On the corporate side—this plan does something that may not be popular, but it's right.

Each of us, including America's corporations, need to pay our fair share. Corporations that have used tax loopholes to avoid paying their fair share of taxes are going to see those loopholes close and they're going to contribute.

This legislation makes concrete progress toward deficit reduction. There's a long way to go to stop the hemorrhaging in the Federal budget, but this legislation makes a real start by whittling the deficit down approximately $100 billion over five years.

Some may wonder if what I am proposing today is a response to the President's Tax Reform Advisory Panel. To date, the Panel hasn't officially released its recommendations. I can't respond to something that hasn't been introduced yet. But I am troubled by the fact that the recommendations trickling out from the Panel would continue to twist the Tax Code away from equal treatment of all income, widening the chasm between people who get wages and people who collect dividends.

I am introducing The Fair Flat Tax Act of 2005 today to provide Americans a plan based on common-sense principles that can make the Tax Code work better.

Making the Tax Code simpler and flatter is going to make it fairer. My legislation is going to provide real relief to the middle class. It will treat work and wealth equally. It will make a start at reducing the deficit. I am ready to get to work with my colleagues and move it forward.

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

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

S. 1927

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Fair Flat Tax Act of 2005''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.
Sec. 2. Purpose.
TITLE I—INDIVIDUAL INCOME TAX REFORMS
Sec. 101. 3 progressive individual income tax rates for all forms of income.
Sec. 102. Increase in basic standard deduction.
Sec. 103. Refundable credit for State and local income, sales, and real and personal property taxes.
Sec. 104. Earned income child credit and earned income credit for childless taxpayers.
Sec. 105. Repeal of individual alternative minimum tax.
Sec. 106. Termination of various exclusions, exemptions, deductions, and credits.
TITLE II—CORPORATE AND BUSINESS INCOME TAX REFORMS
Sec. 201. Corporate flat tax.
Sec. 202. Treatment of travel on corporate aircraft.
Sec. 203. Termination of various preferential treatments.
Sec. 204. Elimination of tax expenditures that subsidize inefficiencies in the health care system.
Sec. 205. Pass-through business entity transparency.
TITLE III—TECHNICAL AND CONFORMING AMENDMENTS; SUNSET
Sec. 301. Technical and conforming amendments.
Sec. 302. Sunset.

SEC. 2. PURPOSE.

The purpose of this Act is to amend the Internal Revenue Code of 1986—

(1) to make the Federal individual income tax system simpler, fairer, and more transparent by—

(A) recognizing the overall Federal, State, and local tax burden on individual Americans, especially the regressive nature of State and local taxes, and providing a Federal income tax credit for State and local income, sales, and property taxes,

(B) providing for an earned income tax credit for childless taxpayers and a new earned income child credit,

(C) repealing the individual alternative minimum tax,

(D) increasing the basic standard deduction and maintaining itemized deductions for principal residence mortgage interest and charitable contributions,

(E) reducing the number of exclusions, exemptions, deductions, and credits, and

(F) treating all income equally,

(2) to make the Federal corporate income tax rate a flat 35 percent and eliminate special tax preferences that favor particular types of businesses or activities, and

(3) to partially offset the Federal budget deficit through the increased revenues resulting from these reforms.

TITLE I—INDIVIDUAL INCOME TAX REFORMS

SEC. 101. 3 PROGRESSIVE INDIVIDUAL INCOME TAX RATES FOR ALL FORMS OF INCOME.

(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The table contained in section 1(a) is amended to read as follows:

"If taxable income is:	The tax is:
Not over $25,000	15% of taxable income.
Over $25,000 but not over $120,000.	$3,750, plus 25% of the excess over $25,000
Over $120,000	$27,500, plus 35% of the excess over $120,000''.

(b) HEADS OF HOUSEHOLDS.—The table contained in section 1(b) is amended to read as follows:

"If taxable income is:	The tax is:
Not over $16,000	15% of taxable income.
Over $16,000 but not over $105,000.	$2,400, plus 25% of the excess over $16,000
Over $105,000	$24,650, plus 35% of the excess over $105,000''.

(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The table contained in section 1(c) is amended to read as follows:

"If taxable income is:	The tax is:
Not over $15,000	15% of taxable income.
Over $15,000 but not over $70,000.	$2,250, plus 25% of the excess over $15,000
Over $70,000	$16,000, plus 35% of the excess over $70,000''.

(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The table contained in section 1(d) is amended to read as follows:

"If taxable income is:	The tax is:
Not over $12,500	15% of taxable income.
Over $12,500 but not over $60,000.	$1,875, plus 25% of the excess over $12,500
Over $60,000	$13,750, plus 35% of the excess over $60,000''.

(e) CONFORMING AMENDMENTS TO INFLATION ADJUSTMENT.—Section 1(f) is amended—

(1) by striking ''1993''in paragraph (1) and inserting ''2006'',

(2) by striking ''except as provided in paragraph (8)'' in paragraph (2)(A),

(3) by striking ''1992'' in paragraph (3)(B) and inserting ''2005'',

(4) by striking paragraphs (7) and (8), and

(5) by striking ''PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET;'' in the heading thereof.

(f) REPEAL OF RATE DIFFERENTIAL FOR CAPITAL GAINS AND DIVIDENDS.—

(1) REPEAL OF 2003 RATE REDUCTION.—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking ''December 3, 2008'' and inserting ''December 31, 2005''.

(2) TERMINATION OF PRE-2003 CAPITAL GAIN RATE DIFFERENTIAL .—Section 1(h) is amended (after the application of paragraph (1)) by adding at the end the following new paragraph:

''(13) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2005.''.

(g) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 1 is amended by striking subsection (i).

(2) The Internal Revenue Code of 1986 is amended by striking ''calendar year 1992'' each place it appears and inserting ''calendar year 2005''.

(3) Section 1445(e)(1) (after the application of subsection (g)(1)) is amended by striking ''(or, to the extent provided in regulations, 20 percent)''.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 102. INCREASE IN BASIC STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (defining standard deduction) is amended to read as follows:

''(2) BASIC STANDARD DEDUCTION.—For purposes of paragraph (1), the basic standard deduction is—

''(A) 200 percent of the dollar amount in effect under subparagraph (C) for the taxable year in the case of—

''(i) a joint return, or

''(ii) a surviving spouse (as defined in section 2(a)),

''(B) $26,250 in the case of a head of household (as defined in section 2(b)), or

''(C) $15,000 in any other case.''.

