SENATE—*Wednesday, July 21, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Jehovah Shalom, we claim Isaiah's promise about Your faithfulness: ''You will keep him in perfect peace whose mind is stayed on You.''—Isaiah 26:3. This is good news! You stay our minds on You. This gives us lasting peace of mind and serenity of soul. You know how easily we can be distracted. For hours on end, we can forget You. Often we press on in our work, depending on our own strength, insight, or priorities with little thought of You or time for prayer. That's why Isaiah's promise is so propitious. You won't forget us nor allow us to forget You. You will invade our thinking and remind us that we belong to You, that You are Sovereign of this land, that You are in control, and that our chief end is to glorify You and enjoy You forever.

Bless the Senators today. Rivet their minds on You. Guide their thinking and their decisions. The future of our Nation depends on leaders who seek first Your will and righteousness. Help them to be attentive to You and keep them attuned to Your voice. Thank You in advance for a day filled with Your perfect peace. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore. Senator HATCH is now designated to lead the Senate in the Pledge of Allegiance.

The Honorable ORRIN HATCH, a Senator from the State of Utah, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ORDER OF PROCEDURE

Mr. DURBIN addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, it is my understanding that I have been allocated 30 minutes in morning business, if I am not mistaken. I will be happy to yield to my colleague from Utah.

Mr. HATCH. Will the Senator from Illinois yield, because I understood I was to begin. I have to do the leadership announcements, and then I was supposed to give my statement.

Mr. DURBIN. I am happy to yield to my colleague.

Mr. HATCH. If my colleague will yield, I would appreciate it.

I thank the Senator.

SCHEDULE

Mr. HATCH. Mr. President, today the Senate will be in a period of morning business until 10:30 a.m. Following morning business, the Senate will resume debate on the intelligence authorization bill with Senator BINGAMAN to be recognized to offer a second-degree amendment regarding field reporting. Other amendments are expected to be offered and debated throughout today's session of the Senate. Therefore, Senators can expect votes throughout the day and into the evening. The majority leader would like to inform all Members that the Senate will remain in session today until action is completed on the pending intelligence authorization bill.

Upon completion of that bill, it is the intention of the majority leader to proceed to any appropriations bill on the calendar.

I thank my colleagues for their attention.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. ALLARD). Under the previous order, leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. with Senators permitted to speak therein up to 5 minutes each.

Under the previous order, the Senator from Illinois, Mr. DURBIN, or his designee, is to be recognized to speak up to 30 minutes. Also under the previous order, the Senator from Utah, Mr. HATCH, or his designee, is to be recognized to speak up to 30 minutes.

The Senator from Utah.

Mr. HATCH. Mr. President, I thank my colleague from Illinois for allowing me to proceed with the two sets of remarks I would like to make.

CONDOLENCES TO THE KENNEDY AND BESSETTE FAMILIES

Mr. HATCH. Mr. President, I rise to express my heartfelt sympathy to our colleague, Senator TED KENNEDY, and the whole Kennedy Family on the death of his nephew, John F. Kennedy, Jr.

John Kennedy, Jr. was much admired by all Americans. The son of Camelot, he was aware of his own celebrity but did not flaunt it.

His entry into politics—the Kennedy family business—would have been well paved for him, but he chose to go his own way. He succeeded in the extremely competitive publishing world. When failures in this industry outnumber successes, he created and built ''George'' into a popular and often insightful magazine. By all accounts, JFK, Jr. was a hands-on editor, had a fair hand, and had an eye for what would be interesting and fresh for American readers.

His marriage to Carolyn Bessette took America's number one bachelor off the market. But, it also gave his life new dimension.

We here in the Senate would be remiss if we did not also express our deepest sympathy to the Bessette family who lost two daughters in this terrible accident. As a father, this is a loss I cannot begin to imagine.

It seems that no family should have to endure the level of tragedy that has befallen the Kennedys. I will say to the Senator from Massachusetts: America mourns with you and the Senate mourns with you, your family, and the Bessette family as well.

Elaine and I want to express publicly what we have said privately, which is that you and your family and the Bessette family are in our thoughts and prayers. May God hold you in the palm of his hand.

(The remarks of Mr. HATCH pertaining to the introduction of S. 1406 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. HATCH. Mr. President, once again, I thank my dear friend from Illinois for allowing me to proceed, and at this point I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, under the order that was previously stated, I yield 3 minutes in morning business to the Senator from Maryland.

The PRESIDING OFFICER. Without objection, the Senator from Maryland is recognized.

RECOGNITION OF ROBERT TOBIAS

Mr. SARBANES. Mr. President, I rise today to recognize Robert Tobias for his distinguished service at the National Treasury Employees Union, including four terms as its president.

Admired by his friends and adversaries alike, Bob Tobias has garnered

respect as an effective advocate and constructive mediator during his tenure at the NTEU.

Bob and his wife Susan reside in Bethesda, MD, and we are very proud to have them as residents of our State. However, Bob is a native of Michigan and received a bachelor's degree, as well as a master's degree, in business administration from the University of Michigan. Bob completed his education at George Washington University, where he received a law degree. He built upon his formal education with substantial legal experience as a labor relations specialist for General Motors Corporation in Detroit and with the Internal Revenue Service.

When Bob first joined the NTEU in 1968, he became its second staff employee. During his 31-year tenure at NTEU, Bob served the organization in numerous capacities and saw the staff grow to more than 100 members with seven field offices across the country. Now representing more than 150,000 Federal employees at the Internal Revenue Service, Customs Service, and other agencies, NTEU is a strong voice for public servants on Capitol Hill and with the other branches of Government.

Starting at NTEU as a staff attorney, Bob later served as general counsel and executive vice president, supervising a staff of 45 attorneys and field representatives nationwide, as well as the litigation and negotiations staff in the NTEU training program. His dedicated and skillful performance in these positions led to his election as President of NTEU in 1983 and his subsequent reelection on three occasions.

Under Bob's guidance, NTEU has been an influential voice for Federal employees and has waged many successful battles on their behalf. From challenging the line-item veto, to securing the right to picket for Federal employees, to obtaining the payment of over a half billion dollars in back pay from the Nixon administration, Bob Tobias has achieved wide-ranging victories for our public servants.

In addition to his talent for successful litigation, Bob Tobias has worked with the Government and its agencies to improve the status of Federal employees and to enhance their ability to serve the public. For example, he is credited with wide-ranging IRS reforms, rendering the tax-collecting organization a more efficient and responsive public agency. He is credited with instituting the first negotiated alternate work schedule for employees and the first cooperative labor management program for onsite child care.

Because of his extensive interaction with the agencies that employ Federal workers, Bob is highly regarded as an expert on how to improve Government. Many different organizations have sought out his expertise on these matters and, among others, Bob is now a member of the President's National Partnership Council, the Federal Advisory Committee on Occupational Safety and Health, the Executive Committee of the Internal Revenue Service, and the American Arbitration Association.

Because of his dedicated leadership on behalf of our Federal workers, his consensus-building approach to Government reform, and the highly professional manner in which he carried out his work, Bob Tobias leaves a powerful and enduring legacy as President of the NTEU. I am pleased that he will continue in the public realm since he is planning a career in public policy teaching and writing.

Again, I congratulate Bob Tobias on his outstanding service at NTEU and his terrific record as a public servant on behalf of the American people, and I wish him all the best in the years ahead.

Mr. President, I yield the floor.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

ANOTHER TRAGEDY IN THE KENNEDY FAMILY

Mr. DURBIN. Mr. President, I want to say a word about the tragedy which has befallen the Kennedy family and the Bessette family, as we learn about the terrible circumstances involving the plane crash last Friday. When my wife came in in Springfield, IL, Saturday morning and said that she had just heard on the radio that John Kennedy's plane was missing, our reaction was the same: Could this be another tragedy for this family?

The Kennedy family means so much to America, so much to the Democratic Party, and so much to many of us personally. As a young student just starting at Georgetown University in 1963, I arrived weeks before the assassination of President John Kennedy. I stood on Pennsylvania Avenue and watched the funeral cortege leave the White House for this Capitol Building, where President John Kennedy's body was held in reverence for visitation by the American people.

Then I can recall, as a college student, sitting in this gallery and looking down on this floor to watch as Senator TED KENNEDY and Senator Robert Kennedy talked about the war in Vietnam, and in the gallery across the way was Ethel Kennedy and other members of the Kennedy family. Little did I dream that the day would come when I would serve with Senator TED KENNEDY and come to know him personally. Each of us who serves with him understands what an extraordinary person he is. He, in my mind, is the best legislator on the floor of the Senate. He is so well versed, so well prepared, and so hard-working, that he is an inspiration to all of us.

We are reminded from time to time, as we were this weekend, that his obligations go beyond the Senate and certainly to a large family who looks to him for guidance and leadership in times of trial. This week, TED KENNEDY is bringing together the Kennedy family in mourning over the death of John Kennedy, his wife Carolyn Bessette Kennedy, and her sister Lauren. Our hearts go out to him and the entire family and to the Bessette family as well.

Those of us who remember that 1963 assassination graphically can recall exactly where we were at the moment that we heard President John Kennedy was shot. As we watched all the scenes unfold afterwards, one of the most poignant was that of little John Kennedy saluting his father as the casket passed in front of the church. I guess we had always hoped that because Caroline and John Kennedy had endured this tragedy so early in life that God would find a special place for them and they would lead normal, happy, and secure lives. They certainly set out to do it and did it well, both of them. Then again, a tragedy such as this will occur and remind us again of our vulnerability and fragility as human beings.

Our hearts and prayers go out to both families, and certainly to Senator KENNEDY in his leadership role in the Kennedy family. We will be remembering them as this week passes and as we address our concern and sympathy on the floor of the Senate.

Mr. SARBANES. Will the Senator yield?

Mr. DURBIN. I am happy to yield to my colleague.

Mr. SARBANES. Mr. President, I commend my very able colleague from Illinois for his very eloquent remarks about this tragedy, and I associate myself with his remarks. Our hearts do go out to both families, the Kennedy family and the Bessette family. The Bessette family has lost two children.

My State has been fortunate to be blessed by the extraordinary leadership of the next generation of the Kennedy family in terms of Kathleen Kennedy Townsend, who now serves as our lieutenant governor. So I have a direct sense of the strong responsibility of dedicated public service which has marked this family from the very beginning.

All of us are deeply struck by this tragedy. Our hearts reach out to the families. We extend them our very heartfelt sympathies. We feel very deeply about our colleague, Senator KENNEDY, who, of course, has assumed the family leadership responsibilities. We have to press on, but it really comes as a very saddening tragedy for all of us.

I thank my colleague for yielding.

Mr. DURBIN. Mr. President, I inquire of the time remaining under morning business.

The PRESIDING OFFICER. The Senator has 20 minutes under his control.

TAX CUTS

Mr. DURBIN. Mr. President, I wish to address an issue which is topical and one that most Americans will be hearing about during the course of this week and the next. It is an issue involving tax cuts. Can there be two more glorious words for a politician to utter than ''tax cuts''?

People brighten up and their eyes open and they look in anticipation, and they think: What is this politician going to bring me by way of a tax cut?

Our friends on the Republican side of the aisle have decided that they will make the centerpiece of their legislative effort this year a tax cut, a tax cut which, frankly, will have an impact on America—positive in some respects but overwhelmingly negative in other respects—for decades to come. So I think it is important for us to come to the floor and discuss exactly where we are today and where we are going.

First, a bit of history:

In the entire history of the United States of America, from President George Washington and through the administration of President Jimmy Carter, our Nation accumulated $1 trillion in debt—a huge sum of money over 200 years. But at the end of the Carter administration, and the Reagan and Bush administrations began, we started stacking up debts in numbers that were unimaginable. In fact, today we have over $5 trillion in national debt. Think about that—200 years, $1 trillion, and, just in the last 20 years, another $4 or $5 trillion in debt.

What does it mean to have a debt in this country? You have to pay interest on it, for one thing. The interest we pay each year on that debt we have accumulated is $350 billion out of a national budget this year of about $1.7 trillion. You see that each year about 20 percent of our national budget goes to pay interest on the debt we have accumulated.

The new President came in—President Clinton—in 1992 and said: We have to do something about this. We can't keep going down this path of accumulating debt and paying more money in interest. It isn't good for our current generation to be paying out that money, and certainly we shouldn't saddle our children with that added responsibility.

In 1993, he came to the Congress and said: Let us take from what we have been doing over the past 10 years and do something new. The President proposed a new budget plan—a plan that was determined to bring down this debt. That plan passed without a single Republican vote. In 1993, the Clinton plan passed without a single Republican vote in this Chamber. Vice President Gore came to the Chair and cast the deciding vote to pass the plan.

It was a big gamble. Some Members of Congress on the Democratic side lost in the next election because they voted for the Clinton plan. Marjorie Margolies-Mezvinsky, one of my colleagues from the State of Pennsylvania, cast a courageous vote for that plan and lost in the next election.

But was the President right? History tells us he was dramatically so because in the last 6 years we have seen not only our economy grow dramatically in terms of the creation of jobs and businesses—low inflation, new housing starts, and all the positive things we like—but we have finally seen us turn the corner and move toward balance when it comes to our annual Federal budget.

Now, if you will, we are not discussing what to do as we swim through this sea of red ink but, rather, what to do with an anticipated surplus. In 6 years, we have moved from talk of a deficit to speaking of surplus.

There are two different views on what to do with this future surplus. The Republican side of the aisle is suggesting a $1 trillion tax cut over a 10-year period of time. I am sure that is appealing to some, particularly if you are in the higher income groups in America who will benefit from this tax cut. But certainly we ought to step back for a second and say: Is that the responsible thing to do? Should we be giving away $1 trillion in tax cuts over the next 10 years at the expense of virtually everything else?

Our side of the aisle, the Democratic side of the aisle, working with President Clinton, has a different approach, one which I think is more responsible and more consistent with the leadership which the Democrats showed in turning the corner on these Federal deficits. It is basically this:

First, let us meet our current obligations to Social Security and to Medicare.

It is amazing to me, as I listen to the Republicans talk about all of our future challenges, that there is one word they are afraid to utter—the word ''Medicare,'' the health insurance program for over 40 million senior and disabled Americans, a program which needs our attention and help.

What the Democrats and the President propose is to take a portion of the future anticipated surplus as it comes in to solidify Social Security for another 50 years and to make sure Medicare can start to meet its obligations past the year 2012.

We will have to do more, believe me. But at least by dedicating that portion of the surplus, I think we are accepting the responsibility, before we give money away for any new program or give money away for any tax cut, to take care of the programs that mean so much to American families and in the process bring down the national debt and start paying off this $5 trillion national debt.

Is that important? It is critically important because not only by bringing down this debt will we reduce our annual interest payments of $350 billion, but we will free up capital in America for small businesses, large businesses, and families alike to borrow money at a low interest rate.

Mrs. BOXER. Mr. President, will the Senator yield for a question?

Mr. DURBIN. I am happy to yield to my colleague, Senator BOXER.

Mrs. BOXER. Mr. President, I am happy to see our colleague, Senator SARBANES, because we all serve on the Budget Committee because we know what a turning point this is for our Nation.

My friend said that with the Clinton plan we have finally turned a sea of red ink into a fiscally responsible situation. Is my friend saying—I want to make sure we all understand—that in the Republican plan for the projected surplus there is not $1 set aside for Medicare? Is that what my friend is telling me?

Mr. DURBIN. I thank the Senator from California.

I point to this chart. I hope this can be seen because the Republican tax cut plan of $1 trillion over the first 10 years leaves nothing for Medicare—not a penny for Medicare, as if the Medicare program itself is self-healing. It is not.

If you were going to deal with the Medicare problems—and they are substantial—you have only two or three options: raise payroll taxes and increase the amount paid by those under Medicare or cut benefits. We may face some combination of those, as painful as they will be. But they will be much worse if, in fact, we don't dedicate a portion of the surplus to the Medicare program.

The Senator is right. If you take a look at this, there is not a penny of the Republican tax cut plan for Medicare and other priorities.

Mrs. BOXER. Could I ask a final question?

My friend and I have been on this floor on numerous occasions as proposals have come forward to raise the eligibility age for Medicare to 67 or 68. We have said, at a time when there are so many Americans with no health insurance, let us not raise the eligible age for Medicare.

I know how strongly the Senator feels, and how Senator SARBANES and I feel about Medicare. Does my friend not believe, as I do that, when we talk about the safety net for our senior citizens, we must talk about Social Security and Medicare—that, in fact, they are the twin pillars of the safety net?

I ask my friend—and I will yield to him—that if we save Social Security—and both parties have agreed, because President Clinton laid down the challenge, that that was good—and then do nothing about Medicare—which is the Republican plan—and suddenly those

on Medicare have to pay $200, $300, or $400 a month more for their health care because Medicare is strapped, does that not mean there really is no safety net because the seniors will have to use their Social Security to pay out-of-pocket expenses for their health care?

Does my friend believe, as I do, that to say you are reserving the safety net for seniors and at the same time you do nothing for Medicare, it is really kind of a fraud on the people?

Mr. DURBIN. Mr. President, I agree with the Senator from California.

I think we should take this a step further. It is not only a disservice to seniors who are covered by Medicare but to their families as well.

Those of us who have dealt with aging parents and their medical problems understand that a family often has to rally together to try to figure out how to help a mother, a father, a grandmother, or a grandfather. If the additional expenses that are being shouldered because of the refusal of the Republicans to deal with the Medicare challenge end up falling on the shoulders of the frail and elderly, they will be expenses shared by many members of the family.

I think it is an element that has to be brought to this basic consideration. It is one thing to say we are giving you a tax cut on the one hand and yet we are going to increase the cost of Medicare to you on the other.

I want to make two points which I think are important as well. I am, I guess, right on the age of what is known as the baby boom generation. I took a look at this Republican tax cut not just for the first 10 years. This isn't a tax cut where they want to change the law for 10 years and then go back to the old one. It goes on indefinitely. We have a right and a responsibility to chart out what the Republican tax cut means beyond the first 10 years, to see what it means in the next 10 years and the following 10 years.

Look what happens. It explodes from the years 2000 to 2004, $156 billion; $636 billion in the next 5 years; $903 billion in the following 4 years, and over $1 trillion in the last.

What does it mean? For the so-called baby boomers such as myself, when the time comes for retirement, the debt is going to start exploding again. The service of that debt, the interest paid on the debt because of the Republican tax cut proposal, will be a new burden to be shouldered by that future generation. It is not responsible. The Republican approach is not responsible. Not only does it ignore Medicare but it drags America right back into the sea of red ink. They are so determined to give these tax cuts to wealthy Americans that they are going to do it at the expense of fiscal sanity. Haven't we learned a lesson over the last 10 or 20 years, that we cannot do this without jeopardizing the possibility that we are going to have some kind of fiscal sanity for decades to come?

Think about this in the private sector. My friends on the Republican side say run government like a business. Microsoft is a very profitable business. Would Microsoft give shareholders huge dividends based on expected future profits? Of course not. They declare a dividend when the money is in the bank.

The Republican tax cut programs wants to declare a national dividend in anticipation of money coming into the bank; the Democratic alternative says no, dedicate a portion of that surplus to Social Security and to Medicare, and if there is to be a tax cut, let it be a reasonable, affordable tax cut to help middle-income families first. That is the difference. It is an important difference.

We also have to take into consideration that if the Republican tax cut is enacted, it is going to put pressure on Congress to cut spending in future years. Some people say Congress should cut spending; we ought to live within our means. The amount of money that will be taken from the Treasury by the Republican tax cut in the outyears would have a dramatic negative impact on America.

This chart illustrates that. If the Republican budget passes, and the tax cuts which they have propose are enacted, here are the cuts we will face. The Head Start Program—a program for the youngest kids in America, in some of the most vulnerable families, who are given a chance to start school ready to learn—will be cut for 375,000 children. The Republican tax cut leads to a cut in Head Start of services to 375,000 kids.

What will happen to these children? They will show up for kindergarten and the first grade and they may not be ready to learn. So school districts will have added responsibilities and society will have added responsibilities. We see it reflected in crime statistics, in welfare statistics. When we cut back in early childhood education, which the Republican plan leads us to, we will pay for it dearly.

Veterans, VA medical care. If the Republican plan passes, forcing the budget cuts which inevitably follow, they will cut treatment for 1.4 million patients, veterans who come to hospitals asking for the care they were promised when they served our country. Is that a reasonable alternative? I think it is not.

Under title I, education for the disadvantaged, cutting services for 6.5 million children; The FBI, eliminating over 6,000 agents.

The Republicans smile and say, come on, we can give tax cuts, we can cut the budget, and none of this will occur.

We have lived through that era, that era of overpromising, that era that built up the red ink in this country to the point where we faced a national crisis and pleas from the Republican side to enact a constitutional amendment so that the courts could force Congress to spend its money responsibly. We don't want to return to that again.

This morning I had a meeting with the superintendent of the Office of Education from the State of Illinois, Max McGee, and the chairman of the State board of education, Ron Gidwitz, a businessman from Chicago. They came in asking for more Federal dollars. They want to have early childhood programs so kids get a better start at learning. They want the schoolday to go from 3 o'clock in the afternoon until 6 o'clock where kids have added adult supervision. They want school extended in the summer so kids have an added chance to learn.

These are all wonderful consensus ideas in education, and each one of them costs money. Naturally, our State education officials come to us asking for more Federal dollars. I told them they came at exactly the right moment because the debate starts across the Rotunda in the House today on whether or not the Republican tax cut plan will pass. If it does, and if it is enacted—which I doubt the President would see in the future—we will face the possibility of fewer dollars available for education at a time when most people believe if the 21st century is to be another American century, we need to dedicate resources to education and to our kids. That is the choice. It is stark. It is difficult. It is politically treacherous.

We must do the responsible thing. The responsible thing is to take whatever surplus comes in the future, dedicate it first to Social Security, then to Medicare, and then to retiring the national debt so that families across America and businesses alike can enjoy continued prosperity, a responsible approach which guards the prosperity for the future.

I don't think the American people will be deceived in believing this tax cut is their deliverance from concern in the future.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Maryland.

Mr. SARBANES. Will the Senator yield?

Mr. DURBIN. I am happy to yield to the Senator.

Mr. SARBANES. I commend the Senator from Illinois.

We have a marvelous opportunity at this point, having come out of this deficit box as a consequence of the fiscal policies pursued by this administration, to reduce the national debt for the first time in a great number of years. Indeed, if we maintain proper discipline, we can in effect eliminate the national debt for the first time since the first part of the 19th century.

All of that is at risk of loss, as the Washington Post says, because of the ''egregious recklessness of the Republican proposal'' which goes way out to the extreme.

I ask unanimous consent that this editorial be printed at the end of this discussion.

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

(See Exhibit 1.)

Mr. SARBANES. Mr. President, the Senator from Illinois has pointed out very carefully, first of all, this is an exploding tax cut. The cost of this tax cut escalates very quickly as time goes by. While the projections are over the first 10 years, in the second 10 years it virtually triples in terms of cost.

Secondly, it is premised on the proposition there will be about a 20-percent cut in existing programs; Head Start, VA medical care, title I for the disadvantaged—all the investments we need to make for the future strength of our country. The Republican appropriations bills are zeroing out the COPS program which is putting community police on the streets all across America and bringing down the crime rate.