(b) CONFORMING AMENDMENT TO INFLATION ADJUSTMENT.—Section 63(c)(4)(B)(i) is amended by striking ''(2)(B), (2)(C), or''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 103. REFUNDABLE CREDIT FOR STATE AND LOCAL INCOME, SALES, AND REAL AND PERSONAL PROPERTY TAXES.

(a) GENERAL RULE.—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) is amended by redesignating section 36 as section 37 and by inserting after section 35 the following new section:

''SEC. 36. CREDIT FOR STATE AND LOCAL INCOME, SALES, AND REAL AND PERSONAL PROPERTY TAXES.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 10 percent of the qualified State and local taxes paid by the taxpayer for such year.

''(b) QUALIFIED STATE AND LOCAL TAXES.—For purposes of this section, the term 'qualified State and local taxes' means—

''(1) State and local income taxes,

''(2) State and local general sales taxes,

''(3) State and local real property taxes, and

''(4) State and local personal property taxes.

''(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) STATE OR LOCAL TAXES.—A State or local tax includes only a tax imposed by a State, a possession of the United States, or a political subdivision of any of the foregoing, or by the District of Columbia.

''(2) GENERAL SALES TAXES.—

''(A) IN GENERAL.—The term 'general sales tax' means a tax imposed at one rate with respect to the sale at retail of a broad range of classes of items.

''(B) APPLICATION OF RULES.—Rules similar to the rules under subparagraphs (C), (D), (E), (F), (G), and (H) of section 164(b)(5) shall apply.

''(3) PERSONAL PROPERTY TAXES.—The term 'personal property tax' means an ad valorem tax which is imposed on an annual basis in respect of personal property.

''(4) APPLICATION OF RULES TO PROPERTY TAXES.—Rules similar to the rules of subsections (c) and (d) of section 164 shall apply.

''(5) NO CREDIT FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(6) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(7) DENIAL OF DOUBLE BENEFIT.—Any amount taken into account in determining the credit allowable under this section may not be taken into account in determining any credit or deduction under any other provision of this chapter.''.

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ''or from section 36 of such Code'' before the period at the end.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 36 and inserting the following:

''Sec. 36. Credit for state and local income, sales, and real and personal property taxes.

''Sec. 37. Overpayments of tax.''.

(c) REPORT REGARDING USE OF CREDIT BY RENTERS.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives recommendations regarding the treatment of a portion of rental payments in a manner similar to real property taxes under section 36 of the Internal Revenue Code of 1986 (as added by this section).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 104. EARNED INCOME CHILD CREDIT AND EARNED INCOME CREDIT FOR CHILDLESS TAXPAYERS.

(a) IN GENERAL.—Subsection (a) of section 32 (relating to earned income) is amended to read as follows:

''(a) ALLOWANCE OF EARNED INCOME CHILD CREDIT AND EARNED INCOME CREDIT.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this subtitle for the taxable year—

''(A) in the case of any eligible individual with 1 or more qualifying children, an amount equal to the earned income child credit amount, and

''(B) in the case of any eligible individual with no qualifying children, an amount equal to the earned income credit amount.

''(2) EARNED INCOME CHILD CREDIT AMOUNT.—For purposes of this section, the earned income child credit amount is equal to the sum of—

''(A) the credit percentage of so much of the taxpayer's earned income for the taxable year as does not exceed the earned income limit amount, plus

''(B) the supplemental child credit amount determined under subsection (n) for such taxable year.

''(3) EARNED INCOME CREDIT AMOUNT.—For purposes of this section, the earned income credit amount is equal to the credit percentage of so much of the taxpayer's earned income for the taxable year as does not exceed the earned income limit amount.

''(4) LIMITATION.—The amount of the credit allowable to a taxpayer under paragraph (2)(A) or (3) for any taxable year shall not exceed the excess (if any) of—

''(A) the credit percentage of the earned income amount, over

''(B) the phaseout percentage of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds the phaseout amount.''.

(b) SUPPLEMENTAL CHILD CREDIT AMOUNT.—Section 32 is amended by adding at the end the following new subsection:

''(n) SUPPLEMENTAL CHILD CREDIT AMOUNT.—

''(1) IN GENERAL.—For purposes of subsection (a)(2)(B), the supplemental child credit amount for any taxable year is equal to the lesser of—

''(A) the credit which would be allowed under section 24 for such taxable year without regard to the limitation under section 24(b)(3) with respect to any qualifying child as defined under subsection (c)(3), or

''(B) the amount by which the aggregate amount of credits allowed by subpart A for such taxable year would increase if the limitation imposed by section 24(b)(3) were increased by the excess (if any) of—

''(i) 15 percent of so much of the taxpayer's earned income which is taken into account in computing taxable income for the taxable year as exceeds $10,000, or

''(ii) in the case of a taxpayer with 3 or more qualifying children (as so defined), the excess (if any) of—

''(I) the taxpayer's social security taxes for the taxable year, over

''(II) the credit allowed under this section for the taxable year.

The amount of the credit allowed under this subsection shall not be treated as a credit allowed under subpart A and shall reduce the amount of credit otherwise allowable under section 24(a) without regard to section 24(b)(3).

''(2) SOCIAL SECURITY TAXES.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The term 'social security taxes' means, with respect to any taxpayer for any taxable year—

''(i) the amount of the taxes imposed by section 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

''(ii) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

''(iii) 50 percent of the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

''(B) COORDINATION WITH SPECIAL REFUND OF SOCIAL SECURITY TAXES.—The term 'social security taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

''(C) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such paragraph.

''(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2005, the $10,000 amount contained in paragraph (1)(B) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.''.

(c) CONFORMING AMENDMENT.—Section 24(d) is amended by adding at the end the following new paragraph:

''(4) TERMINATION.—This subsection shall not apply with respect to any taxable year beginning after December 31, 2005.''.