Thirdly, it does not adequately provide for Medicare. In fact, it doesn't provide at all for Medicare looking out into the future.

The real question is whether we are going to take advantage of this opportunity to exercise a responsible fiscal policy. Furthermore, if we start stimulating the economy with a tax cut at the very time that we have gotten unemployment down to 4.2 percent—an unprecedented low level, the best in the last 30 years—then we are going to run the risk that we will start pressure on prices, have an inflation problem, and the Federal Reserve will start raising the interest rates.

In fact, at the last Open Market Committee, the Federal Reserve raised the interest rates a quarter of a point. If the Republicans controlling the Congress start stimulating the economy, you can assume that the Fed will take up these interest rates in order to dampen down economic activity, and we will be right back in the box with a problem we had in terms of how to encourage economic growth and have a responsible economic policy. We have done a good job.

Mr. DURBIN. Mr. President, I ask unanimous consent for 10 additional minutes.

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

Mr. SARBANES. Mr. President, as the Senator from Illinois pointed out, in 1993 when we enacted the President's economic program, not one single person from the other side of the aisle supported that program. Not only did they not support the program, they made all sorts of dire predictions of what would happen to the Nation's economy. In the debate on this floor, Members stood up and it was as though the sky was going to fall in if this program was carried through.

Only a few have been willing subsequently to own up to the inaccuracy of their prediction—only a few. The others sort of, I guess, forget they ever made the prediction. But the fact of the matter is, the policy has worked extraordinarily well: Unemployment at a 30-year low; inflation at a 30-year low; we have come out of deficit and into surplus. Now we have the opportunity to move ahead in a responsible manner, not in an egregiously reckless manner, as the Washington Post points out in this editorial.

So I commend my colleague from Illinois for his comments. This is an extremely important decision we are about to make in terms of the future course of this Nation. If we make it responsibly, we can continue on the path of prosperity. We can continue to invest in the future strength of our country through education, research and development, and developing our Nation's infrastructure, our transportation, and our communication infrastructure. We can shore up the Social Security system. We can address the problems of Medicare. We can bring down the debt. We can even do targeted tax measures to help middle-income people and to help improve and increase productivity in our Nation. All of those are possible.

But things must be done in moderation. We cannot go to extremes, and the Republican proposal is an extreme proposal. Subjected to analysis, it does not stand up. We must not go down that path. I commend the Senator from Illinois for making that point so effectively here on the floor this morning.

EXHIBIT 1

[From the Washington Post, July 20, 1999]

A TAX PARTY

In part to placate party moderates whose votes they need, House Republican leaders are proposing modest cuts in the cost of the tax bill they are scheduled to bring to the floor this week. But no one should be fooled by this, least of all the moderates whose stock in trade is that they take governing seriously. The leadership trims don't begin to undo the egregious recklessness of this bill. There are three main problems.

(1) The surplus the sponsors are using to finance the tax cut the bill would grant is mostly phony. It is predicated on a willingness of future Congresses to make deep spending cuts from just the first phase of which this Congress already is retreating. Most programs would have to be cut more than 20 percent in real terms. Without such cuts, about three-fourths of the imaginary surplus in other than Social Security funds disappears; the amount goes from $1 trillion over the next 10 years to perhaps $250 billion. If they set aside some money for Medicare, as they are bound to do, even less will be available for tax cuts—most likely nothing.

(2) The bill when fully effective would actually cost much more than the projected surplus. The cost is masked by the fact that so many provisions have been carefully backloaded—written to take effect only toward the end of the 10-year estimating period. The estimated cost of the first 10 years of the Ways and Means Committee bill is $864 billion. The likely cost of the next 10 years would be three times that; one estimate puts it at $2.8 trillion. This is a ludicrous bill, a lemming-like effort to put political points on the board whose effect would be to return the government to the destructive cycle of borrow-and-spend from which it only now is painfully emerging. The economy and the ability of the government to function both would be harmed.

(3) The principal beneficiaries would be people at the very top of the income scale. The rhetoric and some of the analysis surrounding the bill suggest otherwise. But here again, backloading comes into play. Some of the provisions slowest to take effect are those that would be of greatest benefit to the better-off. In the end, one analysis indicates that nearly half the benefit of the bill would accrue to households in the top one percent of the income distribution.

This is a bill that would mainly benefit relatively few people at the expense of many. It would once more strand the government—leave it with obligations far in excess of its means—and in the process do serious social as well as fiscal and economic harm. Not even as a political billboard that the president can be counted upon to veto should it pass. There ought not be a tax cut. The parties ought not use imaginary money to cut a deal at public expense. The greatest favor that this Congress could do the country would be to pass the appropriations bills and go home.

Mr. DURBIN. Mr. President, I thank the Senator from Maryland who has been recognized for his work with the Budget Committee and the Joint Economic Committee. He is a thoughtful analyst of our Nation's economy. I certainly agree with his conclusion.

I would like to make two points, though, that we have not raised so far, to take a closer look at the tax cuts proposed by the Republicans.

The Citizens for Tax Justice have done an analysis of the House tax cut proposal, and they have found that 44 percent of all the benefits in that tax cut bill will go to the wealthiest 1 percent of Americans. I am sure Mr. Gates, Mr. Trump, and all the others who have done so well in this economy would love to see a tax cut. But I am not sure they need a tax cut.

Take a look at this. Mr. President, 60 percent of the Republican tax cut would benefit the wealthiest 5 percent, three-quarters of it to the wealthiest 20 percent. Whom have they left behind? Working families—working families who will see little or no tax relief as a result of this Republican plan.

I think about Governor Ann Richards of Texas who used to make comments about the other party, the Grand Old Party, and say: They just can't help themselves. When it comes to tax cuts, they just can't stay away from giving tax cuts to the wealthiest people in America at the expense of working families, at the expense of Medicare, at the expense of paying down the national debt, and at the expense of our current economic prosperity.

The Republican Party is adrift, searching for an issue. The one they think they can coalesce behind is a tax cut, the one thing that brings every wing of their party, from extreme right to right and everything between it, together. Yet every time they do it, it turns out they have tipped the scales so heavily to the rich that the American people say we do not want any part of this. If this is just going to be a cheering section of people from country clubs who think the tax cuts are really going to be something for the future, so be it, but it is not good enough for the country.

Mrs. BOXER. Will the Senator yield for a very quick question?

Mr. DURBIN. Yes.

Mrs. BOXER. I have to again say thank you to the Senator. I was looking at some of the analysis of the Republican tax cut, the across-the-board one. It said, if you earn about $300,000 a year, you would get a $20,000-a-year tax cut. I wonder if the Senator has thought about this. The tax cut, therefore, for those folks who earn over $300,000, would be almost twice as much money as a person working on the minimum wage earns, which is approximately $11,000, $12,000. Could my friend just talk about the unfairness of that situation?

Mr. DURBIN. Mr. President, I think it is fundamentally unfair. I agree with the Senator from California. Most people who are in these high-net-worth situations would not miss a decimal point in their net worth, but the Republican tax cut plan wants to give them more money. Yet when we try to bring up an issue such as increasing the minimum wage from $5.15 an hour, the Republicans just will not accept that. So we are going to have that fight later this year, I am sure, on the floor of the Senate.

That gives me an opportunity to summarize, if I may, my view of this Congress and the difference between the two parties. Take a look at the Senate over the last 2 months if you want to know the difference between this side of the aisle, the Democratic side, and the Republican side.

On the issue of gun control, sensible gun control, after the shootings in schools across America, the Democrats pushed a sensible gun control plan which attracted the support of six Republican Senators. I salute their courage for joining us, giving us finally enough votes, as a minority, to bring in Vice President GORE casting the tie-breaking vote for sensible gun control—trigger locks for guns that are safer for kids, trying to make sure people buying guns at gun shows are not criminals or children, trying to make sure we do not keep importing these high-capacity ammunition clips of 240 rounds of ammunition. Who needs that for hunting or safety in their homes?

We passed it, sent it over to the Republicans in the House, and they just beat it to pieces. There is nothing left. We have to get back and pass sensible gun control—a clear difference between Democrats and Republicans.

On the Patients' Bill of Rights, we on the Democratic side came in and said what is going on is scandalous; doctors should make decisions, not insurance companies; and insurance companies should be held accountable when they make the wrong decision. The Democrats stood for that position. The Republicans, with the exception of two Senators, opposed us. The difference between the Democrats and Republicans: We believe in the Patients' Bill of Rights, the Republicans oppose it.

When it comes to this issue, what a change of hats. The Democrats are in the role of fiscal conservatives. The Democrats are saying mind our own business when it comes to Social Security, the future of Medicare, and retiring the national debt; the Republican side says at least $1 trillion in tax cuts the first 10 years, and then watch it explode in the outyears.

For the American people following this debate in the Senate, they have a choice. If you buy into the Republican philosophy of runaway tax cuts and irresponsible spending in the future, if you buy into the idea of standing up on the floor of the Senate for the health insurance companies and opposing the efforts of families and doctors and hospitals to bring some sanity back to health care, if you buy into the Republican position supporting the National Rifle Association and the gun lobby, then that is your party, that is where you should turn, and be proud of it.

But if you think there is a better choice, if you think coming together on a bipartisan basis for sensible gun control, for the Patients' Bill of Rights, and for a fiscally responsible approach to our budget in the future, I think that is the better way to go. That is the clear choice, and politics is about choices.

I thank my colleagues from California and Maryland for joining me in the morning business, and I yield the remainder of my time.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 1555, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 1555) to authorize appropriations for fiscal year 2000 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Pending:

Kyl amendment No. 1258, to restructure Department of Energy nuclear security functions, including the establishment of the Agency for Nuclear Stewardship.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Under the previous order, the Senator from New Mexico, Mr. BINGAMAN, is recognized to offer an amendment.

AMENDMENT NO. 1260 TO AMENDMENT NO. 1258

(Purpose: Relating to the field reporting relationships under the Agency for Nuclear Stewardship)

Mr. BINGAMAN. Mr. President, I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN], for himself, Mr. DOMENICI, and Mr. REID, proposes an amendment numbered 1260 to amendment No. 1258.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, at the end of subsection (k), insert the following:

''Such supervision and direction of any Director or contract employee of a national security laboratory or of a nuclear weapons production facility shall not interfere with communication to the Department, the President, or Congress, of technical findings or technical assessments derived from, and in accord with, duly authorized activities. The Under Secretary for Nuclear Stewardship shall have responsibility and authority for, and may use, as appropriate field structure for the programs and activities of the Agency.''.

Mr. BINGAMAN. Mr. President, I offer this amendment on behalf of myself and my cosponsors, Senator DOMENICI and Senator REID.

The amendment does two things. The first sentence of the amendment says:

Such supervision and direction of any Director or contract employee of a national security laboratory or of a nuclear weapons production facility shall not interfere with communication to the Department, the President, or Congress, of technical findings or technical assessments derived from, and in accord with, duly authorized activities.

That sentence makes clear that communication which presently occurs is

intended to continue. The clarification is necessary because in the underlying amendment officers and employees of contractors, including the Directors and employees of the three National Laboratories, are referred to as ''personnel of the Agency for Nuclear Stewardship'' and all personnel of the Agency are subject to the supervision and direction of the Under Secretary for Nuclear Stewardship.

We want to be sure if they have information of a technical nature or based on their technical assessment that they believe should be directly communicated, that communication occur.

The Directors of the three nuclear weapons laboratories are responsible for certifying the adequacy of the nuclear weapons stockpile. Their independence and the integrity of their judgments are critical to the national security of the Nation. It is important that the legislation recognize and protect that independence and integrity by ensuring that these lab Directors and employees can communicate these technical findings and assessments to the Department, the President, and the Congress.

The second sentence of the amendment simply provides that the Under Secretary for Nuclear Stewardship may use field offices for the programs and activities of the Agency. This is a departure from one of the recommendations of the Rudman report. The Rudman report proposed streamlining the reporting chain for the Agency for Nuclear Stewardship by cutting the ties between the weapons labs and the Department of Energy field offices.

We had a hearing in the Energy Committee last week, and I asked Dr. Vic Reis, who is the Assistant Secretary of Energy for Defense Programs, whether he agreed with that Rudman report recommendation. He said he did not. He said we certainly need weapons ties in the field office because ''we cannot run the operation entirely from Washington.''

All we are saying is the Secretary has authority to use the field offices in an appropriate fashion—we are not dictating how but in an appropriate fashion to carry out the policies of the Department.

As I understand what Dr. Reis was saying, the important point is to clarify the lines of authority between the Agency for Nuclear Stewardship and the labs. The underlying amendment does that. But he said the new Under Secretary will still need field offices to help them oversee and run the complex of weapons laboratories and production facilities, and this gives the Under Secretary that option.

I believe this amendment is straightforward. My colleague on the Republican side, Senator DOMENICI, is the prime cosponsor of this amendment. I hope it is acceptable. I believe it is acceptable to all Senators, and I hope the Senate will adopt it.

The PRESIDING OFFICER. The Senator from New Mexico, Mr. DOMENICI.

Mr. DOMENICI. Mr. President, I wholeheartedly agree we ought to adopt the amendment. I will speak for one moment on it. I will not address the first portion of it, wherein the amendment discusses the responsibility that rests with reference to making sure that appropriate communications occur rather than be stymied by the new Agency. I think that is good language. I do not know that we would have had anything different than that in the underlying bill, but this clarifies it. I am pleased to be part of that.

With reference to the second part of the amendment, the Department of Energy has been operating with field offices—some of them very successful, some of them not so successful. There has even been a clamor over the past 5 or 6 years to create more of them rather than fewer of them. In fact, there have been proposals to create more field offices that this Senator personally has had to confront in the appropriations bill.

What this says is that rather than being silent in the bill with reference to the Rudman recommendation regarding field offices, this says the Deputy Secretary may use an appropriate field structure for programs and activities of the agency. I think that is good. It gives them the options and it gives them all they need for good management. What we are talking about is good management—field offices versus the national office.

So I urge the Senate to adopt this amendment. We have no objection on our side. I urge the chairman and cochairman of the Intel Committee to concur in our recommendations.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I commend Senator BINGAMAN for offering this amendment. I believe it is constructive in nature. It is something we believe will, at the end of the day, clarify what we are trying to do. That is what this legislation is all about—to restructure the labs, making it harder for espionage to go on at the labs. So it is a good amendment. I urge that at the proper time we adopt it.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I also believe this is a good amendment. I am going to accept it. I think it is a sign that Senators on both sides of the aisle understand that we have an opportunity to do something that is long overdue, but that there is a reason in the past this has not been done; that is to say, restructuring the agency to increase the accountability for the work that is being done on nuclear weapons, both to make certain we preserve sound science at its best and security at its best.

I fervently hope we continue in this spirit, because if we do, we will produce a bill with a big vote, and we will be able to conference it, be able to change the law, and enact good reform that will keep the United States of America and our people safe.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. It has been a pleasure working with Senator BINGAMAN on this and on some other amendments. I say to the two floor managers, it is my hope we can take the four or five remaining issues and see if we can't get one amendment put together to see if we can resolve them. We should have an answer to that for the floor managers within the next half hour, 45 minutes.

Having said that, let me talk about the field offices for a moment. I have also been a proponent of the belief that if you can do some of the business of government down close to where the problems are, you are better off. I believe that such is the case with field offices. If properly run, under the appropriate accountability rules, wherein everybody knows who is accountable for what, I believe they can be very helpful.

Because I believe that, I think this amendment gives the option to retain them in a manner that will be helpful to the new Under Secretary as he puts together the semiautonomous entity.

I think much of the activity in field offices has been good. The fact the entire Department has made it very difficult to run the nuclear weapons part may be some of the reason the Rudman board was not thinking of field offices in a very good light. I believe it is imperative we look at it that way—in a good light. We have not told them how to use them. We have not told them what kind of role they play. We have said they may be used for programs and activities of the agency.

I yield the floor.

Mr. REID. Mr. President, one of the most important contributions to our national security is the annual stockpile report to the President and the Congress in which the safety, security, and reliability of the stockpile is assessed.

A very important piece of that report is an assessment by the Directors of the national security laboratories regarding the results of their technical investigations.

That assessment by the lab Directors combines scientific and engineering findings with expert professional judgment to form an independent evaluation of the quality and character of the weapon designs that make up our nuclear stockpile.

The scientific and engineering findings are derived from data developed at Pantex, at Oak Ridge's Y–12 plant, at the Kansas City Plant, at the Nevada

Test Site, and at the national security labs, Sandia, Los Alamos, and Lawrence Livermore.

Experts from all of these sites combine their efforts to review and validate this information upon which the effectiveness of our stockpile is determined.

More experts are convened to consider the ramifications of findings and the whole effort is finally integrated into a certification of the reliability, the safety, and the security of the stockpile.

It is absolutely essential that this effort be free of political or bureaucratic interference.

Scientists, engineers, and technicians at these national security facilities are hired for their expertise and diligence.

They are the only experts who know the significance of their findings and they should remain absolutely unimpeded in exercising their professional skills and judgment.

At the same time, the lab Directors earn their positions of trust and responsibility by a lifetime of outstanding technical accomplishments, demonstrated skill at integrating large complex bodies of information, and consummate integrity in reporting their conclusions.

They, too, should remain absolutely unimpeded in the performance of their stockpile certification responsibilities.

Mr. President, in matters as important as certification of our stockpile, the possibility of interference, or even just the appearance of the possibility of interference, can affect the exercise of skills and professional judgment.

These professionals should retain their independence from bureaucratic or political interference.

Unfortunately, this amendment takes a step that will destroy that independence by asserting that these civilian contractor employees ''shall be responsible to, and subject to the supervision and direction of, the Secretary and the Under Secretary for Nuclear Stewardship or his designee.''

So now there are at least three Federal officers, necessarily politicized by their positions, and undoubtedly bureaucratic in their origins, who can direct these professionals in any or all aspects of their work.

That is not an environment that promises assessments that are independent of political or bureaucratic interference.

Mr. President, the labs and production facilities should not be independent of Federal direction, but that direction must not be allowed to dictate technical findings or their interpretation.

My concerns in this regard could be adequately addressed by adding to the appropriate section the following clarification:

Such supervision or direction of any Director or contract employee of a national security laboratory or of a nuclear weapons production facility shall not interfere with communication to the Department, to the President, or to the Congress, of technical findings or technical assessments derived from, and in accord with, duly authorized activities.

Mr. KERREY. Mr. President, I urge adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1260) was agreed to.

Mr. KERREY. I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERREY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. MURRAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HUTCHINSON). Without objection, it is so ordered.

Mrs. MURRAY. Mr. President, I ask unanimous consent to speak as in morning business for 10 minutes.

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

(The remarks of Mrs. MURRAY pertaining to the introduction of S. Res. 158 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mrs. MURRAY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. KYL. Mr. President, I would like to return to the business of today, the Intelligence Committee authorization bill and the underlying Kyl-Domenici-Murkowski amendment to that authorization bill which provides for the reorganization of the Department of Energy with a semiautonomous agency responsible for our nuclear weapons programs. That is the business of the Senate since this time yesterday.

Americans who are watching the activities of the Senate might be a little confused. I would like to try to straighten out some of the confusion. I challenge my colleagues who have a different point of view to express that if, in fact, they care to do so.

We are well aware, over the last several years now, of espionage that has been occurring within our nuclear laboratories and other facilities in this country which has resulted in a significant number of very important secrets of this country being obtained by others who should not have them, including, we believe, the Government of China. This is not minor. The secrets that have been obtained, we believe, from our nuclear laboratories include the information necessary to build the most sophisticated weapons ever designed by man. They include the designs for the most sophisticated weapons in our arsenal—the seven or eight nuclear warheads the United States now has on our existing weapons, as well as designs for a weapon that we never produced but which we understand because the Chinese have now said they have; the so-called neutron bomb that they have developed; as well as some other technology dealing with radar, for example, that can detect our submarines under the sea.

These are the most sophisticated technological developments of our country in recent years. Design information about these weapons has been obtained by others. So, naturally, one of the questions is: How did it happen, and how can we prevent it from happening in the future?

We don't know the answer to the question of how it happened exactly, because people involved in espionage don't come forward and say to you, well, here is what I did. But piecing the information together, we have concluded that it is likely that information was obtained from our nuclear weapons laboratories, and this information got into the wrong hands.

So part of the question of how to prevent this in the future is: What do we need to do, if anything, to ensure security at our nuclear laboratories?

Now, it turns out that over the years there have been numerous General Accounting Office studies, studies by other independent groups, and even studies of the Department of Energy itself, which has jurisdiction over these National Laboratories, which have highlighted the ongoing problems and have suggested that there have to be changes made in the organizational structure of the DOE if we are ever to stop this espionage.

Most recently, the President's own Foreign Intelligence Advisory Board, chaired by former Senator Warren Rudman, issued a scathing report and made some very important recommendations about the reorganization of the Department of Energy. In this report, in effect, the Rudman panel said to the President that the Department of Energy will tell you that it can reorganize itself. It can't. It is the problem.

Many of the bureaucrats within the Department don't want to reorganize in a way that will solve these problems. They want to protect their turf. Therefore, it is going to have to be up to Congress to pass a new statute that literally reorganizes the Department of Energy to get this done.

Now, interestingly, just before that Presidential advisory panel made its recommendations, Senator DOMENICI of New Mexico, in whose State two of the three primary weapons labs are located, had come to the same conclusion, based upon a lot of these previous reports that I talked about, and had actually developed an idea of how to reorganize the Department of Energy to provide for greater accountability and responsibility. He discussed those ideas with me and with Senator MURKOWSKI, chairman of the Energy Committee. The three of us decided to introduce legislation, which we attempted to attach to the Department of Defense authorization bill back in May, to accomplish this exact result.

At that time, for a variety of reasons, the leadership, including Senator WARNER and others, said: Don't attach that to this bill, do it later with the intelligence authorization bill—which we now have before us. For one thing, no hearings have been held, and we need time to work out the specific language.

So Senators DOMENICI and MURKOWSKI and I agreed to do that back in May. Since then, there have been, I believe, six different hearings by four different committees specifically on this legislation. Senator Rudman has testified, as has Secretary Richardson, and many others, about this specific legislation.

Since the time of our initial introduction of the amendment, the Rudman panel made its recommendations. It was so close to what Senator DOMENICI and the rest of us had originally proposed that we conformed our legislation to that recommendation so that we were in effect asking the Department to be reorganized exactly along the lines recommended by the President's own advisory panel. That was back in May.

A lot of time has now elapsed, obviously—almost 2 months—while we have been going over this. We have been meeting with Secretary Richardson. We have been talking to each other trying to come up with some compromise language where we thought it was appropriate.

But in the meantime, we have the question of whether our secrets are being protected at our National Laboratories. The Rudman report, and Senator Rudman's testimony before at least one of these committees in the interim, made it clear that we had not solved the problem. The Cox report made the point that espionage was still continuing. The Rudman report specifically said the recommendations of the Secretary of Energy and the implementation of what he was doing was in effect too little too late; it was not solving the problem; it didn't go far enough; and we had to get on with the urgent business of solving this problem.

The reason I point this out is that we agreed to delay even though that delay poses a risk to the people of the United States of America; that more secrets will fly out the window before we get this thing resolved. But we agreed to hold the hearings and to try to get the acquiescence of the Secretary of Energy.

He has now finally agreed with the proposition that was recommended to the President's advisory panel that we need a semiautonomous agency.

We are now arguing about a lot of the details. But in this matter the details matter. The details matter because it is possible for the bureaucrats within the Department of Energy to scuttle the reform if they can take enough pieces of it out and create the same kind of burdensome, multimanagement kind of structure that exists today which the Rudman report criticized as being so ineffective.

We fear that is what some of the amendments which will be proposed will do.

We have been trying over the last 48 hours literally to bring this bill before the Senate. We had to actually invoke cloture in order to begin debating the intelligence authorization bill. Democrats objected to the consideration of the intelligence authorization bill.

What does that mean? Without an intelligence authorization bill, the programs for fiscal year 2000 in our intelligence community cannot go forward.

Why would people object to even considering the bill, not voting on it, but even bringing it up when these kinds of threats to our national security exist? Why would they object to the consideration of the amendment for the reorganization of the Department of Energy along the lines recommended by the President's own panel of advisers, the concept of which has been signed off by his Secretary of Energy?

Why would we have this delay? Why now for the last 48 hours have the people who want to amend our proposal not come forward to present this amendment so we can get on with this?

We have had this bill pending for 24 hours. People watching might say: Why have we heard speeches about everything under the Sun except the Department of Energy reorganization?

The answer is because people who object to our proposal have not come to the floor and have not been willing to offer their own amendments.

Senator DOMENICI has been laboring mightily in the back rooms trying to work out some language differences. We have been willing to meet others more than halfway in trying to resolve differences that we could resolve. We have agreed to accept a couple of amendments and make some modifications to language so we can work together in a bipartisan fashion. But I have yet to hear anybody say, who has proposed amendments that we have accepted, that they will agree with and support the legislation at the end of the day, even if we accept what they have offered.

I am not going to suggest a lack of good faith. But there is a matter of national security involved. Time is wasting.

I see nobody on the floor willing to debate with us or tell us where they think we are wrong or to offer amendments to what we are trying to propose.

Under the rules of the Senate, unless they come down and do that, we are stuck.

We don't want to spend all of the time just reiterating what Senators DOMENICI, MURKOWSKI, THOMPSON, BUNNING, and myself and others have already said on the floor. We could keep talking about this.

I sometimes wonder what the American people think. They hear there is a crisis with intelligence. They hear there is a problem with these National Laboratories. They hear there is a suggestion to fix it made to the President by his own advisory board, and we have amendments to implement those recommendations. Yet nothing happens. In fact, people actually object to bringing up the bill that would begin to fix the problem.

When we finally bring it up because we invoked cloture, we actually made them vote on that—they all agreed to bring it up at that point—and nobody comes down to offer amendments.

I urge my colleagues, even those who disagree with us, to come to the floor. Let's debate this. If you think you have a legitimate point of view, let's talk it out. Reasonable people can differ about these things. If you have an amendment, bring it to the floor so we can debate and vote on it.

But, sooner or later, the American people are going to reach a conclusion, which is that this matter is being delayed.

I find it unconscionable that anybody would delay efforts to secure the Nation's most important secrets and to delay our efforts to ensure the security of our National Laboratories. That is what we are all about here.

I just hope that sooner rather than later people will be willing to come down and work with us to bring this bill to a conclusion so that we can get on with the important business of this country in protecting our national security.

I see Senator DOMENICI is on the floor. I know he has been working mightily to try to work out some language. I think it would be appropriate now to call upon him for a report on the success of his efforts.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me, first of all, congratulate and thank Senator KYL.

There have been many Senators involved, including the occupant of the

Chair, who have serious concerns about the issue. But I believe we have a great threesome who worked together fundamentally from the beginning. Senator KYL was more than willing right up front when the idea evolved. When we said let's work on it, he was most willing to take the lead, and, frankly, knows a lot about nuclear weapons, the safety, and the well-being of them. He knows a lot about the so-called science-based stockpile stewardship. He has not been an advocate of doing anything with reference to nuclear weapons that would diminish in any way America's great strength in that regard. I commend him and thank him for it.

I want to comment for just about 3 minutes on the issue that he raised.

There have been contentions that the Department of Energy is moving in the right direction. In fact, I think the Secretary misspoke once when he said to the Congress and to the people we have taken care of the security problems. That is not a quote. It is just a general notion of what he said.

I noted over the weekend that the new four-star general, retired, has been put in charge of security and counterintelligence. They called him the czar. I note that he has indicated he is a year away from getting what he thinks is necessary under this dysfunctional department to be able to say we are taking care of the security issues in the best possible way.

Why wouldn't we hurry up and reorganize? Instead of that czar spending all of his time trying to get a structure set up under the old system—which everybody says isn't going to work, and which says, Good luck, general, but when you are finished with all of that, it isn't going to work—we ought to get this reorganization in the hands of that Department, in the hands of the President of the United States, and say, Let's get on with trying to implement.

I submit that it is going to be hard to implement.

There are many ties that are going to have to be broken. There are many parts of the Energy Department that are going to go down swinging in terms of them having little or nothing to say anymore about the nuclear weapons aspect of this. They all have parts in it. It has made it such a bureaucratic mess that even as I look at amendments that want to ease up a little on the semiautonomous nature, my mind immediately goes back to, well, if we open the door a little bit, we are just going to end up in 10 or 5 years right back where we are.

I want to make sure everybody understands that we want to keep it semiautonomous where the Secretary is ultimately engaged, but within that is something similar to the FAA that is doing its own work on nuclear weapons. I think we are close.

However, I suggest to those Senators who want to discuss amendments or who contemplate offering amendments, including the ranking member of the Armed Services Committee, Senator CARL LEVIN, that we hear from him soon as to what he wants to do. We have a proposal we are discussing about going somewhat in his direction but not totally.

I am trying to see if we can minimize amendments and get this done quickly. If not, I think we will just start voting. Some don't want to do that. I think we will have to do that within the next hour or so if we can't put things together. Then I will have a couple amendments, if that is the case. I think they are more acceptable than what I understand others are going to offer. We will get those debated.

Mr. DOMENICI. I ask unanimous consent I be permitted to speak as in morning business for 5 minutes.

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

TAX CUTS

Mr. DOMENICI. Mr. President, on the floor of the Senate today, yesterday in a press conference at the White House, today in a press conference, and this afternoon, the President of the United States will end about 48 hours of White House attack on tax cut proposals that Republicans have put forth. We are very grateful, however, that some Democrats are now espousing the same —in particular, in the Senate. The whole idea of the attack is, we don't have enough surplus to give the American people a tax break.

I hope the American people understand the contentions made by the President, by the Secretary of the Treasury, by those on the floor today from the other side who debated it. I hope they understand that this is an attack that should be called ''anything but taxes.'' That is the philosophy of those who are attacking what we are trying to do—anything but taxes.

For those who think we don't have enough resources, I will take some time today, both on the floor and in other places here at the Capitol, to explain that, indeed, it is a prudent plan. Indeed, there are sufficient resources, and there are sufficient resources in the broadest sense, to take care of our commitment to Social Security. We have done that. We want a lockbox, and we can't get it passed in this Senate. There is ample money for reform of the Medicare system to include prescription drugs.

We will also today let the American people know that the Congressional Budget Office believes the President's prescription drugs are not going to cost only $48 billion in new money; their estimate is they could cost $118 billion—a very important difference, more than double the amount. The point of all this is the contention that we can't take care of the rest of government if we have a tax cut.

I will just use a round number here. My recollection is that the surplus is $3.9 trillion—people can't even fathom $3.9 trillion—over the next decade. To put it in perspective, the entire budget of the United States on an annual basis, including Social Security payments, Medicare payments, all of the appropriated accounts, is about $1.8 to $1.9 trillion. Almost twice the total expenditures of the Federal Government in a given year is the surplus accumulating, according to the best estimators and best economists we can put on this issue—experts at both the Office of Management and Budget and Congressional Budget Office.

I quickly penned some figures. If we have $3.9 trillion in surplus and we want a tax cut over a 10-year period of $782 billion, that is 20 percent of the surplus that would be given back to the American people by way of tax cuts and tax changes. That will make for better economic sense in the future.

That is a rough number. That is a gross number. However, it puts it in perspective. We ask the question, Where is the rest of it going? We will share in detail what we say it is going for and what the Congressional Budget Office says the President's budget is going to be used for. It will be an interesting comparison.

For those on the other side and those in the White House—including the Secretary of the Treasury—who think they will have free rein making their case, which in my opinion is extremely partisan, it is Democrats in the White House, including the Secretary of the Treasury, who are saying, ''We are not for tax cuts,'' and making every kind of excuse in the world to avoid it.

We will make sure that our side of this is understood. We believe if we don't have a significant tax cut adopted now for the next decade, all that surplus will be spent. We can already see it in plans coming from the White House. We can already see it in the current budget of the President extended over a decade as estimated by the Congressional Budget Office.

I thank the Senate for giving me a little bit of time this morning. I clearly did not today present our case in its totality. I want everybody to know there is another side to the partisan antitax fever that will be coming out of the White House the next couple of weeks. That is what it is. It is a ferocious attack on anyone who wants to give back taxes to the American people, using all kinds of arguments, even if they are totally partisan, one-sided exaggerations.

We won't get as much news because the President's press conference will be heralded everywhere. Before we are finished, we will have a few spokesmen tell the American people what this is about. I wish we had an opportunity to present what we are going to present today to the House. I wish we could do

it in a joint meeting to the public. The concern that there is not enough money for discretionary appropriations in defense is wrong. The notion that there is not enough money for Medicare—be it the President's $48 billion or the $118 billion that the CBO says a plan such as the President's would cost—is not so.

In these 5 minutes, that is the best I can do. I don't have charts. They prepared their charts for use today and hereafter. We will use them. Frankly, attacks on the budget resolution by the White House should get thrown in the wastebasket. If Members want to attack a budget, attack the President's budget and see what he did with all this surplus. See what the Congressional Budget Office says he will do with all this surplus. We know what we will do. We will lock up $1.9 trillion for Social Security. That leaves a very large amount for defense, education, and other areas—indeed, a very significant amount for Medicare, if we choose to reform it, and a tax cut about the size proposed in the budget resolution approved here.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—Continued

Mr. KYL. Mr. President, I ask unanimous consent that Senator LUGAR from Indiana be added as a cosponsor to the Kyl-Domenici-Murkowski amendment.

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

Mr. KYL. Mr. President, I will be happy to defer to Senator LEVIN. He is prepared now to report on one of his amendments.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, in the last half-hour, or hour, there have been discussions going on relative to Senator BINGAMAN's second amendment. One of them has already been accepted, as I understand, in modified form. It is now my understanding that the managers would just as soon proceed to my amendment while they are trying to work out Senator BINGAMAN's second amendment. That is fine with me.

Mr. KYL. Fine.

AMENDMENT NO. 1261 TO AMENDMENT NO. 1258

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from Michigan [Mr. LEVIN] proposes an amendment numbered 1261 to amendment No. 1258:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, add at the end the following:

(u) The Secretary shall be responsible for developing and promulgating all Departmental-wide security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies. The Director of the Agency for Nuclear Stewardship is responsible for implementation of the Secretary's security, counterintelligence, and intelligence policies within the new agency. The Director of the Agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I will be happy to consider a time agreement. My good friend Senator KYL suggested we try to adopt it. It is my understanding it might have been already adopted last night, so I suggest it would be perhaps an hour evenly divided.

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

Mr. LEVIN. Mr. President, it is not often an amendment is read in its entirety around here, even a short one. Usually we ask unanimous consent that further reading of the amendment be dispensed with. I do not know how many times I have used those words on this floor in the last 20 years. But in this case I decided to have this amendment—it is fairly short—read in its entirety because it may sound familiar to some people.

These are Senator Rudman's words. This amendment incorporates some very important parts of Senator Rudman's panel's recommendation that are left out of the pending amendment. That is why I wanted the entire amendment read.

The sponsors of this amendment have correctly pointed out that Senator Rudman is recommending a semi-autonomous agency, and that is the heart of Senator Rudman's proposal. It happens to be a proposal that I support. But the difference between my position and the sponsor's position, relative to Senator Rudman's recommendations, is that their amendment leaves out some very critical recommendations of the Rudman panel relative to the operation of the Department of Energy.

My amendment would insert in the pending amendment some very important recommendations of the Rudman panel the pending amendment omits.

We have heard a lot relative to the importance of the Rudman panel recommendations. Senator Rudman and his panel performed an extremely important service to this Nation in pointing out the complicated bureaucratic maze that exists at the Department of Energy and pointing out that for 20 years, report after report, recommendation after recommendation to streamline the bureaucracy the Department of Energy have been made, including made to the Congress, without action being taken by the Congress.

All of us bear responsibility for that failure. Three administrations and 20 years of Congresses have been told in a number of reports there should be some reorganization done at the Department of Energy

Finally, a year and a half ago, President Clinton issued a Presidential directive that reorganizes the Department of Energy. That directive has been mainly implemented, not yet fully apparently but mainly implemented. The Rudman panel goes beyond that Presidential directive but does give credit to President Clinton for being the first President in 20 years to direct the reorganization of the Department of Energy, even though three Presidents have been told there is significant organizational problems, and even though as early as 1990 there was a public statement about espionage being carried out by the People's Republic of China at one of these labs.

Secretary Richardson is engaged in significant reorganization of this agency, and the Rudman panel gave credit to Secretary Richardson for beginning the important reorganizational changes.

This Congress has taken some steps to reorganize the Department of Energy. The Armed Services Committee, for instance, upon which our Presiding Officer sits with distinction, has acted on our bill, which is now in conference, to carry out some significant reorganization of the Department of Energy.

On the House side, the Armed Services Committee did the same thing. The language is different. Parts of their provision differ from ours. But the point is, there are some very important things going on in terms of reorganization in the Department of Energy, as we speak. But the Rudman panel goes beyond that. It would put into law, for instance, things which are in an Executive order. We know how much more important a law is than an Executive order because an Executive order, No. 1, can be changed by the next President but, No. 2, can be too often ignored by the bureaucracy. We had a recent example of that in another agency where an agency just almost totally ignored an Executive order.

We want to put into law a significant reorganization, and we want to—at least I do, and I think most of my colleagues want to—put into law a reorganization along the lines of the Rudman panel recommendation. I do not know that there is any disagreement on that, but apparently there is a disagreement

when it comes to setting forth not just the provisions of the Rudman panel's recommendations relative to the power of this new semiautonomous agency, but when it comes to setting forth the power of the Secretary of Energy relative to directing and controlling his Department.

What is left out in this amendment is also important, according to the Rudman panel. This is not the Senator from Michigan talking; this amendment is the Rudman panel talking. I will go into what these provisions are in just one moment.

I emphasize, the security breakdown that has existed for 20 years that was highlighted in the Cox commission report must be corrected. There are a number of steps underway to correct them, but we should act. There have been some pretty important, good-faith discussions going on over the last few days as to how we might be able to come up with a bill which can become law.

We can pass a bill, and if the House does not accept the bill because they think it ought to be a freestanding bill and not on an intelligence authorization bill, or because they do not think it ought to be on a Department of Defense authorization bill—and that is their position in conference relative to the defense authorization bill—we can attach language here. But if we do not have a strong, healthy consensus, it seems to me we are in a much weaker position in getting this law actually passed in the House and signed by the President. That should be our goal.

If we are serious about trying to tighten up and streamline the Department of Energy, if we are serious about passing a law to do that, then we ought to figure out a way we can come together, incorporate the Rudman panel recommendations, including the ones which are left out in this amendment which I will try to add in a moment, so we can go to the House of Representatives with a healthy consensus vote, a strong vote, rather than a divided vote, and the same message would then be delivered to the President.

The Rudman report calls for a semiautonomous Agency for Nuclear Stewardship. I fully support that. That would be an agency which will oversee all nuclear-related matters in the Department of Energy, including defense programs and nuclear nonproliferation. It would also oversee all functions of the national security labs and the weapons production facilities. I strongly support that. It would streamline the new Agency's management structure by abolishing ties between the weapons labs and all DOE regional field and site offices and all contractor intermediaries. It would appoint the Director of the new Agency by the President with Senate confirmation, and it would have effective administration of safeguard security and counterintelligence at all the weapons labs and plants by creating a coherent security counterintelligence structure within the new Agency.

In making the recommendation for a semiautonomous agency, the Rudman report cites as models similar agencies within the Department of Defense, such as the National Security Agency, NSA, the Defense Advanced Research Projects Agency, DARPA, and the National Reconnaissance Office, the NRO.

Each of these three agencies is a separately organized agency run by an administrator within the Department of Defense. While the mission of each is different from the other, all three are under the authority, direction, and control of the Secretary of Defense; all three are subject to Department of Defense policies and regulations; and all three are directed by the Secretary and his deputy through an assistant.

That is the model Senator Rudman has based his recommendation on—three agencies in the Department of Defense, separately organized, each having their own staff, but where the Secretary and the Deputy Secretary direct that separately organized agency through an assistant.

That is a very important part of that model which is omitted in this bill. So Senator Rudman and his panel, on June 30, sent a ''Memorandum of Clarification'' relative to their report. One of those recommendations in the statement is the following: ''The Secretary is still responsible,'' under their model, ''for developing and promulgating DOE-wide policy on these matters,'' these matters being security, intelligence, and counterintelligence, ''and it makes sense to us,'' that is, the Rudman panel, ''that a Secretary would want advisers on his/her immediate staff to assist in that vein.''

So the first sentence of our amendment says:

> The Secretary shall be responsible for developing and promulgating all Departmental-wide security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies.

It is verbatim from Senator Rudman's panel's recommendation.

Senator Rudman's panel also says: ''. . . The Agency Director,'' that is the new Agency, ''. . . is responsible and held accountable for ensuring complete and faithful implementation of the Secretary's security, counterintelligence and intelligence policies within the new Agency.''

The second sentence of our amendment reads:

> The Director of the Agency for Nuclear Stewardship is responsible for implementation of the Secretary's security, counterintelligence, and intelligence policies within the New Agency.

Again, it is verbatim from the Rudman panel's memorandum of June 30.

The Rudman panel also said on that day that ''The Director of the Agency,'' that is, the new Agency ''may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.''

The third line in our amendment says:

> The Director of the Agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

It is verbatim from the Rudman panel recommendation.

I do not think we can have it both ways. The Rudman panel's recommendations are very important. We are not obligated to adopt every one. We are not obligated to adopt any of them. But there are some of us who believe those recommendations are hugely important. As always is the case when you create a new agency within a Department, you have to figure out a balance between the power of the new Agency and the power of the Secretary to run his Department that contains that new Agency.

That is a very important balance. We are doing it on the Senate floor. Usually that kind of a complex and rather arcane effort would be made by the Governmental Affairs Committee, but in this case, for many reasons, legitimate reasons, it comes to us in this form, and we must deal with it.

But in dealing with these issues, as to that balance, we have guidance. We have guidance from the Rudman panel. The Rudman panel says: Create a semiautonomous agency. It then goes into detail on the functions of that semiautonomous agency and the power both of its director and the Secretary of Energy. It sets them out. It lays this out for us.

The amendment before us omits some critically important recommendations of the Rudman panel, the ones I have just read and the ones that are in my amendment. It is that omission which, it seems to me, so flaws, and unnecessarily flaws, may I say, the amendment before us.

I do not quite fathom why it is that specific recommendations of the Rudman panel, relative to what the balance and the relationship are, should be omitted when they are important.

The sponsors of the amendment will no doubt say that the Secretary reserves the right in their amendment to direct and control the Department, and that is true. But when it comes down to putting any flesh on those bones, when it comes down to saying how the Secretary will do that—that he is able, for instance, to use his staff to promulgate policies, that the agency must comply with the Department's policies that apply departmentwide—when it comes to those things, then we have a problem with this amendment.

This amendment actually suggests the opposite is true from what Rudman has suggested when it says that ''The

Secretary may not delegate to any Department official the duty to supervise or direct'' but leaves out the critically important power that Rudman would give the Secretary to utilize his staff to assist him in developing and promulgating departmentwide policies.

So we correct this omission. The spirit of Rudman is that there be a semiautonomous agency when it comes to spelling out how that agency would function, what the balance of powers and functions would be between the Secretary of the Department, of which this agency is a part, and the new Agency Director. It is at that point that we have the omissions that Rudman recommends and the omissions in this pending amendment which my amendment would fill in.

Mr. President, I inquire how much time this Senator has left.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Michigan has 10 minutes 26 seconds.

Mr. LEVIN. I thank the Chair and reserve the remainder of my time.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. We have 30 minutes on our side?

The PRESIDING OFFICER. The Senator has 30 minutes exactly.

Mr. DOMENICI. Mr. President, the Senator from Illinois, Senator FITZGERALD, had asked, before we knew the Senator was coming up, whether he could come to the floor and speak for 5 minutes. He got here, but the Senator had started so he was cut out for an hour. I wonder if we could have consent for the Senator to speak for 5 minutes and it not be counted against either side.

Mr. LEVIN. I am happy to.

Mr. DOMENICI. I so request.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Illinois.

Mr. FITZGERALD. I thank the Chair. To the Senator from Michigan, I thank him for allowing me to speak on Senator KYL's underlying amendment.

The recent release of the Cox report and the President's Foreign Intelligence Advisory Board's report has confirmed our worst fears that lax security at our national laboratories enabled the Chinese to steal some of our nation's most guarded nuclear secrets. This appears to be among the most severe breaches of American security in our Nation's history. This issue is of particular concern to my state, Illinois, as we are the home of three labs—Argonne National Laboratory, Fermi National Accelerator Laboratory, and the New Brunswick National Laboratory.

But despite years of warnings, beginning with a detailed briefing by the Department of Energy on the issue, the administration did next to nothing to close the breach in security at our national labs, and did next to nothing to keep suspected scientists away from classified information. Instead, the administration soft-pedaled the issue, encouraged the transfer of technology to China, and even denied that any secrets were lost to China during this administration. The administration's response to report after report of security threats to our labs has been, ''See no evil, hear no evil, speak no evil.'' In fact, the administration sought to undermine the truth and accuracy of reports of these security breaches. And when the disastrous consequences of this policy of denial and inaction were exposed, the administration played a half-hearted game of catch-up that continues to this day.

The report issued by the President's Foreign Intelligence Advisory Board presents a scathing and highly critical account of DOE's handling of, and response to, the threat posed to weapons labs by Chinese espionage. The report characterizes DOE as having a ''dysfunctional management structure and culture,'' unable to respond to the unique challenge posed by China. Unfortunately, DOE is in the words of the report a 'dysfunctional bureaucracy that has proven it is incapable of reforming itself''

In the coming years, the United States may pay a terrible price for this dereliction of duty. China is likely to make a great leap forward in its ability to threaten the United States with nuclear attack, thanks to stolen American nuclear weapon and missile technology. In fact, China now admits that it has neutron bomb technology. A well-known proliferator, China may sell or give this advanced technology to Iran or Pakistan, further increasing the spread of weapons of mass destruction and the missiles to deliver them.