(d) CERTAIN TREATMENT OF EARNED INCOME MADE PERMANENT.—Clause (vi) of section 32(c)(2)(B) is amended to read as follows:

''(vi) a taxpayer may elect to treat amounts excluded from gross income by reason of section 112 as earned income.''.

(e) REPEAL OF DISQUALIFIED INVESTMENT INCOME TEST.—Subsection (i) of section 32 is repealed.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 105. REPEAL OF INDIVIDUAL ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Section 55(a) (relating to alternative minimum tax imposed) is amended by adding at the end the following new flush sentence:

''For purposes of this title, the tentative minimum tax on any taxpayer other than a corporation for any taxable year beginning after December 31, 2005, shall be zero.''.

(b) MODIFICATION OF LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—Subsection (c) of section 53 (relating to credit for prior year minimum tax liability) is amended to read as follows:

''(c) LIMITATION.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of —

''(A) the regular tax liability of the taxpayer for such taxable year reduced by the sum of the credits allowable under subparts A, B, D, E, and F of this part, over

''(B) the tentative minimum tax for the taxable year.

''(2) TAXABLE YEARS BEGINNING AFTER 2005.—In the case of any taxable year beginning after 2005, the credit allowable under subsection (a) to a taxpayer other than a corporation for any taxable year shall not exceed 90 percent of the regular tax liability of the taxpayer for such taxable year reduced by the sum of the credits allowable under subparts A, B, D, E, and F of this part.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 106. TERMINATION OF VARIOUS EXCLUSIONS, EXEMPTIONS, DEDUCTIONS, AND CREDITS.

(a) IN GENERAL.—Subchapter C of chapter 90 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following new section:

''SEC. 7875. TERMINATION OF CERTAIN PROVISIONS.

''The following provisions shall not apply to taxable years beginning after December 31, 2005:

''(1) Section 44 (relating to credit for expenditures to provide access to disabled individuals).

''(2) Section 62(a)(2)(D) (relating to deduction for certain expenses of elementary and secondary school teachers).

''(3) Section 67 (relating to 2-percent floor on miscellaneous itemized deductions).

''(4) Section 74(c) (relating to exclusion of certain employee achievement awards).

''(5) Section 79 (relating to exclusion of group-term life insurance purchased for employees).

''(6) Section 104(a)(1) (relating to exclusion of workmen's compensation).

''(7) Section 104(a)(2) (relating to exclusion of damages for physical injuries and sickness).

''(8) Section 107 (relating to exclusion of rental value of parsonages).

''(9) Section 119 (relating to exclusion of meals or lodging furnished for the convenience of the employer).

''(10) Section 125 (relating to exclusion of cafeteria plan benefits).

''(11) Section 132 (relating to certain fringe benefits), except with respect to subsection (a)(5) thereof (relating to exclusion of qualified transportation fringe).

''(12) Section 163(h)(4)(A)(i)(II) (relating to definition of qualified residence).

''(13) Section 165(d) (relating to deduction for wagering losses).

''(14) Section 217 (relating to deduction for moving expenses).

''(15) Section 454 (relating to deferral of tax on obligations issued at discount).

''(16) Section 501(c)(9) (relating to tax-exempt status of voluntary employees' beneficiary associations).

''(17) Section 911 (relating to exclusion of earned income of citizens or residents of the United States living abroad).

''(18) Section 912 (relating to exemption for certain allowances).''.

(b) CONFORMING AMENDMENT.—The table of sections for subchapter C of chapter 90 is amended by adding at the end the following new item:

''Sec. 7875. Termination of certain provisions.''.

TITLE II—CORPORATE AND BUSINESS INCOME TAX REFORMS

SEC. 201. CORPORATE FLAT TAX.

(a) IN GENERAL.—Subsection (b) of section 11 (relating to tax imposed) is amended to read as follows:

''(b) AMOUNT OF TAX.—The amount of tax imposed by subsection (a) shall be equal to 35 percent of the taxable income.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 280C(c)(3)(B)(ii)(II) is amended by striking ''maximum rate of tax under section 11(b)(1)'' and inserting ''rate of tax under section 11(b)''.

(2) Sections 860E(e)(2)(B), 860E(e)(6)(A)(ii), 860K(d)(2)(A)(ii), 860K(e)(1)(B)(ii), 1446(b)(2)(B), and 7874(e)(1)(B) are each amended by striking ''highest rate of tax specified in section 11(b)(1)'' and inserting ''rate of tax specified in section 11(b)''.

(3) Section 904(b)(3)(D)(ii) is amended by striking ''(determined without regard to the last sentence of section 11(b)(1))''.

(4) Section 962 is amended by striking subsection (c) and by redesignating subsection (d) as subsection (c).

(5) Section 1201(a) is amended by striking ''(determined without regard to the last 2 sentences of section 11(b)(1))''.

(6) Section 1561(a) is amended—

(A) by striking paragraph (1) and by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively,

(B) by striking ''The amounts specified in paragraph (1), the'' and inserting ''The'',

(C) by striking ''paragraph (2)'' and inserting ''paragraph (1)'',

(D) by striking ''paragraph (3)'' both places it appears and inserting ''paragraph (2)'',

(E) by striking ''paragraph (4)'' and inserting ''paragraph (3)'', and

(F) by striking the fourth sentence.

(7) Subsection (b) of section 1561 is amended to read as follows:

''(b) CERTAIN SHORT TAXABLE YEARS.—If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle, the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a)(1) divided by the number of corporations which are component members of such group on the last day of such taxable year. For purposes of the preceding sentence, section 1563(b) shall be applied as if such last day were substituted for December 31.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 202. TREATMENT OF TRAVEL ON CORPORATE AIRCRAFT.

(a) IN GENERAL.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (q) as subsection (r) and b inserting after subsection (p) the following new subsection:

''(q) TREATMENT OF TRAVEL ON CORPORATE AIRCRAFT.—The rate at which an amount allowable as a deduction under this chapter for the use of an aircraft owned by the taxpayer is determined shall not exceed the rate at which an amount paid or included in income by an employee of such taxpayer for the personal use of such aircraft is determined.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 203. TERMINATION OF VARIOUS PREFERENTIAL TREATMENTS.