For our part we, as Senators, must undertake the task of repairing the system that allowed this information to fall into the hands of China. To this end a number of my colleagues and I have co-sponsored an amendment to the intelligence authorization bill initially offered by Senators KYL, DOMENICI, and Chairman MURKOWSKI. This amendment would create a semi-autonomous agency within DOE responsible for the nuclear weapons laboratories and their security. I ask for and encourage Senators to join me and the other cosponsors in supporting this measure. I welcome Secretary Richardson's change of mind on this issue. Although he was initially opposed to such an agency, the Secretary has joined the bipartisan group of Senators in supporting the concept of a semi-autonomous agency for nuclear stewardship.

I hope that my colleagues will join us in passing this legislation and implementing this important step in sealing the breach in security at our Nation's weapons labs.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I will take the first few minutes and reply to Senator LEVIN's amendment, and then Senator DOMENICI will add his thoughts.

I first note that this language was handed to us as this debate began, and so it has been a little difficult to correlate the provisions of this amendment with the provisions of our bill and with the recommendations of the Rudman report. I think it is fair to say the following four things about this amendment.

First of all, it is not necessary. I haven't really heard any explanation of why we need this different language. I believe that our bill, which tracks the report of the President's Foreign Intelligence Advisory Board, allows the Secretary of Energy to create policies that are applicable to the entire department and that the implementation of security and counterintelligence within this new Agency is the responsibility of the new Under Secretary that is responsible for nuclear stewardship, but that the Secretary of Energy will always have the ultimate say with respect to those security and counterintelligence policies. That is what our bill calls for. That is what the Rudman report recommends should be done. I don't see any need for this different way of saying it.

There are also at least two problems with the language itself. I am a little concerned because Senator LEVIN scores a debater point by saying one of the sentences of his three-sentence amendment comes right out of a letter that Senator Rudman wrote to us. It is not the Rudman report, but it is a letter that he sent to us. Since we have been saying that our legislation tracks the Rudman recommendation, therefore, we have to accept that sentence.

That is, of course, a dual standard. Senator LEVIN is perfectly willing to reject parts of the PFIAB report. Under his analysis, then he should accept everything the Rudman report recommends as well.

The truth of the matter is, we have tried to track it as closely as possible, and I think we have done a good job. We haven't included the sentence from the letter that Senator Rudman wrote. It is not necessary.

I think there is a dual standard being applied here. I think all of us can appreciate the fact that we are trying to track it as closely as we can, consistent with writing this legislation.

The two primary points of objection I have to the amendment are these: As a practical matter, this whole exercise is to do things differently within this new Agency than they are done departmentwide. That is the essence of the President's Foreign Intelligence Advisory Board report. It says: You need to create a new semiautonomous agency that doesn't have to do things the way

they are done all over the rest of the Department of Energy. That has been the problem—all these different people making rules and regulations and policies. It is impossible to protect the Nation's security and our foremost secrets when you have so many people, in effect, with their finger in the pie. You need to create a very specific semiautonomous agency that has control over those nuclear programs, and don't apply all of the other departmentwide policies, as good as they may be for the rest of the Department, to this new Agency.

Many of the departmentwide policies will be appropriate, but undoubtedly some of them will not be. The whole point is to do things differently than they have been done in the past and to have the flexibility to do them differently within this new Agency.

For example, suppose the Secretary says to one of his staff assistants: I want you to develop a new departmentwide policy on polygraph tests. This person goes out and does the research, comes back and says: We shouldn't have any polygraph tests. The Secretary of Energy says: Okay, that is our departmentwide policy.

Under the Levin amendment, this new Agency, this new semiautonomous Agency that is responsible for control of our nuclear secrets, wouldn't have any choice but to implement that departmentwide policy. That is exactly what this language says. I will read it, Mr. President:

> The director of the agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

No flexibility to do anything different. That is the whole point. That is what the PFIAB report said: You have to do things differently. You cannot expect a different result if you keep doing them the same old way. You cannot require, for this very unique, highly technical business of making nuclear weapons, the application of all the same standards and policies that apply throughout the Agency.

The one example used frequently is the refrigerator standards. But there are so many differ examples you can point to. Agencywide policies may be fine agencywide, but they should not necessarily be applicable to this new Agency. They may be, but they aren't necessarily. That is the approach our bill takes. It says the Secretary can develop these agencywide policies, but the Director of this new Agency has to have some flexibility to say some of the things that apply to other parts of the Department of Energy should not apply here; they are not applicable, and they may even be dangerous.

That it the whole point of what we are trying to accomplish. When the amendment says the Director of the Agency for Nuclear Stewardship is responsible for the implementation of the Secretary's security, counterintelligence, and intelligence policies within the new Agency—and he can only devise agency-specific policies as far as they are fully consistent with the departmentwide policies—you are tying his hands behind his back; he is set up for failure before he even starts.

This amendment is very dangerous. One reason it is dangerous is that the language seems to track fairly closely elements of the report. But again, what we are saying is the Secretary, of course, can develop agencywide policies. Some of those will be applicable to this new Agency, but they don't necessarily have to be. That is where we diverge. That is a critical difference here. It would be impossible for this new Agency Director to do his job if he were bound by this language.

Our whole point is to have accountability and responsibility of this person. Well, I would not take the job if I were given the responsibility to protect our Nation's nuclear secrets and then I was told: However, you cannot establish any policy within your new Agency that is inconsistent with departmentwide policies. I would not undertake that job because I would not be able to do it the way I thought best.

Mr. President, with respect for the Senator from Michigan, I have to say this is the wrong approach and we will have to oppose this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. KYL. How much time do we have on this side?

The PRESIDING OFFICER. The Senator has 22 minutes 49 seconds. Senator LEVIN has 10 minutes.

Mr. KYL. I inquire, does the Senator from Michigan want to speak next? We have more time on our side. Would he want to address the Senate?

Mr. LEVIN. No.

Mr. KYL. Mr. President, perhaps we should suggest the absence of a quorum.

Mr. LEVIN. I misheard the Senator. Did he say there were additional speakers on his side?

Mr. KYL. Yes.

Mr. LEVIN. Senator KERREY has expressed a desire to speak in support of the amendment. I will briefly yield 2 minutes to myself. Regarding the comments of the Senator from Illinois about both the President and the Secretary relative to the Secretary's actions, the PFIAB, or the Rudman report, as we call it, says the following:

> We concur with and encourage many of Secretary Richardson's recent initiatives to address the security problem at the Department. And we are heartened by his aggressive approach and command of the issue. He has recognized the organizational dysfunction and cultural vagaries at the DOE and has taken strong, positive steps to try to reverse the legacy of more than 20 years of security mismanagement.

Now, the contrast between what the Rudman report says about Secretary Richardson and what the Senator from Illinois says the Rudman report said, relative to Secretary Richardson, is a pretty sharp contrast, indeed. This is what the Rudman panel actually said:

> We concur with and encourage many of Secretary Richardson's recent initiatives to address the security problems at the Department. And we are heartened by his aggressive approach and command of the issues. He [Secretary Richardson] has recognized the organizational dysfunction and cultural vagaries at the DOE, and he [Secretary Richardson] has taken strong, positive steps to try to reverse the legacy of more than 20 years of security mismanagement.

I ask the Senator from Nebraska, the ranking Democrat, the vice chair of the committee, whether he wishes to speak at this time.

Mr. KERREY. I am pleased to.

Mr. LEVIN. I gave you both titles.

Mr. KERREY. Mr. President, I apologize to the Senator from Arizona. I did not hear all the reasons for opposing the Levin amendment because I am afraid, in my own mind, this is getting down to a point where it seems to me—I said to Senator LEVIN earlier that it seems the bill gives the Secretary the right to do all these things. I don't see a lot of reason to oppose this, I really don't.

As I understand it, the Senator from Arizona has a problem with the last sentence, which says, ''The director of the agency may establish''—this is a nuclear security agency—''agency-specific policies''—that is the same autonomous objection that we have—''so long as they are fully consistent with departmental policy established by the secretary.''

It seems to me we want the Secretary to be able to establish Department policies that would apply to everybody and allow the new security Agency still to be able to establish specific policies that don't relate to the rest of the Department. I don't understand the Senator's objection to that because it seems to me that is a reasonable thing to say.

The trouble I am having—and I am trying to make certain we achieve a big bipartisan vote on this because I don't want to lose the opportunity that we have been given many times in the past couple of decades, and the Senator from Arizona has been pushing hard on this thing. I would hate for us to fail as a consequence of not being able to resolve what seems to me is not that big a conflict. I would appreciate the Senator talking about this last sentence and what he thinks seems to be wrong with it.

Mr. KYL. Mr. President, I will respond on my time, and if we need more time, we can utilize that.

Senator KERREY raises the exact right question. In many respects, we are not that far apart. I think this language creates one specific, big problem, however. In the bill, we provide the authority for the Secretary to establish

not only departmentwide policies on security, counterintelligence, and other matters, but also he would have the residual authority to direct those issues within the new Agency itself if he really wanted.

Mr. KERREY. Can the Senator refer to where that is in the bill?

Mr. KYL. I will have my staff find the pages. On page 2 of the bill, there is ''general authorities residual to the secretary.''

I refer the Senator's attention to section 213(c):

> The secretary shall be responsible for all policies of the agency.

So that is the overall general policy here. That is, of course, consistent with the recommendations of the Rudman report. It is what we have always said has to be—that ultimately the Secretary has the authority to impose his will on this new Agency in any way he should desire to do so, whether it is agency specific, or with respect to a departmentwide policy. We provide for that.

The problem with this amendment and the problem with the last sentence is that it would remove from the Under Secretary in charge of the nuclear program the ability to have policies different from general DOE-wide policies because it says:

> The director of the agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

I can give an example of polygraphs. If you read the first sentence of this amendment, the Secretary may use his immediate staff to assist him in developing these departmentwide policies.

He asks a person not in this new semiautonomous Agency to go out and develop a policy regarding polygraphs. I am using this as a hypothetical. The person comes back and says we shouldn't have polygraphs. That is a departmentwide policy. And the new Under Secretary, in the second sentence, is directed to implement the Secretary's policies within the new Agency.

How might he do that? The third sentence:

> The director of the agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

We need to allow enough flexibility so there can be some differences.

The whole point of the Rudman recommendation is that this new Agency may have to do some things different from the rest of the Department. There may be personnel policies. There may be contracting policies. There may even be policies of security and counterintelligence that would be different in this new entity.

But even if they are different—this, I know, goes right to the point of the Senator from Nebraska—even if the person in charge of this new semiautonomous Agency says, look, we have to do things differently with respect to security in our new Agency than you do them in the rest of the Departments, the Secretary of Energy still has the ultimate say as to whether he approves of that and agrees with that or not because he is ultimately in charge.

But the way this amendment is written, the new Director wouldn't have any options. He has to do it consistent with the departmentwide policy. He has no discretion to do it differently. He has to have this discretion to do it differently if he thinks it is necessary. Then if the Secretary says, no, I don't want you to, the Secretary still wins. He is still the boss.

That is my answer to the Senator from Nebraska.

Mr. KERREY. I appreciate that answer.

I am struggling. I have been in this position before, I say to my friend from Arizona, where I hear words and they mean something to me and they mean something entirely different to somebody else. I am still struggling.

It seems to me that the language of ''the director of the agency may establish agency-specific policies,'' which is what the Senator from Arizona wants, by the way, this amendment amends section 213(a). At the end of the following, ''the secretary shall be responsible''—OK, at the end. It has a paragraph (u) to this.

Is that what the Senator from Michigan just took?

Is the Senator saying in his amendment that the Secretary shall be responsible for all policies of the Agency? The Senator is saying the Secretary still has that authority.

How is that inconsistent? I still don't understand how that undercuts. This one says:

> The director of the agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

Mr. KYL. Mr. President, the point is as long as they are consistent with departmental policies established by the Secretary. In other words, the policies the Secretary establishes for all of the other Departments would control. We don't want it to.

I might add that the language that I quoted before was specifically requested by the Senator: The Secretary shall be responsible for all policies of the Agency.

We think that is important to clarify—that in the end he always has the authority. If this language says something, it is not wise to try to fix that amendment during debate. But if the language in effect says that the Director of the Agency may establish agency-specific policies, it is obviously always subject to review by the Secretary—no problem. But when I say in the language that they have to be consistent with departmental policies, obviously that infers previously established.

Then you could have a problem.

Mr. KERREY. The Senator is saying that if this language says that the Director of the Agency may establish agency-specific policies—the Senator is quite right; I added that. I appreciate very much that change being made.

Before I get to the rest of it, let me say that one of the reasons I did that was because of the experience of dealing with agencies or situations in the executive branch where somebody has the responsibility but lacks authority. It is a heck of a problem to be in where you are held accountable for something, but you don't really have the authority to do anything about it in the first place.

That is exactly the problem that the Senator is trying to fix with this amendment in the first place—situations where Secretaries have authority and responsibility, but they lack the authority. They lack the ability to actually be able to manage.

I appreciate that inclusion. The Senator is saying that if the language said the Director of the Agency may establish agency-specific policies subject to the approval of the Secretary, you have no problem with that?

Mr. KYL. Mr. President, obviously that is in response to the amendment. But I think that is the general idea.

I also add one other point. In the second sentence of the amendment it provides that the Director of the Agency for Nuclear Stewardship is responsible for implementation of the Secretary's security counterintelligence and intelligence policies within the new Agency.

I think, while that is true, since it follows the Secretary, the sentence previous to it, which talks about departmentwide policies, there is an implication in the second sentence, again, that he has to implement all of the departmentwide policies without exception.

I think we have to make it clear that the second sentence is what we are talking about, and the third sentence as well.

Mr. KERREY. Part of the problem I am having with this is it is very clear in the Senator's amendment that the Secretary shall be responsible for all policies of the Agency. That is very clear in the language of the amendment. That is why I am having difficulty understanding how this language undercuts that, or changes that. The Senator wants the Secretary to have the responsibility for the policies of the Agency. What the Senator is trying to do is establish a sufficient amount of independence that this new Agency for nuclear security can develop its own agency-specific policies. It doesn't undercut or eliminate the authority of the Secretary to be able to come in and say: I don't like that. I am

not going to allow you to do it. But it is going to occur in an environment where Congress knows it, and the people understand what is going on.

It seems to me that is what Senator LEVIN is trying to do, as well.

Mr. KYL. The Senator said it very well.

Obviously, the whole intention here is that there be a lot of things done differently in this new Agency than would otherwise be done within the Department.

Our problem with Senator LEVIN's amendment is it not only implies but in the last sentence actually directs that whatever is departmentwide also has to exist in this new Agency—no exceptions; ''fully consistent with.''

That is just not what this whole reform is all about. There are going to be a lot of things with a new agency that are going to be different.

To the Senator's point, as I said before, I wouldn't take the job as the new Under Secretary in charge of this new Agency if I took the job knowing that I had to begin by complying with all departmentwide policies.

Mr. KERREY. We have comparable agencies.

I was very much involved with the development of the new law governing the IRS. We wanted that agency also to be semiautonomous.

In that case, we created a board with authority to evaluate the budget and make budget recommendations to the Secretary of the Treasury, and that budget has to be forwarded on. If the President wants to change it, he can change it. That budget gets forwarded on to us.

In addition, we made a change that the Internal Revenue Commissioner has a 5-year term allowing some continuity. That is one of the problems we had. We had lots of turnover.

The same problem existed with the FBI Director a number of years ago. I don't know who was involved in changing that law. We changed some independence of the FBI Director. But in both cases, if the Secretary of the Treasury decides they don't like what the IRS Commissioner is doing, or in Justice's case they don't like what the FBI Director is doing, one of the things we are not talking about is they can always go to the President. The President issues an Executive order; everybody does it. At least they are supposed to do it. Although, again, that is part of the problem that we are trying to address—eliminating a lot of that middle-level management and creating direct lines of authority so Executive orders are carried out. In this case, a Presidential directive was implemented relatively slowly. Perhaps the Senator from Michigan has some suggestions.

Does the Senator see a substantial difference between the language in his amendment that says, ''the director of the agency may establish agency-specific policies so long as they are fully consistent,'' and language that says, ''the director of the agency may establish agency-specific policies understanding,'' and then reference back to section 213(c) that says the Secretary shall be responsible for all policies of the agency? If the Senator can tie it into that line, it seems that is what he is trying to do.

Mr. LEVIN. If the suggestion is that the Director of the Agency may establish agency-specific policies which are different from the policies which govern the rest of the Department with the approval of the Secretary—if that is the question, I see no difference between that and the last line because at that point those agency-specific policies are consistent with departmental policy. The departmental policy at that point is that that Agency will be governed by a different rule than the rest of the Department. I don't see any difference in terms of that concept with what is already in the last line.

The last part of that discussion I am not sure I fully follow. As far as that specific question is concerned, the Senator from Arizona is saying, as I understand it, and the Senator from Nebraska is responding in the following way: The Senator from Arizona says we want to make it possible for there to be an agency-specific policy that does differ with the departmentwide policy. My answer to that is, yes, providing it is approved by the head of the Department, at which point it is then Department policy that that separate agency have a different policy than the rest of the Department.

I have no problem with that.

Mr. KERREY. If the Senator will yield, it seems to me what we ought to try to do is work this thing a little bit longer and see if we can get agreement.

I think in the key area with the amendment, we have to reference back this very declarative and clear line the Senator from Arizona referenced, which is 213(C) that says the Secretary shall be responsible for all policies of the Agency.

The Senator is shaking his head.

Mr. LEVIN. I don't want to read too much into the Senator from Arizona nodding his head, but I think he is responding positively to how I characterized his suggestion.

I ask the Senator from Nebraska if he would, perhaps, yield to me a moment.

Mr. KERREY. I will yield the floor and let the Senator have more than a moment.

Mr. LEVIN. I want to see if both concur in this.

The Director of the Agency may establish agency-specific policies which are different from the general policy for the Department with the approval of the Secretary.

Those are not artfully perfect words, but that is the concept as I understood it that the Senator from Arizona is proposing.

I say to my dear friend from Nebraska, if that is what the Senator is proposing and with your intermediary help, that is fine with me.

Mr. KYL. Mr. President, it appears to me that we have achieved a meeting of the minds—almost—and therefore the language could be worked out.

Let me restate the two concerns I have, both of which I think we would have to satisfy. In the second sentence of the amendment, it says that the Director of the Agency is responsible for the implementation of the Secretary's policies within the new Agency. Obviously, that has to mean to the extent that they are applicable to this new Agency and not inconsistent with any agency-specific recommendations.

If the Senator has that language following the first sentence, it doesn't mean that it means whatever the departmentwide policies are this new Director has to implement them. That is not what we intend.

Secondly, to the final sentence, the Senator is correct, this head of this new Agency should have the ability to have agency-specific policies with respect to security and counterintelligence and virtually anything else. It is always subject to the Secretary's approval.

I don't think in this one unique situation we want to say that prior to the effectiveness of any policy, the head of this new Agency has to obtain the approval of the Secretary. But since he has to report to the Secretary, the Secretary, obviously, has the ability to say no.

Clearly, we want this Agency to be running not on its own but semiautonomously. If the new person has to go get approval from people before he does things—obviously, he would have to notify the Secretary—then I think that could diminish his ability to operate the new entity.

However, if the principle is agreed to that there can be, and indeed should be in some cases, different policies within this new Agency than departmentwide, and if we understand that the Secretary always has the ability to say no or to say do it differently, then I will say positively that I think we have a meeting of the minds and it is simply a matter of drafting the language in a way to achieve that.

I thought our bill did that. If the Senator thinks we need to modify it somewhat, clearly we can talk about it.

Mr. KERREY. If I can respond, the Senator from Michigan has a lot of respect on this side of the aisle and I know a lot of respect on that side of the aisle as well, not just because of this particular issue but because of his longstanding interest in the operations of government and his understanding of how statutes need to be written in

order to get government to function properly.

If the goal is to produce a big bipartisan vote so we can seize this opportunity, as the Senator from Arizona has pressed so relentlessly to get done, it is my hope that there could be a meeting of the minds leading to an agreement of language.

If we can get that done, we are one step closer to getting a very large bipartisan vote. That sends a very important signal to the House. That increases the chances to successfully conference this in the Intelligence Committee and bring it back to the full Senate for approval.

Mr. REID. Mr. President, I believe that we are all in agreement that the weapons program should remain within the Department of Energy, with clear lines of authority, responsibility, and accountability.

The sponsors of this amendment agree that the Secretary of Energy must have the ultimate authority for Department functions because he carries the ultimate responsibility.

The question is how does the Secretary exercise his authority in a way that allows him to meet his Cabinet-level responsibilities and still remain consistent with the restrictions in this bill.

The bill's prohibition against delegation of any supervisory or directive authority over the Under Secretary for Nuclear Stewardship means that only the Secretary may intervene in Agency matters that may be inconsistent with Department policy.

That is backwards.

The provision for non-Agency review of Agency programs permits the Secretary to understand the compliance status of the Agency, but the prohibition against delegation requires the Secretary to appeal to the Under Secretary to respond to noncompliance findings.

That is a reveal of normal management flow of authority.

The Under Secretary should be the one making the appeal to the Secretary if the Agency is found to be noncompliant in a review.

Under the provisions of the amendment, the Secretary is likely to spend far too much of his valuable time ensuring that the Agency is complying with the Department policy.

A simple change in the bill would effectively accommodate this concern.

The amendment should specifically acknowledge that the Secretary is endowed with equivalent authority to meet his Department-wide responsibilities; and those include the Agency for Nuclear Stewardship.

Instead of prohibiting delegation of authority, the bill should provide direct appeal authority for the Under Secretary to the Secretary.

I understand the reluctance of the sponsors to encourage broad delegation of authority to non-Agency Department employees.

Nevertheless, compliance reviews of the Agency should be communicated to the Under Secretary and to the Secretary, with the presumption that any corrective actions would be implemented by the Under Secretary unless he determines to appeal to the Secretary.

This would encourage the Under Secretary to consider the merits of review findings and consider changes before involving the Secretary.

The PRESIDING OFFICER. The Chair informs the Senator from Nebraska all of his time has expired. There are 9 minutes 30 seconds remaining to the Senator from Arizona.

Mr. KYL. Certainly, Senator DOMENICI wants to speak to this issue. To the extent we need any further discussion, I am sure we will agree to provide the time for that.

I agree with Senator KERREY; the more bipartisan this is the better. I say the first goal is security. Frankly, I detect a flaw in the exact wording of this amendment. If we can eliminate that flaw and thereby achieve bipartisan consensus on this point, obviously, that is a twofer. It not only achieves our policy objective but the political objective of the bipartisan approach as well.

Mr. KERREY. I ask unanimous consent for 2 minutes to speak on this and to respond on our side.

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

Mr. KERREY. Mr. President, I wonder if there is a chance, rather than going to a motion to table, we can work this out. If we can work it out, it increases the chances of getting a big affirmative vote on this bill, which all of us want.

The Senator from Michigan sees a flaw in the bill and is concerned about national security and concerned about good science. He has a lot of experience in this.

I ask the Senator from Arizona if it is possible we could get the two sides to see if the meeting of the minds we apparently have could lead to an agreement on specific language and acceptance of this amendment, rather than having to get a vote to table or a vote up or down on the amendment with disagreement.

Mr. KYL. We will have to defer. I am advised the majority leader is concerned about the amount of time and is desirous of having a vote as soon as possible. I think perhaps after Senator DOMENICI has spoken, we should confer and attempt to resolve this very quickly along the lines the leader has requested.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I hope this issue does not in any firm manner split the Senate. It seems to me that need not be the case.

I want to read from the original Rudman report and then I will try to put quickly into a framework why we think we have complied with what the distinguished Senator, the ranking member of the Department of the defense authorization committee, Senator LEVIN, is concerned about.

I am reading from page 46 of the report:

> The panel is convinced that real and lasting security and counterintelligence reform of the weapons lab is simply unworkable within DOE's current structure and culture. To achieve the kind of protection that these sensitive labs must have, they and their functions must have their own autonomous operational structure free of all the other obligations imposed by DOE management.

Actually, when you read that and you read the letter that came some 3 or 4 weeks after the report from the panel, talking about clarification, the best you can conclude is that it is not absolutely clear how we should do this. I submit that when you read the clarifications that were proposed with reference to the issue before us, we have solved that issue in this bill. I hope those who are thinking they can vote against the bill if we do not do this will understand.

On page 2 of the bill, as said a number of times, we have made it eminently clear that the Secretary is the ultimate authority; the Secretary, not the new Under Secretary. We have said:

> There shall be within the department a separately organized agency under the direction, authority and control of the Secretary. . . .

I do not read the rest of the sentence, but that is what it says. Then it says, at the request of the distinguished Senator from Nebraska, Senator BOB KERREY, paragraph C:

> The Secretary shall be responsible for all the policies of the agency.

Then, at the request of others because they wanted to make sure the Secretary could use other Department people to help him—that is, the big Secretary—we said:

> The Secretary may direct other officials of the Department who are not within the agency to review agency programs and make recommendations to the Secretary regarding the administration of such programs . . .

And then—I read the next part very slowly:

> . . . including consistency with similar programs and activities in the Department.

I read that, and other things in this bill, to say that those who are putting this bill before us to straighten up the Department and give us some security and counterintelligence that is reliable have, to the best of our ability, provided the Secretary and the new Agency with precisely what the Rudman board recommended. First, they wanted autonomy. I read that: It should be a structure free of all other obligations of the DOE. Yet it goes on in the supplemental report, or the letter of transmittal, saying here is our final interpretation of conflicts. It talks about

some policies that ought to be consistent across the Department.

I do not believe we need to put language in that charges the Secretary with putting these policies that are departmentwide in place and then saying this new Agency is bound by them. I think the room ought to be there for the new Agency to prepare its programs in this regard, be it on the environment, be it on management, be it on safety, be it on whatever. The Secretary still has the overriding authority, if he chooses, to say: I have selected some members of the staff of the Department, we have reviewed it carefully, and we recommend that you change something because we want you to be more in harmony with the Department.

But to create a structure that is semiautonomous and then say whatever policies the Secretary pronounces that are departmentwide are binding on this Agency is to deny the Agency the autonomy right up front and to set the presumption in the wrong place. So I hope we do not do that. I am willing to clarify it, if it needs to be clarified further, but I do not think we need this provision ripping at the autonomy at the very outset, waiting around to see what the departmentwide rules are before you can implement this. I just think that is the wrong way to go.

Having said that, I want to recapitulate where we are going for just a moment. The amendments that have been offered so far have been offered on the Democrat side. Senator BINGAMAN and I have one we are going to offer together, that we have resolved and the Senate is going to accept, with reference to work for others within the laboratory, which has been an issue of concern. Then I understand there are a couple more amendments.

I want to say to my friend, Senator BINGAMAN, I know he has an amendment with reference to the environment. Since I have not offered an amendment, I am going to offer an amendment on the environment before he offers his. I am hopeful it will clarify the situation and he may not offer his. But if he chooses to, we will have one on the environment, safety, and others, so as to make it eminently clear we do not intend to exculpate this new Agency from any of the national environmental laws or the national laws with reference to safety. We never intended to. We will make it clear.

Beyond that, we have a little bit of time left. I, myself, am going to run out of time to be able to be down here working on this, but if the Senator thinks another 10 minutes of effort together will help—might I do it this way? Might I ask, how much time do we have left?

The PRESIDING OFFICER. The Senator has 1 minute 20 seconds remaining. The Senator from Michigan has 52 seconds remaining.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DOMENICI. Mr. President, I ask unanimous consent, if we have not reached conclusion of this amendment, that we vote on or in reference to this amendment at 1 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. SHELBY. Mr. President, reserving the right to object, Senator KERREY has said he would be gone 30 minutes. I indicated to him I would reserve his right to get here before we voted. That will probably be, say, 1:15.

Mr. DOMENICI. I modify my request and make it 1:15.

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

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALLARD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. ALLARD. Mr. President, I ask unanimous consent to lay the pending amendment aside and that I be able to speak for 10 minutes on the bill.

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

Mr. ALLARD. Mr. President, I rise in strong support of the Intelligence Authorization Act.

While we cannot discuss the details of the bill, I can say that as a member of the Intelligence Committee, we have provided the necessary funds to the intelligence community to do their job.

One matter of controversy for some is the Kyl-Domenici-Murkowski DOE reorganization amendment. I strongly support this amendment.

In the last year, the Cox report has shown us why we need to improve the security structure at DOE, and the President's Foreign Intelligence Advisory Board, headed by Senator RUDMAN, shows us the way. The Kyl amendment before us is nearly identical to the President's own Advisory Board recommendation.

The President's Advisory Board report states that the problems at DOE are worse than most people could have ever imagined. Quoting from the report:

> In response to these problems, the Department has been the subject of a nearly unbroken history of dire warnings and attempted but aborted reforms . . . sSecond only to its world-class intellectual feats has been its ability to fend off systematic change.

I know that Secretary Richardson has put forward a reorganization plan, and I commend him for taking the initiative. I have known him for some time and I know he is doing what he believes is right for the Department. However, my concern is that he will not be the Secretary forever, and I am worried that the Department's ''ability to fend off systematic change'' will prevail once he leaves.

The only way to fix the security problems are to make radical changes at the Department, as recommended in the DOE study headed by then chairman of Motorola, Bob Galvin.

The amendment before us is not the most ''radical'' idea which could have been presented. In many ways, I believe that a separate agency for the nuclear programs could be the best way to enhance security, but I am a realist and know that if the amendment before us causes such heartache, I can only imagine the reaction to a separate agency amendment.

Basically, the Kyl-Domenici-Murkowski amendment would establish a separate entity, the Agency for Nuclear Stewardship, within the Department of Energy. The Agency will have clear lines of authority, accountability, and an independent budget. The new Agency will be headed by an Under Secretary of Nuclear Stewardship who reports directly to the Secretary. The Directors of the 3 national labs and the nuclear labs will report to the Under Secretary.

First, I understand the amendment creates a ''security czar,'' for the lack of a better term, who will be in charge of security for all the nuclear lab programs under the Under Secretary. While I understand why this position would be placed under the Under Secretary, I also understand how bureaucracies work and the perception they hold for their hierarchy of authority. That is why I believe the security czar position should be placed directly under the Secretary, if for no other reason than to show that he is in charge and will be held accountable. However, I have also heard the concern that if this person is placed under the Secretary then his attention may be diverted to the other matters outside of the nuclear programs. For this reason, I hope that it will be understood that the security czar has the authority, both real and perceived, and will be solely focused on the real security concerns of the nuclear programs but also with the flexibility to not be tied to nonnuclear concerns.

Second, Secretary Richardson believes that this amendment would only divide the Department into more fiefdoms. I do not agree with this assessment. We must break the nuclear stewardship programs out of the main programs of DOE. This new Agency for

Nuclear Stewardship is too important and sensitive to treat it like the power marketing administrations, fossil energy, or any other area of the Department. The reports from the last year show that we need to break the nuclear programs out and the approach in this amendment will raise the stature of the programs and will improve the security for our nation.

Let me end by stating that after five internal DOE reviews, four outside studies, six GAO reports, and three blue ribbon commissions, it is time to make these much needed changes at the Department. I ask that all my colleagues support the Kyl-Domenici-Murkowski amendment and the Intelligence Authorization Act.

I yield back the remainder of my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DOMENICI. Mr. President, Senator BINGAMAN is in the Chamber. I assume the Bingaman-Domenici amendment with reference to work for others is available and ready; is that correct, I ask the Senator?

Mr. BINGAMAN. Mr. President, it is ready. We have it written up in amendment form. We just got it on a sheet of paper. We can easily do that and take another minute or two.

Mr. DOMENICI. I would like to get it done before this vote.

Mr. BINGAMAN. We will put it on the right paper and go with it.

Mr. DOMENICI. I will use the remaining 10, 15, 20 seconds to say we have been looking through the amendments to see if we can see daylight in dealing with the agency for nuclear weapons development. I believe Senator CARL LEVIN has another amendment. We are going to submit to him some language on reporting, the deputy to the Secretary being available for the Secretary to accomplish some of the responsibilities that the Secretary has. We will get with him on that. Hopefully, we can work that out.

Mr. LEVIN. I thank the Senator from New Mexico.

Mr. DOMENICI. Senator BINGAMAN has an environment and safety amendment. I will have one I will offer ahead of that. Perhaps it can be accepted and Senator BINGAMAN can offer his after it. We will work on that. It seems to me, other than the alleged, talked-about substitute, which I know nothing about, which I assume will be ready—is that correct, I ask Senator LEVIN? It will not cause us a long delay to have that available?

Mr. LEVIN. That is correct, depending on the actions of the Senate prior to that. It should not take more than perhaps 10, 15 minutes to prepare after we are done with all the amendments.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. LEAHY. Mr. President, I ask unanimous consent Katy Lampron, of my staff, have privileges of the floor throughout today, including all votes today.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUNNING). Without objection, it is so ordered.

Mr. BYRD. Mr. President, I have some rather brief remarks that will probably take me 15 minutes. Is this a time when I might speak out of order?

The PRESIDING OFFICER. The vote is scheduled to occur at 1:15.

Mr. BYRD. Mr. President, if there is no objection, I would like to proceed. I ask unanimous consent that the vote be delayed for an additional 5 minutes or whatever.

Mr. LOTT. Mr. President, certainly I do not object for such a reasonable request from the Senator. But I would hope there would be no further delay. We had intended to vote at 12; then we were told 12:30, 12:40, 1:15, and now it is 1:20. I know there is an effort being made to work it out, and that is very commendable, but I think we need to have a recorded vote. I will not object, but I plead with Senators, let's vote at 1:20.

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

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

I do not take the time of the Senate very often. I try not to impose upon other Senators or upon the Senate. But I noted a series of quorum calls, so I felt this might be a good time for me to speak.

EULOGY FOR JFK, JR.

Mr. BYRD. Mr. President, the small, serious, tousled-hair lad seemed, even at the tender age of 3, to know just the right thing to do. With a straight back and a smart, entirely proper, military salute, John F. Kennedy, Jr. expressed the grief of an entire nation with a dignity far beyond his years. He was only 3, yet he gave the Nation a lasting, memorable, indelible image, an image that is remembered by millions and captured on videotape for generations to come.

Now John F. Kennedy, Jr. has, himself, been lost at an age far too young for easy acceptance by a country which had affectionately watched him grow to manhood. His untimely death feels as heavy and oppressive as the too hot, too dry summer in which he lived his final days.

Words fail to express the special deprivation that the human spirit feels when the young, the beautiful, the handsome, the vital among us are suddenly taken from our midst before they have fulfilled their potential promise. Especially, in this case, the mind reels at the spectre of yet another Kennedy, taken too soon, yet another unbearable sorrow for this family which has had so much sorrow to bear. Yet this incredible American family will undoubtedly once again demonstrate to the Nation that they will endure, and that it is how one lives, and not how one dies, that ultimately matters.

John Kennedy, Jr., his wife, Carolyn, and his sister-in-law, Lauren Bessette have vanished in the summer night in the springtime of their years, and our hearts go out to the Bessette and the Kennedy families. I am particularly saddened for my good friend, Senator TED KENNEDY. He is a great Senator. He is a great figure on the American political stage. I know that his heart must be broken by this latest family tragedy, yet I am confident that his expansive spirit and his deep faith in God will see him safely to a harbor of peace and of comfort.

My wife, Erma, and I offer our prayers and our deepest sympathies to him and to the families at this saddest of sad times.

TED KENNEDY, in July of 1996—3 years ago—presented to me a book titled ''American Poetry.''

I have chosen a bit of poetry by Nathaniel Hawthorne from that book for the RECORD today. It seems to me that it is most appropriate for this occasion.

The title of this poem is ''The Ocean.''

The Ocean has its silent caves,
Deep, quiet and alone;
Though there be fury on the waves,
Beneath them there is none.
The awful spirits of the deep
Hold their communion there;
And there are those for whom we weep,
The young, the bright, the fair.
Calmly the wearied seamen rest
Beneath their own blue sea.
The ocean solitudes are blest,
For there is purity.
The earth has guilt, the earth has care,
Unquiet are its graves;

But peaceful sleep is ever there,
Beneath the dark blue waves.

Mr. President, what is the scheduled time for the vote?

The PRESIDING OFFICER. At 1:15.

Mr. BYRD. I thank the Chair.

Mr. President, I am going to honor the request by the distinguished majority leader, and I am going to yield the floor now. But I will ask unanimous consent that immediately after the vote, I may be recognized to make a second speech, to which I had alluded earlier, which will probably require no longer than 15 minutes at that time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BYRD. I thank the Chair, and I yield the floor.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded

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

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—Continued

AMENDMENT NO. 1262 TO AMENDMENT NO. 1258

Mr. BINGAMAN. Mr. President, there is an amendment that Senator DOMENICI, Senator REID, and I have agreed to, which I offer at this time and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from New Mexico [Mr. BINGAMAN], for himself, Senator DOMENICI and Senator REID, proposes an amendment numbered 1262 to amendment No. 1258.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, strike subsection (o) and insert the following new subsection (o):

(o)(1) The Secretary shall ensure that other programs of the Department, other federal agencies, and other appropriate entities continue to use the capabilities of the national security laboratories.

(2) The Under Secretary, under the direction, authority, and control of the Secretary, shall, consistent with the effective discharge of the Agency's responsibilities, make the capabilities of the national security laboratories available to the entities in paragraph (1) in a manner that continues to provide direct programmatic control by such entities.

Mr. BINGAMAN. Mr. President, I am very pleased that we could get agreement to offer this amendment. It is a joint amendment that Senator DOMENICI, Senator REID, and I have participated in drafting. It tries to ensure that our national laboratories, particularly those that are focused on defense-related activities and our nuclear weapons capability, are open to do other work, work for other parts of the Department of Energy, work for other agencies of the Government, and work with industry, where appropriate.

We provide what the Secretary needs to ensure that this is the case, and that the Under Secretary, working under the direction of the Secretary, shall make the capabilities of the national laboratories available to these other entities that want to perform work there, and that these entities shall be able to do so in a manner that continues to provide them with direct programmatic control of the activities they are sponsoring at the laboratories.

Mr. President, this concern has been for the future of civilian research and development at the DOE laboratories that carry out defense-related research. I was concerned that the Kyl amendment was setting up an architecture for these laboratories that well may make it more difficult to carry out civilian-related research. We don't want to wake up, 5 years from now, and discover that this architecture dictated the destiny of those laboratories in unfortunate ways.

I don't quarrel with the notion that these labs have, and should continue to have, nuclear weapons as a core mission. But it seems to me that the task of science-based stockpile stewardship cannot succeed unless these labs are fully integrated into the larger world of science and technology.

I believe that the civilian R&D programs at Sandia, Los Alamos, and Lawrence Livermore National Laboratories play a critical role in attracting and keeping the best people in those laboratories. By civilian R&D, I am talking about the work funded at the laboratories by DOE programs other than the defense programs, programs funded by other civilian agencies of the government, and technology partnerships with industry.

There have been numerous cases where this civilian R&D has provided new ideas for defense-related technical activities. In other cases, this civilian R&D has helped maintain core competencies at the labs needed for their defense missions. Our national security, in my view, would be damaged in the long run if these institutions stopped being national laboratories and just had a weapon focus.

My colleagues and co-sponsors agree with this assessment. It is basic to a number of provisions of law that we have enacted in past Congresses, particularly the National Competitiveness Technology Transfer Act of 1989, which I sponsored with Senator DOMENICI. The findings of that bill are as relevant today, 10 years later, as they were when we passed that bill as part of the Defense Act that year.

Last week, before the Committee on Energy and Natural Resources, we heard testimony from one of DOE's most distinguished laboratory directors, Dr. Burt Richter. He's the head of a civilian DOE laboratory, but has a long acquaintance with the defense side of DOE. He stated, ''one has to face the fact that maintaining the credibility of a nuclear deterrent is not the most exciting job in science these days'', underlining the issues of attracting and retaining personnel. But he says, ''it needs some of the best people to do it''.

He then went on to say, ''The scientists at the weapons labs have to be able to interact with the rest of the scientific community, because all of the science needed for stockpile stewardship is not in the weapons labs, and the best people will not go into isolation behind a fence in today's world.'' He concluded by reminding us, ''This is not World War II.''

I think that he's right. In creating this new Agency, we need to make sure that we are not damaging one of the most precious assets for which the Department of Energy is the custodian.

I think this is an important clarification, an important provision to add to the bill. I appreciate the cooperation of my colleague in getting agreement on the amendment. I hope the Senate will adopt it.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I may proceed for 30 seconds.

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

Mr. DOMENICI. Mr. President, I think this is a good amendment. I was pleased to work with the Senator BINGAMAN and Senator REID in getting it developed. I thank our staff.

We are very proud that the laboratories do work for others. That means the Department of Defense and the private sector; it means other agencies of the Federal Government and work for the Department in other areas besides nuclear. It is important, and we knew it from the very beginning, that this flexibility and ability to do such work be protected to the maximum extent in the new configuration and management scheme.

I believe we have done that. It will not detract from its principal mission, which is the subject matter of the amendment, creating a new agency within the Department, but it will assure that these jewels of research, which are the three nuclear deterrent laboratories, remain at the high level they have been for many, many decades. That means it will work for others, thus attracting the very best scientists.

We think this can be done and protect intelligence and counterintelligence activities within the laboratories.

We have no objection on our side, and I don't assume there is any on the other side.

Mr. BINGAMAN. Mr. President, there is no objection here.

Mr. REID. Mr. President, I think we are all in agreement that the quality of American science benefits from participation by the national security labs.

And, I think all would agree that the quality and character of our nuclear stockpile benefits from non-weapons research and development at these labs.

The national weapons labs are truly multi-program labs that apply their skills and facilities, unmatched anywhere in the world, to the solution of critical nondefense problems as well as defense problems.

I do not believe for one moment that any of the bill's sponsors intend to isolate the weapons labs from their scientific roots.

But I do believe that the amendment's restrictive language that assigns direct responsibility and authority to the Under Secretary for Nuclear Stewardship for ''all activities at the Department's national security laboratories, and nuclear weapons production facilities'' will do just that.

For example, the Director of the Office of Science is responsible for research in high energy physics, a topic of particular interest and skill at the weapons labs.

But, according to the amendment, the Director has no authority over high energy physics work that might be performed at Lawrence Livermore National Lab.

According to the amendment, only the Under Secretary for Nuclear Stewardship can have responsibility and authority for work at that lab.

Mr. President, I suppose that the Director of the Office of Science could simply ''trust'' the Under Secretary to do the ''right thing'', but that is not the way things normally work.

A far more likely outcome in my opinion would be that the Director would choose to assign work to a University or other source of skills, regardless of the lost opportunity at these superb weapons labs—just in order to retain authority over things for which the Director is responsible.

In the same way that the Secretary needs to retain authority over functions for which he is responsible, other functionaries in the Department need to retain authority over work for which they are responsible.

There has been unanimous agreement among my colleagues on both sides of the aisle as well as among the members of the President's Foreign Intelligence Advisory Board that no person should be assigned responsibility without appropriate accompanying authority.

So I think we should be able to agree on this matter.

I understand that we are very near agreement on this matter with some differences remaining between whether it is the Secretary or the Under Secretary who ensures that the national security labs remain available for appropriate scientific work for other agencies and other parts of the Department.

I hope we can arrive at some common ground on this issue.

It does not seem wrong to me to call for the Secretary to establish policies regarding the availability of the national security labs since the Secretary is, according to the underlying amendment, responsible for all policies at the Department of Energy.

So I hope my colleagues can continue to work toward a bipartisan agreement that will strengthen this legislation and allow it to endure.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1262. Without objection, the amendment is agreed to.

The amendment (No. 1262) was agreed to.

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

Mr. BINGAMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 1261

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the Levin amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1261. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

Mr. NICKLES. I announce that the Senator from Idaho (Mr. CRAIG) is necessarily absent.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

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

The result was announced—yeas 44, nays 54, as follows:

[Rollcall Vote No. 215 Leg.]

YEAS—44

Akaka	Dodd	Kerry
Baucus	Dorgan	Kohl
Bayh	Durbin	Landrieu
Biden	Edwards	Lautenberg
Bingaman	Feingold	Leahy
Boxer	Feinstein	Levin
Breaux	Graham	Lieberman
Bryan	Harkin	Lincoln
Byrd	Hollings	Mikulski
Cleland	Inouye	Moynihan
Conrad	Johnson	Murray
Daschle	Kerrey	Reed
Reid	Sarbanes	Wellstone
Robb	Schumer	Wyden
Rockefeller	Torricelli	

NAYS—54

Abraham	Frist	McConnell
Allard	Gorton	Murkowski
Ashcroft	Gramm	Nickles
Bennett	Grams	Roberts
Bond	Grassley	Roth
Brownback	Gregg	Santorum
Bunning	Hagel	Sessions
Burns	Hatch	Shelby
Campbell	Helms	Smith (NH)
Chafee	Hutchinson	Smith (OR)
Cochran	Hutchison	Snowe
Collins	Inhofe	Specter
Coverdell	Jeffords	Stevens
Crapo	Kyl	Thomas
DeWine	Lott	Thompson
Domenici	Lugar	Thurmond
Enzi	Mack	Voinovich
Fitzgerald	McCain	Warner

NOT VOTING—2

Craig	Kennedy

The amendment (No. 1261) was rejected.

Mr. SPECTER. I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 15 minutes.

ONLY A DRIZZLE IN AN EMPTY BUCKET

Mr. BYRD. Mr. President, farmers across America are experiencing hard times. This year, the difficulties of farmers in the northeast and central-Atlantic regions of America have been made worse by a serious lack of rainfall for many, many weeks.

West Virginia's farmers have been especially hard hit by the drought of 1999. No significant rainfall has drenched the scorched earth in my State since May 15. On May 28 the Governor of West Virginia declared an Agricultural State of Emergency for West Virginia. At that time, the U.S. Department of Agriculture's State Emergency Board for West Virginia concurred with that decision. Now farmers await a decision by the U.S. Department of Agriculture that would permit much needed federal emergency assistance funds to be dispensed.