(a) IN GENERAL.—Section 7875, as added by section 106, is amended—

(1) by inserting ''(or transactions in the case of sections referred to in paragraphs (21), (22), (23), (24), and (27))'' after ''taxable years beginning'', and

(2) by adding at the end the following new paragraphs:

''(19) Section 43 (relating to enhanced oil recovery credit).

''(20) Section 263(c) (relating to intangible drilling and development costs in the case of oil and gas wells and geothermal wells).

''(21) Section 382(l)(5) (relating to exception from net operating loss limitations for corporations in bankruptcy proceeding).

''(22) Section 451(i) (relating to special rules for sales or dispositions to implement Federal Energy Regulatory Commission or State electric restructuring policy).

''(23) Section 453A (relating to special rules for nondealers), but only with respect to the dollar limitation under subsection (b)(1) thereof and subsection (b)(3) thereof (relating to exception for personal use and farm property).

''(24) Section 460(e)(1) (relating to special rules for long-term home construction contracts or other short-term construction contracts).

''(25) Section 613A (relating to percentage depletion in case of oil and gas wells).

''(26) Section 616 (relating to development costs).

''(27) Sections 861(a)(6), 862(a)(6), 863(b)(2), 863(b)(3), and 865(b) (relating to inventory property sales source rule exception).''.

(b) FULL TAX RATE ON NUCLEAR DECOMMISSIONING RESERVE FUND.—Subparagraph (B) of section 468A(e)(2) is amended to read as follows:

''(B) RATE OF TAX.—For purposes of subparagraph (A), the rate set forth in this subparagraph is 35 percent.''.

(c) DEFERRAL OF ACTIVE INCOME OF CONTROLLED FOREIGN CORPORATIONS.—Section 952 (relating to subpart F income defined) is amended by adding at the end the following new subsection:

''(e) SPECIAL APPLICATION OF SUBPART.—

''(1) IN GENERAL.—For taxable years beginning after December 31, 2005, notwithstanding any other provision of this subpart, the term 'subpart F income' means, in the case of any controlled foreign corporation, the income of such corporation derived from any foreign country.

''(2) APPLICABLE RULES.—Rules similar to the rules under the last sentence of subsection (a) and subsection (d) shall apply to this subsection.''.

(d) DEFERRAL OF ACTIVE FINANCING INCOME.—Section 953(e)(10) is amended—

(1) by striking ''2006'' and inserting ''2005'', and

(2) by striking ''2007'' and inserting ''2006''.

(e) DEPRECIATION ON EQUIPMENT IN EXCESS OF ALTERNATIVE DEPRECIATION SYSTEM.—Section 168(g)(1) (relating to alternative depreciation system) is amended by striking ''and'' at the end of subparagraph (D), by adding ''and'' at the end of subparagraph (E), and by inserting after subparagraph (E) the following new subparagraph:

''(F) notwithstanding subsection (a), any tangible property placed in service after December 31, 2005,''.

(f) EFFECTIVE DATE.—The amendments made by subsections (b), (c), and (d) shall apply to taxable years beginning after December 31, 2005.

SEC. 204. ELIMINATION OF TAX EXPENDITURES THAT SUBSIDIZE INEFFICIENCIES IN THE HEALTH CARE SYSTEM.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives recommendations regarding the elimination of Federal tax incentives which subsidize inefficiencies in the health care

system and if eliminated would result in Federal budget savings of not less than $10,000,000,000 annually.

SEC. 205. PASS-THROUGH BUSINESS ENTITY TRANSPARENCY.

Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding the implementation of additional reporting requirements with respect to any pass-through entity with the goal of the reduction of tax avoidance through the use of such entities, In addition, the Secretary shall develop procedures to share such report data with State revenue agencies under the disclosure requirements of section 6103(d) of the Internal Revenue Code of 1986.

TITLE III—TECHNICAL AND CONFORMING AMENDMENTS; SUNSET

SEC. 301. TECHNICAL AND CONFORMING AMENDMENTS.

The Secretary of the Treasury or the Secretary's delegate shall not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a draft of any technical and conforming changes in the Internal Revenue Code of 1986 which are necessary to reflect throughout such Code the purposes of the provisions of, and amendments made by, this Act.

SEC. 302. SUNSET.

(a) IN GENERAL.—All provisions of, and amendments made by, this Act shall not apply to taxable years beginning after December 31, 2010.

(b) APPLICATION OF CODE.—The Internal Revenue Code of 1986 shall be applied and administered to taxable years described in subsection (a) as if the provisions of, and amendments made by, this Act had never been enacted.

By Mr. REID (for himself and Mr. COCHRAN):

S. 1930. A bill to expand the research, prevention, and awareness activities of the National Institute of Diabetes and Digestive and Kidney Diseases and the Centers for Disease Control and Prevention with respect to inflammatory bowel disease; to the Committee on Health, Education, Labor, and Pensions.

Mr. REID. Mr. President, I rise today to introduce legislation focused on a devastating condition known as inflammatory bowel disease (IBD). I am pleased that Senator COCHRAN has once again joined me in the fight against this painful and debilitating disease.

Crohn's disease and ulcerative colitis, collectively known as inflammatory bowel disease, are chronic disorders of the gastrointestinal tract which afflict approximately 1.4 million Americans, 30 percent whom are diagnosed in their childhood years. IBD can cause severe abdominal pain, fever, and intestinal bleeding. Complications related to the disease include; arthritis, osteoporosis, anemia, liver disease, growth and developmental challenges, and colorectal cancer. Inflammatory bowel disease represents a major cause of morbidity from digestive illness and has a devastating impact on patients and families.

In the 108th Congress I was proud to sponsor bipartisan legislation focused on IBD that attracted 36 co-sponsors. Several important provisions of that bill were incorporated into legislation known as the ''Research Review Act'' which was signed into law by the President last November. Specifically, the ''Research Review Act'' called on the Government Accountability Office and the Centers for Disease Control and Prevention to submit reports to Congress on three issues of critical importance to the IBD community, 1. Social Security Disability, 2. Medicare and Medicaid coverage, and 3. the epidemiology of the disease in the United States.