We know that here in Washington, in northern Virginia, in the Maryland suburbs, and on the farms nearby, the ground is dry. We can look out our windows and see that where there was once soft green grass growing, there is now a crispy, lifeless carpet of beige. Where there is no grass, cracked, dusty earth remains. I know that my tomato plants have needed extra watering to keep them growing up their stakes, but these are merely part of my backyard small garden that I sow for pleasure. My life will not drastically change if I fail to bring in a tomato crop. That is not true for those whose livelihood depends upon it.

Close your eyes and take a moment to imagine this: you have been looking

to the sky for two months praying that the clouds will release a downpour, but no drops fall. Your corn plants that should be up to your shoulder by the fourth of July in a normal season, remain below your knees. They are short stems shriveling slowly on acres and acres of parched land. You have moved your herd to your last pasture. In a short period of time the animals have grazed it over so thoroughly that nothing remains but unpalatable dried-out grass stubble. Your pastures have been grazed over so thoroughly that you are now, during the middle of the summer, when lengthy pasture grasses should blow in the gentle summer breeze, and naturally produced resources should be plentiful, feeding your animals with purchased hay and grain as though it were the desolate season of winter. Even though they are being fed enough to gain weight, the extreme heat is causing them so much stress that they are losing weight. It is impossible to keep them cool and comfortable. The pond on your farm that you use as a source of water for your animals is slowly, slowly becoming a puddle. The stream that runs through the far end of your property first became a muddy trickle, but now is becoming dusty and cracked. When you turn on the tap, try to flush your commode, or bathe, no water flows. You instead must travel every day to a truck parked in the middle of your town to get a couple of gallons of water for you and your family to drink. Even if it rains today or tomorrow, you begin to wonder if it will make any difference to you. You have fallen on hard times before as an Appalachian farmer. Times are often lean in that region. Now, in desperation, you begin to think about what you could do if you were not a family farmer.

This is a very real situation for the farmers in West Virginia and in many areas of the country. The most serious impact of the drought on farmers is having to purchase feed for their animals. Under normal conditions, there are regions in West Virginia where farmers can grow two or three cuttings of hay in a year. They use this hay to feed their animals.

Last year's cuttings were thin, and this year's have been even thinner, with farmers barely being able to make one cutting! So, as I mentioned earlier, the farmers have begun to purchase feed. This does not bode well for the winter, either, as farmers will have to rely on purchasing expensive hay and grain brought in from outside the drought areas, or face the prospect of selling off their underweight stock for little or no profit or at a loss. Farmers will not be able to afford to keep feeding their animals in this way. West Virginia's farmers fear that they may lose their farms—not just lose their crop, lose their farms—if they must wait until next spring to receive U.S. Department of Agriculture assistance, which is how long it would take for the funds we appropriate to reach them if appropriations are completed on time, as I hope they will be. West Virginia farmers need Federal assistance now.

And the same can be said for Maryland farmers and Virginia farmers and others. Nearly $2.9 million in Federal emergency aid for energy assistance was released through the Department of Housing and Urban Development Low Income Home Energy Assistance Program on Monday, July 12. Hopefully our farmers who have been having a difficult time keeping their animals cool will be allowed a portion of these funds. However, this is a tiny drop of water in a very empty State bucket where it is estimated that the drought has caused $50 million in damages.

Regulations allow farmers to become eligible for emergency assistance when they have suffered at least a 30-percent loss of normal production in a single enterprise. In West Virginia, which is not a large State and certainly not a large farming State, according to the most recent statistics available, which were calculated in the middle of June, in all but 3 counties 40 to 50 percent of grass hay production has been lost for this year. It has been lost. In 17 West Virginia counties, 35 percent of corn production has already been lost—already been lost; 40 percent of tobacco has been lost; 50 percent of pasture—50 percent of pasture has been lost. A dozen other counties have experienced at least a 10- to 20-percent loss of corn, tobacco, and tobacco crops; a 30- to 50-percent loss of pasture; and a 20- to 40-percent loss of their truck crops, such as apples and peaches, grown for table consumption. Twenty-three other counties have lost 10- to 30-percent of their alfalfa hay, 40- to 50-percent of their pasture, 10- to 30-percent of their corn, and 25- to 30-percent of other grains.

So I remind those listening and those who are watching through the electronic cameras that these statistics are from the middle of June. Now, weeks later, after a continued period of scorching temperatures, and arid conditions, it is expected that a statistical report that will be generated later this week will show significant losses occurring in every one of the 55 counties of the great State of West Virginia.

The Federal Government has established mechanisms that are intended to aid Americans in times of crisis. However, when these mechanisms are slow to work, difficulties have a tendency to grow, and greater assistance becomes necessary. As we have often heard, ''One stitch, in time, saves nine.'' In the case of farmers, if nothing is done, and the farmer is forced to abandon the land that he has worked, it is likely that this land will not be reclaimed next year or the year after as a family farm. A farm is not a machine that can be shut down temporarily until someone is ready to work on it again or conditions make it profitable. Farming is, by its very nature, a cyclical industry that every now and then needs the support of the Federal Government.

America can never afford to not help its farmers. Now is the time to help farmers and I speak particularly of West Virginia farmers, of course. If we fail to help them now, they will not be able to survive. Farmers are losing out on every side of their industry. Prices have been, and continue to be, low, the weather is slowing or eliminating crop production, crop insurance payback is so low that it may not even cover costs, and springs and farm ponds are drying up. There are no resources left from which to draw.

Farmers have always been an essential part of the fabric that makes America great. ''God made the country but man made the town.'' And from the country is where America gets much or most of its sustenance—not just America but also the world, many nations in the world.

We cannot forget these farmers. We cannot forget them now like a child forgets a once-treasured security blanket that has become worn and he has now outgrown. Therefore, I am urging that West Virginia be granted Federal disaster area status so that farmers will receive immediate Federal assistance that will enable them to continue to work their land and raise their animals.

I have talked with the Secretary of Agriculture, Mr. Glickman, and he has indicated that as soon as he is supplied with the sufficient data from the State, adequate and careful and prompt consideration will be given. But I have to say that time waits for no one and the clock waits for no one and the farmers' problems cannot wait. We must have help. We need it and the sooner the better.

Mr. President, I thank the Senate and I yield the floor.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CRAPO). Without objection, it is so ordered.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that I be permitted to speak for up to 6 minutes as in morning business.

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

RESPECT AND ADMIRATION FOR THE KENNEDY FAMILY

Mr. LAUTENBERG. Mr. President, I want to take a few minutes to talk

about the events that have weighed so heavily on all of us. Whether one knows Senator KENNEDY well or casually through contact in the Senate, one cannot but have respect and admiration for the contribution the Kennedy family has made to our public well-being for so many years. That is why I am sure others share the same feeling of grief as I do, and others who know the Kennedy family well, at the loss of John F. Kennedy, Jr.

When the news came—and I was on my way to Martha's Vineyard—that the young Mr. Kennedy's airplane was missing, we all, I am sure, had the same reaction—let's pray that it is not true, that there is some information that will come out that will prove to be worry-unfounded. Unfortunately, our worst fears were realized. This day, apparently, the discovery has been made that confirms the death of John F. Kennedy, Jr., 38 years of age.

One of the remarkable things we saw in this young man was the way he treated his position in life, coming from a famous family, with all of the celebrity status one could imagine, from a family that has seen tragedy after tragedy after tragedy.

I had an opportunity, a year ago Christmas week, to sit with Michael Kennedy and his young sons on the morning of the day he perished on the ski slopes below. We actually skied together for a while in the morning. I visited with his brother that night to see if I could be of any help to the family in managing the affairs they had to put in order. It was very sad.

When John F. Kennedy, Jr.'s life was just really beginning to flourish, it is hard to understand what it was that took this young man so full of life. The imagery of John F. Kennedy, Jr., was the same imagery that we had, in a way, of John F. Kennedy, Sr., President of the United States—attractive, intelligent, concerned about the well-being of our country, trying always to lift the opportunity and the spirits of those who in America depended so much on government and individual leadership. John F. Kennedy, Jr., evoked the same imagery—of this attractive young man, of this bright, intelligent, caring person, eschewing the spotlight whenever he could, trying to become part of the society in which we all live.

His early death will prevent what all of us believe was so much talent and so much future. Any of us who have worked with TED KENNEDY—and I have now for 16 years—only gains respect the longer we know Senator KENNEDY. His accomplishments are legendary, but his commitment to people—rich, poor, those who have needed help—is without reservation. We have seen an energized Senator KENNEDY over at his desk, stating the causes and cases he is concerned about. And to see them, the whole Kennedy family, put into the grief can only be imagined by those who have their family intact without the trail of misfortune that has followed the Kennedy family.

So I just came in, for the RECORD, to make some comments to register my feelings, as I know so many others have, of grief for the families of John F. Kennedy, Jr., his wife, and his sister-in-law, the Kennedys and the Bessettes.

We hope his life will inspire us to give whatever we can by way of service to our country, to recognize the advantages we have as citizens of the United States, not to be discouraged by this untimely tragedy but, rather, to be motivated to try to do better.

Mr. President, I hope we will reserve appropriate time, collectively, to acknowledge our share of feelings for the Kennedy family and the grief they are going through.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUNNING). Without objection, it is so ordered.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—Continued

Mr. DOMENICI. Mr. President, I ask unanimous consent that the junior Senator from Missouri, Mr. ASHCROFT, be made an original cosponsor of the Kyl amendment.

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

Mr. DOMENICI. I thank the Chair.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DOMENICI. Mr. President, I note the presence on the floor of my colleague, Senator BINGAMAN. I will shortly send an amendment to the desk on behalf of myself, Senator BINGAMAN, Senator LEVIN, Senator LIEBERMAN, and Senator REID.

Let me suggest, first, that this has been worked out during very serious discussions, and I think it turned out to be a very good amendment.

Senator BINGAMAN has played a vital role in it. He has been concerned and wants to make sure that it is eminently clear that this new semiautonomous Agency complied with the applicable environmental, safety and health rules, and laws.

I will read quickly a couple of sentences of the amendment and yield to my friend, Senator BINGAMAN, and see if we can agree. We have no objection on our side. I don't believe he has any on his side.

This is section (u), in the underlying Kyl-Domenici-Murkowski amendment. It says:

> The Agency for Nuclear Stewardship shall comply with all applicable environmental, safety, and health statutes and substantive requirements. The Under Secretary for Nuclear Stewardship shall develop procedures for meeting such requirements. Nothing in this section shall diminish the authority of the Secretary to ascertain and ensure that such compliance occurs.

AMENDMENT NO. 1263 TO AMENDMENT NO. 1258

Mr. DOMENICI. Mr. President, I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from New Mexico (Mr. DOMENICI), for himself, Mr. BINGAMAN, Mr. LEVIN, Mr. LIEBERMAN, and Mr. REID, proposes an amendment numbered 1263 to amendment No. 1258.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

> In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, add at the end of the section the following new subsection:
>
> ''(u) The Agency for Nuclear Stewardship shall comply with all applicable environmental, safety, and health statutes and substantive requirements. The Under Secretary for Nuclear Stewardship shall develop procedures for meeting such requirements. Nothing in this section shall diminish the authority of the Secretary to ascertain and ensure that such compliance occurs.''.

Mr. DOMENICI. Mr. President, it has always been the intention that this new, semiautonomous agency be subject to applicable environmental, safety, and health rules. The question we had was to make sure the new agency could go about developing their environmental safety and health rules. On the other hand, there was concern that they be bound by the applicable laws and rules. I think this amendment does that.

Then Senator BINGAMAN raised the question which we have just made very clear. I thought it was in the statute. He raised the question about the Secretary making sure there was compliance. As he put it, if something untoward happened of an environmental or safety nature, it needed to be solved. I think we covered that.

I am pleased Senator BINGAMAN had others join in this amendment. I think we will agree to it by voice vote shortly.

I yield to Senator BINGAMAN.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from New Mexico.

Mr. BINGAMAN. I thank my colleague, Senator DOMENICI, for yielding.

I thank him for his willingness to accommodate despite the concerns he just described.

Of course, all of us have intended from the very beginning that all environmental laws be complied with. My concern has been that the Secretary, who is ultimately responsible for the entire Department and for the conduct of the entire Department, Secretary have the wherewithal and the legal authority to be sure that all of these environmental, safety, and health requirements be met.

I believe this amendment adequately meets that concern. I think it is a compromise between a provision I earlier drafted and one that Senator DOMENICI drafted. I think it is a good resolution of this issue. I think it does clarify for all Senators what we intend in this regard.

I am very pleased to cosponsor it. I urge all my colleagues to vote for it.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President I will take just a minute and commend the Senator from New Mexico, Mr. DOMENICI, and also the junior Senator from New Mexico, Mr. BINGAMAN, for their work in bringing this about. I think what they have done is drafted a good amendment. I have no problem with it, and I am sure Senator KERREY doesn't.

I urge adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1263) was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. SHELBY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENTS NOS. 1264 AND 1265, EN BLOC

Mr. MOYNIHAN. Mr. President, I have two amendments that I believe the distinguished chairman is prepared to accept en bloc, as is the ranking member, as I understand.

They are, first of all, a sense of the Senate, which says:

It is the sense of Congress that the systematic declassification of records of permanent historic value is in the public interest and that the management of classification and declassification by the Executive Branch agencies requires comprehensive reform and additional resources.

The second measure, in regard to that last phrase, the Information Security Oversight Office, which is charged with administering this Nation's intelligence classification and declassification, would receive an additional $1.5 million to hire more staff so it can more efficiently manage the program. They are in the National Archives. The Archives asked for $5 million. They did not get it. This is a small agency. It does indispensable work. It gives you a continuous series of the amount of classification we do and the degree of classification and the agencies that do it.

Mr. SHELBY. Mr. President, have the amendments been sent down?

The PRESIDING OFFICER. Will the Senator send the amendments to the desk.

Mr. MOYNIHAN. I am sorry. Forgive me.

The PRESIDING OFFICER. The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] proposes amendments numbered 1264 and 1265, en bloc.

The amendments (Nos. 1264 and 1265) are as follows:

AMENDMENT NO. 1264

On page 5 strike lines 7–12, and insert the following:

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 2000 the sum of $193,572,000. The Information Security Oversight Office, charged with administering this nation's intelligence classification and declassification programs shall receive $1.5 million of these funds to allow it to hire more staff so that it can more efficiently manage these programs.

AMENDMENT NO. 1265

After section 308 insert the following new section:

SEC. 309. SENSE OF THE CONGRESS ON CLASSIFICATION AND DECLASSIFICATION

It is the sense of Congress that the systematic declassification of records of permanent historic value is in the public interest and that the management of classification and declassification by Executive Branch agencies requires comprehensive reform and additional resources.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I commend the distinguished senior Senator from New York for offering these amendments. They make sense to me. We have reviewed them. I think Senator KERREY has reviewed them.

I also commend the senior Senator from New York for his past work, not only in the Senate but specifically on the Intelligence Committee, where he spent a lot of time—a lot of hours, and a lot of years—and understands what we are going through—and what we need to do. Hopefully, this is one of those little steps.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, like Chairman SHELBY, I fully support these two amendments and am enthusiastic as well for the efforts the senior Senator, Mr. MOYNIHAN, has made in the area of secrecy over the years.

I made a point earlier, when we were talking about secrecy, that sometimes secrecy does equal security. We have to have secrecy in order to maintain security. But there are times when secrecy actually makes it harder for us to achieve security. It can make us less secure.

I retold the story in the Senator's book on the Venona project when Omar Bradley made the decision not to inform the President of the United States about Klaus Fuchs and others. As a consequence of believing the President didn't have a need to know, he kept the secret. I think, as a consequence, there was less security for the Nation.

I appreciate and fully agree with the chairman. These amendments are good amendments and should be adopted. I appreciate and applaud and am grateful for the leadership of the Senator from New York on this issue of secrecy.

Mr. SHELBY. Mr. President, I urge adoption of the amendments.

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

The amendments (Nos. 1264 and 1265) were agreed to.

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

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SHELBY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. LEVIN. Mr. President, I ask unanimous consent that I may be able to proceed as in morning business for up to 5 minutes.

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

CAMPAIGN FINANCE REFORM

Mr. LEVIN. Mr. President, yesterday, a unanimous consent request was propounded with respect to the Senate's

consideration of campaign finance reform legislation. I objected to the request and I want to explain to my colleagues why I did so.

There is no more important work for this institution than passing campaign finance reform. Despite our good efforts in 1974, following the debacle of Watergate, to limit the influence of money in our political system, we are currently operating without effective limits. We have a law that sets out reasonable limits at $1,000 for individuals, $5,000 for PACs, and $25,000 to a national party. But those limits are easily evaded by the unlimited contributions of soft money. We have, in effect, no limits today.

The 1974 Federal Election Campaign Act has, in effect, been repealed. To return our elections to issues and people and away from money, we must pass campaign finance reform. Since the time agreement is critical to determining how and when we take up campaign finance reform, and perhaps its ultimate success, I wanted to be sure that I understood what the agreement contained. I objected initially on the basis of needing time to review the agreement. Having read the agreement, I do continue my objection to the original unanimous consent proposal, because I believe the agreement is inadequate for the necessary consideration of campaign finance reform.

I am well aware of the opponents' desire to filibuster the McCain-Feingold bill, a bill which is supported by a majority of the Members of the Senate. The opponents have every right to do that, and I respect that right. But supporters of campaign finance reform have every right not to back down in the face of a filibuster.

The unanimous consent agreement proposed that each of us agree that the McCain-Feingold proposal be withdrawn if we do not get 60 votes on the first try to close off a filibuster. But as long as we have a majority of the Members of the Senate supporting passage of campaign finance reform, we should be able to defeat efforts to withdraw the McCain-Feingold bill from Senate consideration. Opponents can filibuster, but supporters don't have to agree in advance to withdraw in the face of that filibuster.

The unanimous consent agreement, however, would require supporters to agree to withdraw if we don't achieve, on the first try, the 60 votes necessary to close off the filibuster.

The unanimous consent agreement said that not sooner than the third calendar day of consideration a cloture motion may be filed on the McCain-Feingold bill, and if cloture is not invoked, the bill will be placed back on the calendar. It then said that it will not be in order during the remainder of the first session of the 106th Congress for the Senate to consider issues relevant to campaign reform. This agreement would lock the Senate into relying on the one cloture vote to determine whether the fight for campaign finance reform, this year, lives or dies.

I cannot agree with that proposal. If we can't at first get 60 votes to close off the filibuster, I can't agree to putting the McCain-Feingold bill back on the calendar and just calling it quits for the year. The proposed time agreement would have us do that.

If it takes an all-out battle to keep campaign finance reform on the front burner of this Congress, I believe we should be prepared to wage such a battle. Opponents say they are prepared to wage such a battle in opposition. Supporters surely feel just as passionately in support of this bill as opponents do in opposition.

Another term of the agreement with respect to the consideration of amendments is also unacceptable to me. The proposed agreement says:

If an amendment is not tabled, it will be in order to lay aside such amendment for two calendar days.

The unusual provision allowing an amendment which the Senate has failed to table to be laid aside for 2 days puts in question whether such amendments will be voted on after they are not tabled prior to the cloture vote. I am afraid this provision would cause more mischief than facilitate serious consideration of key campaign finance issues.

I objected—and do object—to the unanimous consent agreement which was proposed yesterday. But I am, of course, willing to work with colleagues to try to address the concerns that I have.

Again, I want to emphasize that I am speaking as one Senator who was asked to participate in a unanimous consent agreement. The proponents, the sponsors of the bill, of course, with the leadership, have every right to work out any arrangement they see fit.

But to ask unanimous consent from this Senator to agree to proceeding in this form is something to which I objected, and do object, as a Senator.

I thank the Chair.

I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—Continued

AMENDMENTS NOS. 1266 AND 1267 TO AMENDMENT NO. 1258, EN BLOC

Mr. KERREY. Mr. President, I send two amendments to the desk—one on behalf of myself for Senator SHELBY, and the other for Senator FEINSTEIN.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from Nebraska (Mr. KERREY) for Mr. SHELBY and Mrs. FEINSTEIN, proposes amendments numbered 1266 and 1267 to Amendment No. 1258, en bloc.

Mr. KERREY. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments en bloc are as follows:

AMENDMENT NO. 1266 TO AMENDMENT NO. 1258

Following section (213)(t) add the following new subsection to section 213 as added by the Kyl amendment:

''(u) The Secretary shall be responsible for developing and promulgating Departmental security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies. The Under Secretary for Nuclear Stewardship is responsible for implementation of all security, counterintelligence and intelligence policies within the Agency for Nuclear Stewardship. The Under Secretary for Nuclear Stewardship may establish agency-specific policies unless disapproved by the Secretary.''.

AMENDMENT NO. 1267 TO AMENDMENT NO. 1258

On page 6, line 13 following the word ''report'' insert: '', consistent with their contractual obligations,''.

Mr. KERREY. Mr. President, these two amendments have been agreed to on both sides.

The first one was the agreed-upon amendment between Senator LEVIN and Senator KYL. We took my language and the language of Senator SHELBY and merged them. There is agreement on both sides. I think this and the reporting requirements of Senator FEINSTEIN are excellent additions to the bill.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I concur with Senator KERREY.

I commend Senators LEVIN, KYL, DOMENICI, MURKOWSKI, and others who brought about the progress on the bill.

I urge adoption of the amendments en bloc.

The PRESIDING OFFICER. Without objection, the amendments are agreed to en bloc.

The amendments (Nos. 1266 and 1267) were agreed to.

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

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I extend my appreciation to the managers, the good Senators, who have worked very hard to adopt this language.

This implements the heart of the amendment which I previously offered. I want to read it so that people who are following this debate—it is very

short—can understand why this is important.

The amendment reads:

The Secretary shall be responsible for developing and promulgating Departmental security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies.

With one minute change, that is the same sentence which was previously in my amendment.

The next sentence is:

The Under Secretary for Nuclear Stewardship is responsible for implementation of all security, counterintelligence and intelligence policies within the Agency for Nuclear Stewardship.

I think that is basically the previous language.

The one change is really in the third sentence, which is now with this amendment:

The Under Secretary for Nuclear Stewardship may establish agency-specific policies unless disapproved by the Secretary.

That was the intention of the third sentence in effect. Senator KYL thought it was an important change and would clarify a point. We accept that.

We thank Senator KYL, as well as our other colleague, Senator DOMENICI, and others who have worked on this language. This language is fully acceptable to me, because it does indeed carry out the language for the most part in the spirit, in toto, of the previous amendment.

I thank our colleagues.

Mr. KERREY. I didn't hear everything the distinguished Senator said. He read, I think, an earlier draft. I don't think he meant to. The word ''all'' in the first sentence had been stricken.

Mr. LEVIN. The draft given to me had that in it, and I read it, but it was stricken in the actual amendment sent to the desk.

I thank the Senator for that correction.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SESSIONS). Without objection, it is so ordered.

AMENDMENT NO. 1268 TO AMENDMENT NO. 1258

(Purpose: To provide for the delegation to the Deputy Secretary of Energy of authority to supervise and direct the Under Secretary of Energy for Nuclear Stewardship)

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from Michigan [Mr. LEVIN] proposes an amendment numbered 1268 to amendment No. 1258.

In the fourth sentence of section 213(c) of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, insert after ''to any Department official'' the following: ''other than the Deputy Secretary''.