The legislation I am introducing today builds upon the progress made last year by calling for an increased Federal investment in biomedical research on IBD. The hope for a better quality of life patients and families depends on basic and clinical research sponsored by the National Institute of Diabetes and Digestive and Kidney Diseases at the National Institutes of Health (NIDDK). The ''Inflammatory Bowel Disease Research Act'' calls for an expansion of NIDDK's research portfolio on Crohn's disease and ulcerative colitis in order to capitalize on several exciting discoveries that have broadened our understanding of IBD in recent years. By increasing our investment in this area, we will maximize the possibility that we will be able to offer hope to millions of Americans who suffer from this debilitating disease. At the same time, progress in this area could also mean we would save millions of dollars in net health care expenditures through reduced hospitalizations and surgeries.

In addition to biomedical research, this legislation also calls on the Centers for Disease Control and Prevention to develop a ''National Inflammatory Bowel Disease Action Plan.'' This plan will provide a comprehensive approach to addressing the burden of IBD in the United States, including strategies for raising awareness of the disease among the general public and health care community, expanding epidemiological research focused on the prevalence of IBD, and preventing the progression of the disease and its complications.

The Crohn's and Colitis Foundation of America, an organization that has been a leader in the battle against IBD, has strongly endorsed this legislation. In addition to CCFA, the following organizations have endorsed this bill: The North American Society for Pediatric Gastroenterology, Hepatology and Nutrition, the American Gastroenterological Association, the American Society for Gastrointestinal Endoscopy, the Digestive Disease National Coalition, the Society of Gastroenterology Nurses and Associates, and the Pennsylvania Society of Gastroenterology.

I urge all Senators to join Senator COCHRAN and me in this important cause by co-sponsoring the ''Inflammatory Bowel Disease Research Act.''

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

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

S. 1930

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Inflammatory Bowel Disease Research Act''.

SEC. 2. FINDINGS.

The Congress finds as follows:

(1) Crohn's disease and ulcerative colitis are serious inflammatory diseases of the gastrointestinal tract.

(2) Crohn's disease may occur in any section of the gastrointestinal tract but is predominately found in the lower part of the small intestine and the large intestine. Ulcerative colitis is characterized by inflammation and ulceration of the innermost lining of the colon. Complete removal of the colon in patients with ulcerative colitis can potentially alleviate and cure symptoms.

(3) Because Crohn's disease and ulcerative colitis behave similarly, they are collectively known as inflammatory bowel disease. Both diseases present a variety of symptoms, including severe diarrhea; abdominal pain with cramps; fever; and rectal bleeding. There is no known cause of inflammatory bowel disease, or medical cure.

(4) It is estimated that up to 1,400,000 people in the United States suffer from inflammatory bowel disease, 30 percent of whom are diagnosed during their childhood years.

(5) Children with inflammatory bowel disease miss school activities because of bloody diarrhea and abdominal pain, and many adults who had onset of inflammatory bowel disease as children had delayed puberty and impaired growth and have never reached their full genetic growth potential.

(6) Inflammatory bowel disease patients are at high risk for developing colorectal cancer.

(7) The total annual medical costs for inflammatory bowel disease patients is estimated at more than $2,000,000,000.

SEC. 3. NATIONAL INSTITUTE OF DIABETES AND DIGESTIVE AND KIDNEY DISEASES; INFLAMMATORY BOWEL DISEASE RESEARCH EXPANSION.

(a) IN GENERAL.—The Director of the National Institute of Diabetes and Digestive and Kidney Diseases shall expand, intensify, and coordinate the activities of the Institute with respect to research on inflammatory bowel disease, with particular emphasis on the following areas:

(1) Genetic research on susceptibility for inflammatory bowel disease, including the interaction of genetic and environmental factors in the development of the disease.

(2) Research targeted to increase knowledge about the causes and complications of inflammatory bowel disease in children.

(3) Animal model research on inflammatory bowel disease, including genetics in animals.

(4) Clinical inflammatory bowel disease research, including clinical studies and treatment trials.

(5) Expansion of the Institute's Inflammatory Bowel Disease Centers program with a focus on pediatric research.

(6) Other research initiatives identified by the scientific document entitled ''Challenges in Inflammatory Bowel Disease'' and the research agenda for pediatric gastroenterology, hepatology and nutrition entitled ''Chronic Inflammatory Bowel Disease''.

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—For the purpose of carrying out subsection (a), there are authorized to be appropriated $75,000,000 for fiscal year 2006, $85,000,000 for fiscal year 2007, and $100,000,000 for fiscal year 2008.

(2) RESERVATION.—Of the amounts authorized to be appropriated under paragraph (1), not more than 20 percent shall be reserved for the training of qualified health professionals in biomedical research focused on inflammatory bowel disease, including pediatric investigators.

SEC. 4. CENTERS FOR DISEASE CONTROL AND PREVENTION; NATIONAL INFLAMMATORY BOWEL DISEASE ACTION PLAN.

(a) IN GENERAL.—

(1) PREPARATION OF PLAN.—The Director of the Centers for Disease Control and Prevention, in consultation with the inflammatory bowel disease community, shall prepare a comprehensive plan to address the burden of inflammatory bowel disease in both adult and pediatric populations (which plan shall be designated by the Director as the ''National Inflammatory Bowel Disease Action Plan'').

(2) REPORT TO CONGRESS.— Not later than 12 months after the date of the enactment of this Act, the Director of the Centers for Disease Control and Prevention shall submit the Plan referred to in paragraph (1) to the Committee on Energy and Commerce and the Committee on Appropriations in the House of Representatives and to the Committee on Health, Education, Labor and Pensions and the Committee on Appropriations in the Senate.

(b) CONTENT.—

(1) IN GENERAL.—The National Inflammatory Bowel Disease Action Plan shall address strategies for determining the true prevalence of inflammatory bowel disease in the United States, and the unique demographic characteristics of the patient community through the expansion of appropriate epidemiological activities.

(2) CERTAIN REQUIREMENTS.— The Plan referred to in paragraph (1) shall—

(A) focus on strategies for increasing awareness about inflammatory bowel disease within the general public and the health care community in order to facilitate more timely and accurate diagnoses; and

(B) address mechanisms designed to prevent the progression of the disease and the development of complications, such as colorectal cancer, and other strategies and activities as deemed appropriate.