Mr. LEVIN. Mr. President, this amendment makes it possible for the Secretary of Energy to fully utilize his Deputy Secretary. The Deputy Secretary of Energy, as with the Deputy Secretary of Defense, is the No. 2 person in the Department. The Secretary of Energy simply must be allowed to rely on his deputy to serve in his absence, to help with the running of the Department when he is absent and, indeed, to effectively be his alter ego.

To be useful to the Secretary and perform his job, the Deputy Secretary must be involved fully in every facet of the business of the Department. This amendment will allow the Deputy Secretary to carry out that very important function.

The bill will now have that change, that the Secretary may not delegate to any departmental official other than the deputy the duty to service or direct the Under Secretary for Nuclear Stewardship.

This is a very important change. I thank the managers for their support of this change. I believe it has broad support. I hope it will pass.

The organizational chart contained in the Rudman panel report, which graphically displays the panel's recommendation to create a new separately organized Agency for Nuclear Stewardship, includes the Deputy Secretary in the same box as the Secretary. The amendment before the Senate today, however, is silent with respect to the duties and responsibilities of the Deputy Secretary.

The absence of any reference to the Deputy Secretary of Energy could be simply an oversight. But given the language in the underlying amendment that prohibits all others in the Department of Energy, except the Secretary, from supervising or directing the new Agency or its staff, I believe the role of the Deputy should be clearly spelled out.

Each of the separately organized agencies of the Department of Defense, sited as organizational models by Senators Rudman's panel, relies heavily on the involvement of the Deputy Secretary of Defense. Indeed, the Deputy Secretary of Defense has a full delegation of responsibility from the Secretary of Defense to act for the Secretary.

This amendment removes the potential for confusion about the role of the Deputy Secretary of Energy and is consistent with the organizational charts contained in the Rudman panel report that describe the organization of the new Agency for Nuclear Stewardship.

Mr. KERREY. Mr. President, I think it is a good amendment. I believe the amendment has been cleared by Senator DOMENICI as well. I don't think there is any problem with this amendment at all. I think it is a good amendment and a good improvement in the bill.

Mr. SHELBY. Mr. President, I agree with the Senator from Nebraska. This is an agreed-on amendment. A lot of work has gone into it. I commend the Senator from Michigan, the Senator from Arizona, and also the Senator from New Mexico in fashioning this with their staff.

I urge adoption of the amendment.

The PRESIDING OFFICER. The question is on the amendment.

The amendment (No. 1268) was agreed to.

Mr. SHELBY. I move to reconsider the vote.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SHELBY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. LEVIN. Mr. President, the amendments which we have just adopted improve the underlying provision. Nevertheless, there are some important concerns that were raised, and I want to take a moment to address them and speak to the hope they be addressed in conference. Let me go through some of these concerns.

First, section (k) of the amendment prohibits anybody in the Department except for the Secretary and Deputy Secretary from providing supervision or direction to the Agency for Nuclear Stewardship.

That could prohibit certain specific statutory authorities found in other laws from being implemented. For instance, the Chief Financial Officers Act established some very specific authorities and duties for chief financial officers. They must direct all aspects of a department's fiscal policy.

Second, the same is true for the Inspector Generals Act. The inspector general has independent investigatory authority over the entire Department of Energy, including the new Agency. This authority includes the authority to direct and conduct investigations unimpeded. To conduct the investigations, the inspector general has, by law, full access to everyone in the department.

Those two important pieces of law, existing legislation, are key tools in avoiding waste, fraud, and abuse. I do

not believe that we can nor should nor perhaps even intend in this amendment, this underlying amendment, to modify them. But it is unclear and I hope it will be clarified in conference so we do not impede the operation of those laws by this language.

Third, the method of appointing certain employees of the new Agency, in my judgment, violates the appointments clause of the Constitution. For instance, in section 213 (j)(1), the amendment says that ''the Under Secretary shall, with the approval of the Secretary and Director of the Federal Bureau of Investigation, designate the chief of Counterintelligence. . . .'' That responsibility, making an appointment, is, under the appointments clause, restricted to the Secretary or the President of the United States. I do not think we can delegate that authority by statute to this new Agency Director.

Fourth, there are certain restrictions on how the head of the new Agency submits reports to Congress, which I believe run afoul of the separation of powers doctrine.

Fifth, there are still too many restrictions on the Secretary's authority to control and direct the Agency.

Sixth, there are provisions which establish new relationships between the Department of Energy contractors and Federal employees of the Department. Those relationships may violate the current operating contracts for DOE facilities. More important, these new relationships may make these contractor employees Federal employees for certain purposes, such as the Federal Authority Claims Act, the Federal Drivers Act, and the Federal ethics statutes.

These are a few of the statutes that could be interpreted as being applicable to contractor employees, raising new issues of liability and responsibilities. I believe the implications of these should be and must be fully understood before we finally adopt a law in this area, a reorganization of this Department, and a conference report which contains any such implications or changes.

These issues and others should be addressed in conference on this provision. I wanted to highlight them now for our colleagues. We have made some progress on this underlying amendment, on the amendment which I think reflects the determination of most of us that we do create this semiautonomous agency. That represents, I believe, almost the consensus view of the Senate—pretty close to it—that we have a semiautonomous agency. But there are a lot of subquestions to that issue. Just creating a semiautonomous agency does not resolve the myriad of questions that exist in that process. Some of them have now been resolved. I thank my colleagues for their work with me on that.

Senator BINGAMAN has had some very important amendments which have been adopted as well. The Kyl amendment is a better amendment now that those amendments of ours have been added to it. But, again, there are many remaining questions and doubts which, hopefully, the conferees will resolve. I wanted to bring some of those to the attention of our colleague at this time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. KYL. Mr. President, I want to report on the status, as I understand, of where we are on the Kyl amendment. When you turn on your television set and see what is happening in the Senate Chamber, you see that the pending business is the Kyl amendment. Since that is me, I thought I should explain we are about ready to bring this to a conclusion, I think a very successful conclusion. In fact, the bipartisanship we were seeking to attain earlier in the day, in fact, will be attained with respect to the adoption of the Kyl amendment.

I will back up a little bit and recapitulate where we are. The underlying bill is the intelligence authorization bill. There will be a little bit of business to transact on that after the adoption of the Kyl amendment. Then the intelligence authorization bill can be approved by the Senate and we can move on to other business.

In the meantime, the Kyl amendment is the pending amendment. That is the amendment cosponsored by Senator DOMENICI, Senator MURKOWSKI, and a host of others, that will reform the Department of Energy so it will be less likely in the future that there will be nuclear secrets walking out the door of our National Laboratories. That is an oversimplification, but that is the essence of what we are trying to do.

The reorganization involves the creation of a semiautonomous agency within the Department. We basically have followed the recommendations of the President's Foreign Intelligence Advisory Board in establishing that new Agency.

There have been some amendments dealing with details of this reorganization that have been worked out between representatives of the Democratic side and supporters of our amendment.

With respect to the most perplexing of the difficulties, a matter on which an earlier vote was held, where the Levin amendment was defeated, we have gone back and rewritten the language of the bill and the Levin amendment and combined the two in a way in which we think both sides think we can make the legislation work. There have been some other concessions, as well, to Members on the Democratic side in order to achieve a broad bipartisan consensus for this legislation.

I am pleased to report that there is an agreement, A, to bring this Kyl amendment to a vote very soon, so I think Members should expect that in the very near term we will be able to have a final vote on it; and, B, that it will have the concurrence of many, if not most, of the Members on the other side of the aisle, as well as the Republican side of the aisle. That is because of the concessions that have been made in this intervening time.

So my hope is, if there is anyone else who wishes to discuss any aspect of the Kyl amendment, or to raise any questions about it, or about the other amendments that have been offered and to one degree or another worked out in the interim, that they would come and do that now because in just a matter of a few minutes we are going to propound a request to get on with the vote and then be able to move on. I know that is the leader's desire, and we would like to be able to do that.

If there isn't anybody at this point who wants to weigh in, let me add one other point about the reason why the Senate is acting on this important matter. At the end of the day, for the Nation, there is nothing more important than our national security. We in the Senate and the House and the President understand that probably our first obligation is to protect the American people.

One of the stable elements of the peace that has prevailed over the last many decades has been the nuclear stockpile of the United States, the fact that we have nuclear weapons that provide a deterrent to any attack by an aggressor that would threaten the homeland of the United States.

It is a horrible thing to ever contemplate using those weapons, but it is undeniable that the threat of nuclear retaliation has enabled us to have a period of peace literally since World War II with our major adversaries.

It is important that the stability the world has seen because of the creation of those weapons not be disrupted by other nations acquiring the same weapons. Obviously, that could unbalance this stability that has been created over time because of the U.S. possession of those weapons.

We now know that the design information for all of the nuclear warheads that are currently in our useful arsenal are in the hands of people who could cause us harm if they were able to build weapons from that data, from those plans. That is a very distressing fact.

There are ways that we can hope to prevent the development of those weapons. It is going to require us to be very

careful about what we sell to other countries and what we permit by way of technology transfer because it is still difficult to build a nuclear weapon even if you have the designs. You have to have the materials; you have to have the computing capacity and the machining capacity, and all the rest of it.

So there may still be some ability on our part to have control over our own destiny. There is no question we have now been put at risk because of the theft of these secrets. The National Laboratories, which are responsible for developing those nuclear weapons, have begun to embark upon a very important project called the Stockpile Stewardship Program in which we will attempt to be able to certify the safety and reliability of our nuclear stockpile through computing which will simulate nuclear testing.

If that program is compromised, it would, in effect, be the compromise of everything we have, not just the design information but also our analysis of how all these things work.

If we cannot protect that, we cannot protect our national security. That is one of the reasons why it is important for us to ensure that nothing else happens in the way of security breaches at our National Labs.

The Rudman report made it very clear that under the existing organization of the Department of Energy, we could not guarantee that. There were too many people that had too much influence over things, and, in effect, everybody's responsibility became nobody's responsibility. As a result, that recommendation was: We have to reorganize the Department; and it cannot reorganize itself.

Congress needs to pass a statute that provides for that reorganization. That is why we brought forth the Kyl-Domenici-Murkowski amendment. That is why I am very proud of the fact that soon the Senate is going to vote to approve that amendment. By putting it on the intelligence authorization bill, we will enable it to become the law of the land and enable the Department of Energy to be reorganized with this semiautonomous agency having jurisdiction over the nuclear programs, including the National Laboratories.

That will be a very big step. No one should rest easy that this is the end of the issue, that we do not have to worry about spying, that this will stop the espionage or the release of secrets that other people should not have. But at least it is one thing we can do, and we believe it will have a significant impact in at least this one area.

I guess one of the things many of us were saying was: If we can't do this now, after all of this time, then we think it is fairly clear we can't protect the national security of the United States.

I am not saying this is easy. But if we cannot accomplish this reorganization, then, frankly, we are not up to the task. That is why I am so glad we are going to be able to effect this reorganization. After we pass this bill, I am very hopeful that our friends in the House will be willing to work with us. If they have additional ideas, obviously, we want to work with them. But we need to send to the President a bill that he can sign. After all, his own advisory board made the recommendations we are attempting to follow.

If I am correct that what we have done has resulted in a broad bipartisan consensus, we will be able to make it clear to the executive branch of the Government that it is the will of the Congress—not just one party, the majority party of the Congress—and that should enable us to also then gain the support from the Secretary of Energy, who has acknowledged that he supports the basic concept of a semiautonomous agency but had some disagreements with us about specifics. By making some changes that go some distance toward meeting his objections, I hope we will not only have the support of both Democrats and Republicans in the Congress but also the Secretary of Energy because we have to get about this quickly.

There is no reason, after the Senate acts today, hopefully, that the process cannot begin in anticipation of the fact that this will be the law. No one has to wait until September or whatever date we might actually be able to get the President's signature on this law. This Secretary of Energy has a great opportunity; as the person who came into office about the time all of these revelations were made public and who himself began to make some changes in a positive way, he is in a unique position now to take advantage of the reorganization that we will present to him and actually institute the changes so that his successor, a year and a half from now, whoever that might be, presumably will have in place a very well-functioning Department of Energy with a semiautonomous agency in charge of our nuclear weapons programs.

That is something this Secretary will have the opportunity to do. But it is a real challenge for him. If he is able to accomplish that, he will certainly have earned his place in history. Meanwhile, it is up to us to earn our place in history by adopting this legislation and moving the process forward.

I am very hopeful we will not see any additional delays now. There have been some in the past. I had complained about that earlier in the day. I am hopeful we will not see any additional delays, that we will move this legislation forward, get it signed into law, and get it implemented. If we do that, we will be proud of the fact that we have helped the security of the people of the United States of America.

Mr. President, I will soon propound a request with respect to a vote on my amendment. I will check with a couple other people before I do that. But, again, I think Members should expect that pretty soon we will be having a vote on this amendment.

Mr. CRAIG. Mr. President, I rise to engage in a colloquy with my colleague from New Mexico, Senator DOMENICI, regarding an issue associated with the implementation of the Kyl, Domenici, Murkowski amendment. This amendment creates a new semi-autonomous Agency for Nuclear Stewardship within the Department of Energy by collecting together various national security programs and nuclear weapons laboratories and facilities into a new agency. My state of Idaho hosts two Department of Energy laboratories—the Idaho National Engineering and Environmental Laboratory and Argonne National Laboratory West. Since these laboratories do not meet the definition of nuclear weapons laboratories, they are not included in the amendment, but I want to raise for my colleagues some of the complexities of implementing this new organizational structure.

As I said, the laboratories in my state are not included in the proposal for the new agency but it is important to understand that Idaho's laboratories are making significant contributions to national security. Just as my colleagues from New Mexico have mentioned earlier in this debate, that we must do nothing to impede the continued contribution of the weapons laboratories to the critical civilian missions of the Department of Energy, I want to emphasize and confirm my colleague's agreement that the non-weapons laboratories shall continue to contribute and have their capabilities made available to the national security programs of the Department of Energy.

To clarify this point, I would like to use a specific example from the Idaho National Engineering and Environmental Laboratory. The Advanced Test Reactor, or ATR, in Idaho is the only world-class test reactor left in the United States. I do not state this as a boast, but as a fact. The ATR has a vital role in both improving the operation of the nuclear Navy and supporting our nation's future nuclear energy research and development endeavors. In addition, this important facility has the potential to attract significant international interest and investment. I am concerned that this amendment, which moves the Naval Reactors program from under the umbrella of DOE's nuclear research and development program to the new agency, will also reassign responsibility for this reactor.

Reassigning the responsibility for this reactor to the new agency would be harmful from two perspectives. First, our Naval Reactors program is a user of this facility but should not be

burdened with its operation and maintenance. Second, moving responsibility for this reactor out of the nuclear research and development program could inadvertently endanger its use by the U.S. civilian and international research community. Since this latter use is growing and very important to our future civilian nuclear research activities, could I ask my colleague from New Mexico to confirm that it is not the intent of this amendment to move responsibility for the Advanced Test Reactor when moving the Naval Reactors program to the new agency?

Mr. DOMENICI. In responding, let me first confirm for my friend from Idaho that it is not the intent of this amendment to shift or reassign responsibility for Idaho's Advanced Test Reactor to the new Agency for Nuclear Stewardship. Let me further acknowledge the larger issue that my colleague has raised, by stating that under the new Departmental structure created by the Kyl, Domenici, Murkowski amendment the Secretary of Energy should continue to ensure that the capabilities, skills and unique expertise of all of the Department's laboratories are made available to the national security programs of DOE. In this way, the beneficial collaboration between defense and non-defense sectors of the Department—a collaboration that has been taking place over the entire history of DOE—will continue under the new structure.

Mr. CRAIG. I thank my colleague for that clarification and assurance. The Naval Reactors program has a proud history in Idaho. All spent naval nuclear fuel is sent to Idaho for examination and storage pending its permanent disposition. Although Idaho's facilities are not included in the new agency, I am assured that the many ways in which Idaho's laboratories contribute to our national security will continue under this new organizational structure.

Mr. LIEBERMAN. Mr. President, I rise today in support of Mr. DOMENICI's amendment to the Department of Energy reorganization amendment. I have been a strong supporter of the need to reorganize the defense labs in order to improve security and I applaud the sponsors of the reorganization amendment that we will be considering. It is of overriding importance that we take all necessary actions to protect our national security.

However, as I have considered the very serious need to address security threats, I have also been listening closely to the debate about how environment, safety, and health protections can best be incorporated into the Department of Energy's operations as they relate to the weapons labs.

The legacy of the Atomic Energy Commission and the Department of Energy regarding environmental protection is not a proud one. Since the first days of the Atomic Energy Commission over 40 years ago, weapons production programs and facilities emphasized production and too often neglected environmental safety. By the 1980s, the history of mismanagement caught up with the Agency, when 17 major plants in 13 states, employing 80,000 people were brought to a standstill because of a series of accidents and leaks. Over 10,000 individual sites have been documented where toxic or radioactive substances were improperly abandoned or released into soil, groundwater, or surface waters. ''Tiger Teams'' of trained investigators were sent to plants to ensure compliance with environmental and safety requirements. The Agency and the public have paid for the cost of this mismanagement: the price tag of past mistakes is now at about $250 billion dollars, or $6 billion a year. Clearly we have to learn from the past as we think about how to deal with environment and safety in the future.

Based on the Rudman report, there is a strong case made for treating environment and safety issues separately. Our former colleague Warren Rudman himself has said that environment and health issues ''ought to stay where they ought to stay, with the Secretary . . . because I know what we all went through back during the 1980s.'' GAO has testified on numerous occasions that independent oversight is critical to ensuring adequate protection of health and safety. They have said explicitly that this oversight needs to encompass on-site reviews of compliance with environmental and safety laws.

Much has changed since the time that rampant disregard for environmental protections at the labs was discovered. Over time, we as a society, within industry, and within government have come to incorporate environment and health concerns more fully into both policy and practice. And I have no reason to believe that there would be any intentional disregard for environmental and health concerns if the those functions were put under the supervision of the Agency for Nuclear Stewardship. However, given the potential magnitude of problems that could be caused even by simple, honest mistakes, the best course of action is to be prudent. I therefore support the Domenici amendment because it allows the Secretary of the Department of Energy to ensure compliance with all environmental, safety and health requirements, while protecting the security of the weapons labs. I am pleased that we were able to work out this issue as part of the restructuring proposal.

Ms. COLLINS. Mr. President, I rise today as a cosponsor to the Kyl/Domenici/Murkowski amendment requiring reorganization of the Department of Energy.

Over the past several months, I have been deeply troubled by the revelations regarding the efforts made by the People's Republic of China to acquire our most sensitive technology. The report of the House Select Committee revealed that design information has been stolen on all of the nuclear warheads that the United States currently has deployed. Among the material stolen by China was design information on the W–88, the most sophisticated nuclear weapon the U.S. has ever built. We use the W–88 on the sixth-generation ballistic missiles carried aboard our nuclear submarine fleet.

With this information, the PRC has rapidly assimilated stolen nuclear secrets into its own weapons systems and advanced their nuclear program by approximately forty years. Not only am I deeply concerned about these incidents of espionage, I am even more disturbed by the lackadaisical response by the Clinton Administration. After learning about the theft of information in 1995, the Administration failed to undertake a serious reassessment of our intelligence community. When questioned a few months ago about the Department of Energy's security structure, Secretary Bill Richardson commented, ''whoever figured it out must've been smoking dope or drunk.'' What a sobering assessment, indeed, of the state of security at our nuclear weapons laboratories. In fact, only after the espionage accounts hit the news media earlier this year did the President take any action to reevaluate the security of our weapons labs.

In March, the President requested that the President's Foreign Intelligence Advisory Board (PFIAB) undertake an inquiry and issue a report on the security threat at the Department of Energy's weapons labs. This review, chaired by the former Senator Warren B. Rudman, found that the Department of Energy is responsible for the worst security record that the members of the advisory board had ever encountered. The Department devoted far too little time, attention, and resources to the responsibilities of security and counterintelligence. Without change, it is feared that the Department of Energy laboratories would continue to be a major target of foreign intelligence services. According to the Rudman report, the only way to combat these problems is through a reorganization which takes the oversight of our weapons labs away from the ''dysfunctional bureaucracy'' of the Department of Energy and gives it to a new, semi-autonomous agency.

The Kyl/Domenici/Murkowski amendment, which I am pleased to cosponsor, will begin the reform efforts at the Department of Energy by establishing a separate organizational entity, the Agency for Nuclear Stewardship, with clear lines of authority, accountability, and responsibility. These changes will help correct the current organizational disarray and ensure that all programs and activities related

to national security functions receive proper attention and oversight. These changes will strengthen the security and protection of our most vital technological secrets and ensure that if violations do occur, the responsible parties are readily identified, and the proper corrective actions put into place immediately.

I urge my colleagues to join with us in support of this amendment to help ensure the security of our nation for years to come.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRYAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. BRYAN. Mr. President, I thank the Chair. I ask unanimous consent that the pending amendment be set aside momentarily for the purpose of considering an amendment that I propose to offer.

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

AMENDMENT NO. 1269

(Purpose: To terminate the exemption of certain contractors and other entities from civil penalties for violations of nuclear safety requirements under the Atomic Energy Act of 1954)

Mr. BRYAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. BRYAN] proposes an amendment numbered 1269.

Mr. BRYAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place in the bill, insert the following:

SEC. ___. TERMINATION OF EXEMPTION OF CERTAIN CONTRACTORS AND OTHER ENTITIES FROM CIVIL PENALTIES FOR VIOLATIONS OF NUCLEAR SAFETY REQUIREMENTS UNDER ATOMIC ENERGY ACT OF 1954.

(a) NONPROFIT EDUCATIONAL INSTITUTIONS.—Subsection b. (2) of section 234A of the Atomic Energy Act of 1954 (42 U.S.C. 2282a) is amended by striking the second sentence.

(b) LIABILITY OF NONPROFIT CONTRACTORS.—Subsection b. of that section is further amended by adding at the end the following:

''(3)(A) Subject to subparagraph (B), the amounts of civil penalties for violations of this section by nonprofit contractors of the Department shall be determined in accordance with the schedule of penalties employed by the Nuclear Regulatory Commission under the General Statement of Policies and Procedures for NRC Enforcement for similar violations by nonprofit contractors.

''(B) A civil penalty may be imposed on a nonprofit contractor of the Department for a violation of this section only to the extent that such civil penalty, when aggregated with any other penalties under the contract concerned at the time of the imposition of such civil penalty, does not exceed the performance fee of the contractor under such contract.''.

(c) SPECIFIED CONTRACTORS.—That section is further amended by striking subsection d..

(d) APPLICABILITY.—The amendments made by this section shall take effect on the date of the enactment of this Act, and shall apply with respect to violations specified in section 234A of the Atomic Energy Act of 1954 that occur on or after that date.

Mr. BRYAN. Mr. President, I want to call your attention to a situation that I became aware of only a short time ago. An article that appeared in the June 28 issue of Newsweek caught my attention. It is entitled ''Nuclear Leaks of Another Kind.''

This was in the context of a discussion we have had about some of the espionage activity that has occurred in our labs and, particularly, the issue as it relates to Los Alamos in recent months. Let me share an excerpt so my colleagues will get the flavor of the article and understand the amendment I am offering and its underlying purpose.