(c) AUTHORIZATION OF APPROPRIATIONS.— For the purpose of carrying out this section, there is authorized to be appropriated such sums as may be necessary for fiscal year 2006.

By Mr. SPECTER (for himself, Mr. BIDEN, Mr. BROWNBACK, Mr. TALENT, Mr. DEWINE, Mr. CORZINE, Mr. BINGAMAN, Mr. KYL, Mr. SANTORUM, and Mr. OBAMA):

S. 1934. A bill to reauthorize the grant program of the Department of Justice for reentry of offenders into the community, to establish a task force on Federal programs and activities relating to the reentry of offenders into the community, and for other purposes; to the Committee on the Judiciary.

Mr. SPECTER. Mr. President, I have sought recognition to introduce, along with Senators BIDEN and BROWNBACK, the Second Chance Act of 2005: Community Safety through Recidivism Prevention. This legislation is designed to reduce recidivism among adult and juvenile ex-offenders. Never before in our history have so many individuals been released from prison and never before in our history have so many ex-offenders been is prepared to reenter their communities. Each year, more than 650,000 individuals are released, which roughly equates to about 1,700 individuals returning communities each day. This number is expected to grow in the near future as more inmates complete their prison terms. For most offenders, the transition back into their communities is difficult because many lack the necessary skill to ensure a successful reentry. Many suffer from serious substance abuse addictions and mental health issues. Many have difficulty securing a job or adequate housing and often find themselves lured back to a life of crime. A study conducted by the Bureau of Justice Statistics reported that over two-thirds of released prisoners were rearrested within three years and one-half of those rearrested were convicted and re-incarcerated. This high rate of recidivism devastates our towns and communities and puts an enormous strain on state and local budgets.

The Second Chance Act reauthorizes the Adult and Juvenile Offender Reentry Demonstration projects, authorizing the Attorney General to make grants to States and local governments to establish offender reentry projects, with an enhanced focus on job training, housing, substance abuse and mental health treatment, and working with children and families. It also creates a new grant program available to nonprofit organizations for the purpose of providing mentoring and other transitional services essential to reintegrating ex-offenders. The Second Chance Act encourages new community partnerships to help educate, train, and employ these individuals who might otherwise return to a life of crime.

Many ex-offenders are often stigmatized by their incarceration, and must face the reality that many employers are reluctant to hire them. A National Adult Literacy Study determined that a majority of prisoners are either illiterate or have marginal reading, writing, and math skills. Following the repeal of Pell Grant eligibility for incarcerated individuals, I worked to create the Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders program. This program is aimed at providing post-secondary education, employment counseling, and workplace and community transition training for incarcerated youth offenders while in prison, which continue for up to one year after the individual is released. The current program limits expenditures per youth offender to $1,500 for tuition and books, and only allows an additional $300 for other related services. The Second Chance Act builds upon my earlier efforts by increasing State's flexibility and accountability within the grant program. It removes the cap and raises the allowable expenditure permitted for each youth offender to the maximum level of Pell Grants. One of the keys to preventing recidivism is access to education an in recognizing the impact that education an job training can have on incarcerated offenders. It is my sincere hope that this legislation will encourage incarcerated individuals to achieve their independence and to gain the necessary skills to become productive members of society.

Another crisis that well face is the growing populations of prisoners who are parents. More than half of those currently incarcerated are parents of minor children. Female incarceration rates are increasing faster than those men, totaling 7 percent of the prison population. Of those incarcerated, 80 percent are mothers with, on average two dependent children. What is most troubling is that two-thirds of their children are younger the the age of 10. The incarceration of a parent can have a tremendous impact on childhood development. Prison presents a unique opportunity to improve a prisoner's ability to become a better part once they are released. Unfortunately, many of our prisons do not employ such programs, due to fiscal constraints as well as a shift in priorities. The Second Chance Act of 2005 encourages the creating of programs that facilitate visitation, if it is in the best interest of the child. It also directs the Secretary of Health and Human Services to establish services to help preserve family units, with special attention paid to the impact on the child of an incarcerated parent.

There is ample evident that well-designed reentry programs reduce recidivism. Programs such as aftercare for substance abusers and adult vocational education have shown to reduce recidivism up to 15 percent. These programs pay for themselves by reducing future correction costs associated with rehousing these individuals upon their return back into the institution. The revolving door of prisons not only hurts those who are caught up in the process, but hurts their families and our communities. If we fail to address this problem, 1e are burdening our communities not only with greater expenditures, but in the risk of increased crime and unsafe neighborhoods. The more we can do to prepare these individuals when they return home, the better off we will all be. I urge my colleagues to join me in cosponsoring this legislation, and urge its swift adoption.

Mr. BIDEN. Mr. President, Senator SPECTER, Senator BROWNBACK, and I introduce today the Second Chance Act of 2005, which takes direct aim at reducing recidivism rates for our nation's ex-offenders and improving the transition for these offenders from prison back into the community.

All too often we think about today, but not tomorrow. We look to short-

term solutions for long-term problems. We need to have a change in thinking and approach. It's time we face the dire situation of prisoners reentering our communities with insufficient monitoring, little nor no job skills, inadequate drug treatment, insufficient housing, lack of positive influences, a pap city of basic physical and mental health services, and deficient basic life skills.

The bill we introduce today is about providing a second chance for these ex-offenders, and the children and families that depend on them. It's about strengthening communities and ensuring safe neighborhoods.

Since my 1994 Crime Bill passed, we've had great success in cutting down on crime rates in this country. Under the Community Oriented Policing Services, COPS, program, we've funded over 100,000 officers all across the country. And our crime rate has plummeted.

But there's a record number of people currently serving time in our country—over 2 million in our federal and state prisons; with millions more in local jails. And 95 percent of all prisoners we lock up today will eventually get out. That equals nearly 650,000 being released from federal or state prisons to communities each year.

If we are going to continue the downward trend of crime rates, we simply have to make strong, concerted, and common-sense efforts now to help ex-prisoners successfully reenter and reintegrate to their communities.

And right now, we're not doing a good enough job. A staggering two-thirds of released State prisoners are expected to be rearrested for a felony or serious misdemeanor within 3 years of release. Two out of every three. You're talking about hundreds of thousands of reoffending, ex-offenders each year and hundreds of thousands of serious crimes being committed by people who have already served time in jail.

And, unfortunately, it's too difficult to see why such a huge portion of our released prisoners recommit serious crimes. Up to 60 percent of former inmates are not employed; 15–27 percent of prisoners expect to go to homeless shelters upon release; and 57 percent of federal and 70 percent of state inmates used drugs regularly before prison, with some estim1tes of involvement with drugs or alcohol around the time of the offense as high as 84 percent.

These huge numbers or released prisoners each year and the out-of-control recidivism rates are a recipe for diaster—leading to untold damage, hardship, and death for victims; ruined futures and lost potential for re-offenders; and a huge drain on society at large. One particularly vulnerable group is the children of these offenders. We simply cannot be resigned to allowing generation after generation entering and reentering our prisons. This pernicious cycle must come to an end.

My 1994 Crime Bill recognized these extraordinarily high rates of recidivism as a real problem. My bill, for example, created innovative drug treatment programs for State and Federal inmates to help them kick their habit.

But this is only one piece of the puzzle. I introduced a bill in 2000 that would have built on my 1994 Crime Bill—the ''Offender Reentry and Community Safety Act of 2000'' (S. 2908). This bill would have created demonstration reentry programs for Federal, State, and local prisoners. These programs were designed to assist high-risk, high-need offenders who served their prison sentences, but who posed the greatest risk of reoffending upon release because they lacked the education, job skills, stable family or living arrangements, and the health services they needed to successfully reintegrate into society.

While we have made some progress on offender reentry efforts since 1994, much more needs to be done. In the current session of Congress, I am pleased that colleagues of mine—from both sides of Capitol Hill and from both sides of the aisle—are also focusing their attention and this vital issue.

Senators SPECTER and BROWNBACK have been dedicated and tireless leaders on crime and public safety issues throughout their careers, and I am proud to join efforts with them today. Other Senators have also taken a leadership role on these issues, including Senators LEAHY, KENNEDY, BROWNBACK, HATCH, SPECTER, GRASSLEY, FEINSTEIN, DEWINE, SANTORUM, LANDRIEU, BINGAMAN, COBURN, DURBIN, and OBAMA.

The Second Chance Act of 2005 provides a competitive grant program to promote innovative programs to this out a variety of methods aimed at reducing recidivism rates. Efforts would be focus on post-release housing, education and job training, substance abuse and mental health services, and mentoring programs, just to name a few.

Because the scope of the problem is so large—with 650,000 prisoners being released from state and federal prisons each year—our bill provides $100 million per year in competitive grant funding . This isn't being wasteful with our scarce federal resources, it's just an acknowledgement of the scope of the problem we're faced with.

A relatively modest investment in offender reentry efforts compares very well with the alternative, building more and more prisons for these ex-offenders to return to if they are unable to successfully reenter their communities and instead are rearrested and reconvicted of more cries. We must remember that the average cost of incarcerating each prisoner exceeds 20,000 per year, with expenditures on corrections alone having increased from $9 billion in 1982 to $60 billion in 2002. We simply can't be penny-wise but pound-foolish.

The Second Chance Act of 2005 also requires that federal departments with a role in offender reentry efforts coordinate and work together; to make sure there aren't duplicative efforts or funding gaps; and to coordinate reentry research. Our bill would raise the profile of this issue within the executive branch and secure the sustained and coordinated federal attention offender reentry efforts deserve.

We also need to examine existing Federal and State reentry barriers—laws, regulations, rules, and practices that make it more difficult for former inmates to successfully reintegrate back into their communities; laws that confine ex-offenders to society's margins, making it even more likely that they will recommit serious crimes and return to prison.

Turning over a new leaf and going from a life of crime to becoming a productive member of society is tough enough. We shouldn't have Federal and State laws on the books that make this even more challenging. That's not say that we don't want to restrict former drug addicts from working in pharmacies, for example, or to bar sex offenders from working it day care centers. But many communities across the country currently exclude ex-prisoners from virtually every occupation requiring a state license, like chiropractic care, engineering, and real estate. Lifting these senselessly punitive bans would make it easier for ex-offenders to stay out of prison.

Our bill provides for a roust analysis of these federal and state barriers with recommendations on what next steps we need to take. And these reviews are mandated to take place out in the open under public scrutiny.

The Second Chance Act also spurs state-of-the-art research and study on offender reentry issues. We need to know who is most likely to recommit crimes when they are released, to better target our limited resources where they can do the most good. We need to study why some ex-offenders who seem to have the entire deck stacked against them are able to become successful and productive members of our society. We need to know what, works and how we can replicate what works for others.

Our bill also provides a whole slew of common-sense proposals in the areas of job training, employment, education, post-release housing, substance abuse, and prisoner mentoring—efforts and changes in law that we can do now.

Our Second Chance Act is a next, natural step in our campaign against crime. Making a dent in recidivism rate is an enormous undertaking; one that requires action now and continued focus in the future. I commit to vigorously pushing this legislation as well as keeping an eye on what steps we need to take in the future. We need to realize that the problems facing ex-offenders are enormous and will need sustained focus. The safety of our neighbors, our children, and our communities depends on it.

I am proud today to join with Senator SPECTER and Senator BROWNBACK in introducing the Second Chance Act and ask our colleagues to join with us in this vital effort.

Mr. BROWNBACK. Mr. President, I am please to join with Chairman SPECTER and Senator BIDEN today as we introduce a bill that will have a dramatic and positive effect in the lives of individuals re-entering society after incarceration. The Second Chance Act: Community Safety Through Recidivism Prevention is a bill that will not only protect our Nation's citizens but will more importantly help to reduce recidivism in our Nation.

A hallmark of any just society lies in its ability to protect the interest of all its citizens and I am proud that the United States is a leader in this regard. Yet, while we continue to strive toward this lofty goal, we must realize that there are areas in which we, as a society and as government, must do more to improve. No where is that more apparent than in our Nation's pension system.

Today, we have challenges within the prison system that range from high recidivism rates to budgetary and safety concerns. With this bill, we will be able to address this pressing problem within our society. Already we have seen innovative and model programs within the states and the faith community, and I am proud to say that Kansas is a leader in this regard, as well a such faith organizations as Prison Fellowship Ministries, Catholic Charities U.S.A., and the Salvation Army. However, we must stimulate innovation in this area on a national level and that is what this bill will accomplish. It is paramount that we ensure the safety of our communities and ensure that those incarcerated have the tools necessary to succeed after they rejoin society.

With this bill, we will be able to combat the extremely high recidivism rates plaguing the prison system, currently as high as 70 percent, as well as address the financial burdens that hinder many of our state penitentiaries. State prison operating expenditures totaled $28.4 billion in fiscal year 2001, or a nationwide average annual operating cost of $22,650 per inmate. Today, it is more likely than ever that a person released from prison will be rearrested—two-thirds of state prisoners are rearrested within 3 years of release. Depending of the expert consulted, between one-third and two-thirds of all prison re-admissions are related to probation or parole violations and at least half of those violations are technical.

We must stop subsiding programs that do not work and that lead, in turn, to negative behavior.

I am confident that the bill we are putting forward today will indeed take the much needed steps to reduce the recidivism rate in this Nation, which will in turn help those incarcerated make positive changes within their lives so that when they do rejoin society, they will be able to do so with the confidence of knowing that they can contribute to society in a positive manner. As an added incentive to recidivism reduction, each grant application submitted under this program must have as its strategic plan a goal to reduce recidivism by 50 percent in 5 years and in order to receive continued funding under this program, each granted must show a reduction in the recidivism rate of participants by 10 percent over 2 years.

Specifically, this bill facilitates change within our current correctional system, and promotes coordination with the Federal Government to better assist those returning to our communities after incarceration their children. The bill reauthorizes the Re-Entry Demonstration Project with an enhanced focus on jobs, housing, substance abuse treatment, mental health, and the children and families of those incarcerated. The bill authorizes $200 million over a period of two years to fund these demonstration programs and creates performance outcome standards and deliverables. It will also encourage states to enhance their re-entry services and systems with grants to fund the creation or enhancement of state re-entry councils for strategic planning and review the state barriers and resources that exit.

Additionally, the bill creates a Federal interagency taskforce to facilitate collaboration and identify innovative programs initiatives. The taskforce will review and report to Congress on the Federal barriers that exist to successful re-entry.

Furthermore, the bill create a $50 million 2 year mentoring program geared toward reducing recidivism and the societal costs of recidivism. This mentoring program will help ex-offenders re-integrate into their communities. This initiative will specifically harness the resources and experience of community-based organizations in helping returning ex-offender.

Finally, the bill amends the Workplace and Community Transition Training for Incarcerated Youth Offenders Act by improving the existing grants to States under this program and provides $60 million for the administration of the program. This youth program calls for expanding the eligibility age from 25 to 35 years, increases accountability by requiring State correctional education agencies to track specific and quantified student outcomes referenced to non-program participants, and increases the allowable expenditure per youth offender up to the level of the maximum Federal Pell Grant award for tuition, books and essential materials; and related services, such as career development.

We have an incredible opportunity to re-shape the way in which this nation's prison systems operate. Much like welfare reform in the mid 1990s, we have a chance to make real and effective change in an area where change is sorely needed. I look forward to pushing this legislation forward.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 289—EXPRESSING THE SENSE OF THE SENATE THAT JOSEPH JEFFERSON ''SHOELESS JOE'' JACKSON SHOULD BE APPROPRIATELY HONORED FOR HIS OUTSTANDING BASEBALL ACCOMPLISHMENTS

Mr. DeMINT (for himself, Mr. HARKIN, Mr. GRAHAM, and Mr. FEINGOLD) submitted the following resolution; which was considered and agreed to:

S. RES. 289

Whereas Joseph Jefferson ''Shoeless Joe'' Jackson, a native of Greenville, South Carolina, and a local legend, began his professional career and received his nickname while playing baseball for the Greenville Spinners in 1908;

Whereas ''Shoeless Joe'' Jackson moved to the Philadelphia Athletics for his major league debut in 1908, to the Cleveland Naps in 1910, and to the Chicago White Sox in 1915;

Whereas ''Shoeless Joe'' Jackson's accomplishments throughout his 13-year career in professional baseball were outstanding—he was 1 of only 7 Major League Baseball players to ever top the coveted mark of a .400 batting average for a season, and he earned a lifetime batting average of .356, the third highest of all time;

Whereas ''Shoeless Joe'' Jackson's career record makes him one of our Nation's top baseball players of all time;

Whereas in 1919, the infamous ''Black Sox'' scandal erupted when an employee of a New York gambler allegedly bribed 8 players of the Chicago White Sox, including Joseph Jefferson ''Shoeless Joe'' Jackson, to lose the first and second games of the 1919 World Series to the Cincinnati Reds;

Whereas in September 1920, a criminal court acquitted ''Shoeless Joe'' Jackson of the charge that he conspired to lose the 1919 World Series;

Whereas despite the acquittal, Judge Kenesaw Mountain Landis, baseball's first commissioner, banned ''Shoeless Joe'' Jackson from playing Major League Baseball for life without conducting any investigation of Jackson's alleged activities, issuing a summary punishment that fell far short of due process standards;

Whereas the evidence shows that Jackson did not deliberately misplay during the 1919 World Series in an attempt to make his team lose the World Series;

Whereas during the 1919 World Series, Jackson's play was outstanding—his batting average was .375 (the highest of any player from either team), he set a World Series record with 12 hits, he committed no errors, and he hit the only home run of the series;

Whereas because of his lifetime ban from Major League Baseball, ''Shoeless Joe'' Jackson has been excluded from consideration for admission to the Major League Baseball Hall of Fame;

Whereas ''Shoeless Joe'' Jackson died in 1951, after fully serving his lifetime ban from baseball, and 85 years have elapsed since the 1919 World Series scandal erupted;

Whereas Major League Baseball Commissioner Bud Selig took an important first step toward restoring the reputation of ''Shoeless Joe'' Jackson by agreeing to investigate whether he was involved in a conspiracy to alter the outcome of the 1919 World Series and whether he should be eligible for inclusion in the Major League Baseball Hall of Fame;

Whereas it has been 6 years since Commissioner Selig initiated his investigation of