The article begins by saying:

Nuclear secrets aren't the only kind of unauthorized leaks from U.S. weapons labs. According to a General Accounting Office draft report obtained by Newsweek, over the past three weeks, the Los Alamos and Lawrence Livermore labs were assessed fines of hundreds of thousands of dollars for safety violations, including exposing their employees to radiation levels that exceed the standards promulgated by the Department of Energy.

Then it goes on to say that, under the law, in an anomaly—which the occupant of the Chair will readily appreciate because of his own extraordinary and impressive legal background—we make a distinction with respect to the contractor status of those who work in the DOE labs. If the contractor is a contractor who is a private entrepreneur—that is to say, it is a profit-making contractor—these fines for safety violations—one in particular that caught my eye is the radiation standards to protect the employees according to the DOE promulgated standards. With respect to those fines that would be imposed upon a contractor who is a private sector contractor, the fines are assessed and collected. But under what I consider an extraordinary anomaly in the law, if you are a nonprofit contractor, the very violation—again, fundamental to the essence of protecting the health and safety of the employees; namely, the radiation standard they would be exposed to—for those kinds of violations, a fine is assessed but is never collected.

So in effect we have a totally inconsistent policy. One says that if you are a private contractor and you are an entrepreneur and are in the business to make money or to profit from that—all of which is very legitimate—and you violate one of the DOE's safety regulations and you are fined, you are assessed initially, and the fine is collected. If you are a nonprofit, you are assessed for the identical violation, but it is never collected.

Let me say that the General Accounting Office report that was referenced in this Newsweek article has now been made public in its final form. This is a document issued June 1999: General Accounting Office, Department of Energy Nuclear Safety, ''Enforcement Program Should Be Strengthened.''

This report gives additional persuasive force to what I propose in the amendment. This General Accounting Office report makes an important point that if the regulations were promulgated by the Nuclear Regulatory Commission, the NRC, no distinction is made between the private sector contractor and the public sector contractor. That is to say, if a violation occurs with respect to the nonprofit contractor, and it is a violation of health and safety standards, then the nonprofit is assessed and a fine may be collected. So we have an anomaly in the law that makes no public policy sense at all.

Let me make it clear to my colleagues that it is not my intention to impose onerous fines on nonprofit entities that have a contract. But as the General Accounting Office makes very clear, the fact that a fine may be collected has a deterrent value. As this report further makes the point, there is no rational basis—none whatsoever—in making the distinction between for-profit and nonprofit contractors, and the further point that the purpose of imposing these civil penalties is not to collect fines but to encourage contractors to perform safely, that is the issue that I seek to address.

I recognize the concern that the nonprofits raise that, my golly, if you change the law, somehow this may constitute an invasion of our endowment moneys; that all of this could be compromised. Let me assure my colleagues that nothing is further from the truth. That is not what I intend.

So as a further effort to assuage those concerns in the amendment that is before this body, we would limit any fine that was assessed to the amount of the performance fee provided to the nonprofit contractor by the Department. Let me repeat that. In effect, we would put a ceiling, a limit, if you will, on any fine that would be assessed and would say that, in no event, notwithstanding the extent, severity, and the extended period of time in which the violation may have occurred, may the fine exceed the performance fee that you are provided. It strikes me that that addresses fairly and reasonably the concern that a nonprofit would have in terms of the potential invasion of the endowments.

The point I seek to emphasize is that nonprofits have a track record of some

very extensive fines. The assessments, according to the report, amount to several hundreds of thousands of dollars. So we are not talking about something that is theoretical, hypothetical, or highly speculative; it has occurred. And, remember, under current law, with respect to nonprofits, a fine can be assessed but never collected. So human nature tells us—and our entire legal system is structured on this premise—that for people who violate the rules, whether it is a speed limit or some other regulation, the fact that one can be fined or can be subject to some kind of a sanction, tends to influence our behavior in a positive way. That is, we don't do that sort of thing. No one is accusing the nonprofits of bad faith. But I must say we have not gotten their attention with respect to these violations.

I conclude, as I began, by describing the nature of these violations. We are not talking about some highly technical extenuated rule or regulation that only a flyspeck—as we used to say—lawyer could pick up. We are talking about something fundamental to the public health and safety. That is the radiation standard—the exposure to which employees in these laboratories could be exposed.

I can't think of anything that would be more significant or more important in terms of health and safety than to make sure the laboratory is adhering to a radiation standard which the Department of Energy has promulgated, which they say is to observe to protect health and safety.

Let me say that I have had a little experience in this area, not as a technical person, but many years ago in my youth I worked as an employee at the Nevada Test Site. Every employee who entered the Nevada Test Site was given a badge. That badge had in it a gasometer. The reason for that is this was during the days of atmospheric testing programs. It was to periodically check to make sure no employee by inadvertence or accident was exposed to a higher radiation standard than had been determined necessary for the protection of the health and safety of that employee.

In the same spirit, these standards have been imposed to protect the health and safety of those individuals who work in the lab. That is the kind of violation about which we are talking.

I have attempted to work some type of an accommodation through the very able manager of the bill, and others, particularly the distinguished Senator from New Mexico, who understandably have an interest in this measure. We have not been able to reach an agreement.

I want to serve notice that this is not the last time this amendment will surface. This is a gross injustice to those employees who serve in the lab, and their families. Their health and safety can be endangered. And those who would do so face no penalty under the law.

I will not ask for a rollcall vote on this amendment. I intend to withdraw the amendment at the appropriate time, after the distinguished chairman of the committee responds. But this is an issue which must be addressed. It will be addressed by this Senator. We will have a series of votes on this at a later point in time if we are not able to reach an accommodation.

I will be happy to either yield the floor or to respond to any questions that the able managers of the bill have.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Alabama.

Mr. SHELBY. Mr. President, I will be brief.

First of all, I commend my friend and colleague, Senator BRYAN, who brought this to the attention of the Senate. We have discussed this before. He feels very strongly about it. I believe if you look at it in its entirety, it has some merit. But I also think this should be addressed at the level of the appropriate committee. At the time when he pursues this, I will tell every one of my colleagues to look at this very carefully because I believe what he is proposing should be evaluated in that light. Personally, I think it has some merit.

I commend the Senator from Nevada, who is also a member of the Intelligence Committee, and a senior member. Perhaps soon he will be the vice chairman of the committee—next year.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I, too, thank the Senator from Nevada for bringing this to our attention. I was not aware of the problem. I look forward to the opportunity of having a chance to work with the Senator to change the law and to end the problem he has identified.

Mr. BRYAN. I thank both the Senator from Alabama and the Senator from Nebraska, with whom I have the privilege of working closely in the Intelligence Committee.

We need to address that. His comments have been very helpful and encouraging. We want to work through this and protect the employees in these critically important national security facilities.

I am not sure of the parliamentary vehicle that I may need to employ. If I need to ask unanimous consent to withdraw my amendment—I don't think I need that—if I do, I will ask for it.

If the Chair will guide the gentleman from Nevada, I will ease us out of this parliamentary situation.

The PRESIDING OFFICER. The Senator would need to ask unanimous consent to withdraw the amendment.

AMENDMENT NO. 1269 WITHDRAWN

Mr. BRYAN. Mr. President, I ask unanimous consent that the amendment be withdrawn.

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

The amendment (No. 1269) was withdrawn.

Mr. BRYAN. I thank the Chair. I thank my colleagues.

AMENDMENT NO. 1258

Mr. SHELBY. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Arizona, Mr. KYL.

Mr. SHELBY. I urge adoption of the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) and the Senator from Vermont (Mr. JEFFORDS) are necessarily absent.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

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

The result was announced—yeas 96, nays 1, as follows:

[Rollcall Vote No. 216 Leg.]

YEAS—96

Abraham	Edwards	Lott
Akaka	Enzi	Lugar
Allard	Feingold	Mack
Ashcroft	Feinstein	McConnell
Baucus	Fitzgerald	Mikulski
Bayh	Frist	Moynihan
Bennett	Gorton	Murkowski
Biden	Graham	Murray
Bingaman	Gramm	Nickles
Bond	Grams	Reed
Boxer	Grassley	Reid
Breaux	Gregg	Robb
Brownback	Hagel	Roberts
Bryan	Harkin	Rockefeller
Bunning	Hatch	Roth
Burns	Helms	Santorum
Byrd	Hollings	Sarbanes
Campbell	Hutchinson	Schumer
Chafee	Hutchison	Sessions
Cleland	Inhofe	Shelby
Cochran	Inouye	Smith (NH)
Collins	Johnson	Smith (OR)
Conrad	Kerrey	Snowe
Coverdell	Kerry	Specter
Craig	Kohl	Stevens
Crapo	Kyl	Thomas
Daschle	Landrieu	Thompson
DeWine	Lautenberg	Thurmond
Dodd	Leahy	Torricelli
Domenici	Levin	Voinovich
Dorgan	Lieberman	Warner
Durbin	Lincoln	Wellstone

NAYS—1

Wyden

NOT VOTING—3

Jeffords	Kennedy	McCain

The amendment (No. 1258), as amended, was agreed to.

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

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SHELBY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SHELBY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

UNANIMOUS-CONSENT REQUEST

Mr. SHELBY. Mr. President, I ask unanimous consent that it now be in order to offer a substitute amendment which consists of the committee-reported bill, S. 1009, a managers' package of amendments, and all previously agreed to amendments. The substitute is at the desk, and I ask for its consideration.

The PRESIDING OFFICER. Is there objection?

Mr. KYL. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KYL. There is an issue we have to work out before we can proceed.

Mr. SHELBY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DODD. Mr. President, I ask unanimous consent that I be permitted to speak as in morning business.

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

TRIBUTE TO THE KENNEDY AND BESSETTE FAMILIES

Mr. DODD. Mr. President, I want to address the Senate for a few moments about a topic I know has consumed the attention of each and every one of us in this Chamber, indeed all Americans, over the past several days, and that is the tragic deaths of John Kennedy, Jr., his wife Carolyn, and her sister Lauren Bessette.

Permit me, if you will, to engage in a little regional chauvinism, for there are few things in life so pleasant as a New England summer day. It is glorious to behold. The warm sweet air, the cold waters of its rivers and lakes and ocean seem to command a celebration of the very simple pleasures of life.

On this past Saturday, though, the inherent joy of a New England summer season dissolved throughout America with the news that these three young people were lost off the New England coast. Lost on a day that seemed meant for gladness, not grief. Lost in waters that should have welcomed pleasure, not disaster. For one family, the Kennedy family, a moment of a family's supreme joy—a wedding—was snatched greedily by the hand of a very cruel fate, indeed.

Most of us spent the better part of this past weekend hoping against hope that John and Carolyn and Lauren could be found safe and alive. By Sunday night we were resigned to the awful truth. Two American families have endured unspeakable loss.

One of those families, which is represented by the Bessette and Freeman families, we know very little about. They are constituents of mine and my colleague, Senator LIEBERMAN. We know very little about them other than the fact of their tragic loss. We can only imagine the joy and love and, yes, the easy and brilliant summer days, that they shared with these two remarkable and talented young women.

The other family we know a great deal about—about its moments of triumph and tragedy—and through it all their consistent service to our Nation and to humanity.

It happens that the patriarch, if you will, today of that family is our colleague and one of my dearest friends in this body, TED KENNEDY. We can only wonder at the immense burden of the grief he carries for his relatives over this loss and over all the other senseless, excruciating losses endured by the Kennedy family over the years. Those of us who have come to know him can only admire his courage and perseverance in the face of adversity which would wither the will of other men.

I know I speak for all of us here, and that I echo the sentiments expressed here on the floor this morning and last evening by other colleagues, in saying that we send our deepest, deepest sympathies to him, to his family, and to the family of Carolyn and Lauren Bessette.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I cannot add to the words of Senator DODD. I thank him for what he said on the floor of the Senate. And I say to him that what he said represents how I feel as a Senator from Minnesota.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

UNANIMOUS-CONSENT REQUEST—H.R. 1501

Mr. LEAHY. Mr. President, I am about to propound a unanimous consent request on the juvenile justice conference. I notified the distinguished majority leader that I would be doing this earlier, and a day ago I also notified the distinguished chairman of the Judiciary Committee. I do it not in expectation the unanimous consent request will be agreed to but to, I hope, move this ball down the field.

So my request is this: I ask unanimous consent that the Senate proceed to the consideration of H.R. 1501, the House juvenile justice bill; that all after the enacting clause be stricken, and that the text of S. 254, as passed by the Senate, minus the provision added by Senator FEINSTEIN's amendment No. 343, as modified, be inserted in lieu thereof; the bill be passed, as amended; the Senate insist on its amendment and request a conference with the House; that the conferees be instructed to include in the conference report the provision added by Senator FEINSTEIN's amendment No. 343 to S. 254; and that the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. Is there objection?

Mr. LOTT. I reserve the right to object—and I will object.

First of all, this is the kind of motion that usually the majority leader would make, and it is my intent to do that in the near future. I think we should go to conference on this issue. The juvenile justice bill came from the Judiciary Committee. The committee had been working on it, I think, for 3 years. Senators on both sides of the aisle worked on that bill. It included a variety of Senators, including, obviously, Senator LEAHY, Senator HATCH, Senator FEINSTEIN, Senator SESSIONS, Senator ASHCROFT, Senator THOMPSON, and a whole number of Senators over a period of years.

It does have very important provisions in regard to how do you deal with juvenile crime, how do you try offenders, and where do you incarcerate them. It deals with the real world problems of trying to deal with juvenile crime, including security in our schools. Specifically, it provides for metal detectors at our schools. It has programs that deal with alcohol abuse, drug abuse. It has some very important amendments dealing with values in society and how we can help in that area with our young people.

So I think this is legislation that should go to conference. It is my intent

to move to go to conference and to appoint conferees. However, there have been some Senators who had some concerns about it both in terms of the makeup of who the conferees would be, but also I think it would be fair to say that Senator SMITH of New Hampshire has indicated that he would be opposed to going to conference at this time. I have been working with him to see how that procedure could be worked out. I know most Senators don't get into some of the esoteric rules around here, but believe me, we need to try to find a way to work it out where we can get to conference. I am trying to do that. At an appropriate time, within the next 2 weeks, I will do so—if not this week, next week. The only reason I didn't do it this week is because of interminable delays by the Senate on other issues.

We had the whole of last week tied up with the Patients' Bill of Rights. We didn't want to interrupt the Patients' Bill of Rights for a 3- or 4-hour process to appoint conferees. And then this week we have been dragging all day and yesterday on a question we should have done like that—reorganization of the Department of Energy. Hearings have been held on it. We had a good proposal. Instead, we have been talking and chatting here all day. Now it is 6 o'clock and we still have not gotten it done, the intelligence authorization bill, an authorization for intelligence, the CIA. Give me a break.

If the Senate would like for us to act on some of these issues, then the Senate needs to find a way to quit delaying and dragging out other issues. We have appropriations bills to do. We need to get going on them.

The main thing I want to assure the Senate is, I think we should go to conference. I intend for us to go to conference. If Senators on both sides will work with me and support my effort to do that, I think we will get an overwhelming vote to do that. But as is the case with Senators on both sides of the aisle, when a Senator or Senators have problems, my disposition is to try to see if we can work it out in a way that is acceptable to him or her. That is my intent.

Mr. President, I make that explanation as to what is happening. We do intend to go to conference. With the cooperation of both sides of the aisle, I am sure we will go to conference.

I do object.

The PRESIDING OFFICER. Objection is heard.

Mr. LEAHY. Mr. President, I appreciate the explanation of the distinguished majority leader. He and I had discussed this earlier. I anticipated both the objection and the explanation.

I fully concur that such a unanimous consent request would normally be made by the leadership, but it is also the reason I notified both the distinguished majority leader and the distinguished Democratic leader that I would do this. I had expressed my concern, actually, before the Fourth of July recess, how the Congress is able to move legislation and move it quickly if the right interests want it. I compared the priority being put on two separate pieces of legislation, S. 254, the Hatch-Leahy juvenile justice bill, and H.R. 775, the Y2K Act, to show how this works.

The Hatch-Leahy juvenile justice bill, S. 254, passed the Senate after 2 weeks of open debate, after significant improvements, on May 20. That was a vote, as I recall, of 73–25, a bipartisan vote. On June 17, the House passed its version of this legislation but chose not to take up the Senate bill and insert its language, as is standard practice. Nor has the Republican leadership in the House made any effort over the past month to seek a House-Senate conference or to appoint House conferees.

Instead, what the other body did was send the Senate a blue slip, returning S. 254 to the Senate on the ground it contained a revenue provision that must originate in the House. The provision they point to is the amendment to S. 254 that would amend the Federal Criminal Code to ban the import of high-capacity ammunition clips. Whatever the merits are of that particular provision, the majority thought that did have merit. I voted against it. But it appears to me that no matter which side one is on, the House resorted to a procedural technicality to avoid a conference on juvenile justice legislation.

The amendment is in the final bill which a majority of us, three-quarters of us, voted for. The Senate has so far taken no steps to proceed to conference on the juvenile justice bill or to appoint conferees. This delay costs valuable time to get the juvenile justice legislation enacted before school resumes this fall.

I appreciate the words of the distinguished majority leader that we will try to move quickly to it, but I mention this as a contrast to the pace of action on the juvenile justice bill when we look at the Y2K Act. That legislation provided special legal protections to businesses. After earlier action in the House on H.R. 775, the Y2K liability limitations bill, the bill passed the Senate on June 15, almost 1 month after we passed the juvenile justice bill. On June 16, the next day, the Senate asked for a House-Senate conference and appointed its conferees. The House agreed to the conference and appointed its own conferees. The legislation immediately went to conference. The conference met that same day, on June 24. After a weekend break for extensive negotiations with the administration, the conference report was filed on June 29. The bill was taken up, passed before the Fourth of July recess, and the President signed it yesterday.

Now, this took care of the potential liability of a lot of businesses under Y2K, some found it at the expense of American consumers, but whichever way it was, it become law very quickly.

The juvenile justice bill can make a difference in the lives of our children and families. That should be our No. 1 priority, so that we get the conference, conclude it, and so that new programs and protections for schoolchildren can be in place when school resumes this fall, and not wait until this fall to do it. A lot of the programs in here are designed to be available to schools when they come in.

Mr. DURBIN. Will the Senator from Vermont yield?

Mr. LEAHY. I will yield for a question.

Mr. DURBIN. I ask the Senator from Vermont, if the majority leader appoints a conference committee within the next 2 weeks, doesn't that diminish the likelihood that we could even have a conference report and do anything before school starts again?

This bill was inspired in large part by school violence and shootings in schools, and now we will have passed through the entire summer and not have done anything in the Senate or the House to respond to that if we delay this conference committee. Is that not a fact?

Mr. LEAHY. The distinguished senior Senator from Illinois raises a valid point. This bill is designed, very substantive parts of it, for programs that we in the Senate debated and I think the American public are in support of and thought should be in place before our children go back to school this fall. This prompt action is what parents have talked to me about it, what school administrators have talked to me about it—that they need to have it in place before the schoolchildren go back this fall. They want to pass into law the things we learned from Columbine and other school tragedies.

That means we have a very short window, I think about 3 weeks, to finish this before the August recess. We have a very short window. If we don't finish this before the August recess and get it on the President's desk, I don't know how these programs will be in place.

Frankly, a lot has changed since my children were young enough to be in those classes. It may have been growing then, but the demand is paramount today. The Senator from Illinois is absolutely right. If we don't do it now, we are not going to get it done on time.

Mr. DURBIN. I salute the leadership of the Senator from Vermont. I hope he will renew this request on a regular basis until we have a conference committee appointed to pass the juvenile justice bill to do something in Congress about the school violence which American families understand is a national problem we should address.

Mr. SCHUMER. Will the Senator yield?

Mr. LEAHY. I thank the Senator from Illinois. I yield to the Senator from New York without losing my right to the floor.

Mr. SCHUMER. Mr. President, I thank the Senator from Vermont and just want to concur with what the Senator from Illinois said and what the Senator from Vermont said. We should be moving this bill. As I understand the Senate procedure, even if we wait 2 weeks to appoint conferees, and there is objection, we could have trouble there as well. So there is no guarantee at all, given the volatility of this issue, that we would go to conference even after 2 weeks. Am I correct in assuming that?

Mr. LEAHY. The Senator from New York is correct. The Senator from New York has sat on a number of conferences in the other body and now is a distinguished and respected Member of this body. He knows from that experience that conferences can take awhile, especially when you are dealing with criminal law. I recall the Senator from New York and I, when he served in the other body, on a major crime bill, sitting there until 5 or 6 o'clock in the morning, breaking for 45 minutes while we grabbed some breakfast, and going right back in around the clock again.

There is no guarantee if we went tonight that we could finish by August. If we wait until the last few days, it is almost impossible.

Mr. SCHUMER. The bottom line, I say to the Senator, is that if we want to get something done, we really can't afford to wait. There are so many slips between the cup and the lip, especially on an issue such as this, that we ought to be moving and not waiting 2 weeks but appointing conferees tomorrow.

Mr. LEAHY. I agree, Mr. President.

I have been advised by the distinguished chairman and vice chairman of the Senate Intelligence Committee that they are prepared to wrap up with voice votes.

UNANIMOUS-CONSENT AGREEMENT

Mr. LEAHY. Mr. President, I ask unanimous consent that I be able to yield the floor for them to finish this up, with the understanding that I will be able to reclaim the floor once they have finished the bill.

Mr. GREGG. Reserving the right to object, there is an appropriations bill we are waiting to bring to the floor this evening. I am interested to know if the Senator will agree to a time agreement as to how much time he will need.

Mr. LEAHY. Mr. President, I can assure the Senator from New Hampshire that I will try to keep to the type of brevity for which our part of the world is known. I have 2 or 3 pages left. I wanted to make sure the RECORD was clear. I could do it now, but I was trying to accommodate the leadership of the Intelligence Committee.

Mr. GREGG. With that representation, I will not object.

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

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—Continued

Mr. SHELBY. Mr. President, I ask unanimous consent that it now be in order to offer a substitute amendment which consists of the committee-reported bill, S. 1009; a managers' package of amendments; and all previously agreed to amendments.

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

AMENDMENT NO. 1270

Mr. SHELBY. Mr. President, I send the substitute amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alabama [Mr. SHELBY], for himself and Mr. KERREY, proposes an amendment numbered 1270.

Mr. SHELBY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. SHELBY. Mr. President, I want to inform Members of the Senate that the order of sentences in amendment No. 1258 does not reflect a meeting of the minds of Senators involved, and we have discussed it among them. That will have to be brought to the attention of the conferees for resolution.

I ask unanimous consent that the substitute be agreed to, the bill be read the third time, and passed, and the motion to reconsider be laid upon the table.

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

The amendment (No. 1270) was agreed to.

The bill (H.R. 1555), as amended, was read the third time, and passed, as follows:

Resolved, That the bill from the House of Representatives (H.R. 1555) entitled ''An Act to authorize appropriations for fiscal year 2000 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Intelligence Authorization Act for Fiscal Year 2000''.

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

Sec. 1. Short title; table of contents.

TITLE I—INTELLIGENCE ACTIVITIES

Sec. 101. Authorization of appropriations.
Sec. 102. Classified schedule of authorizations.
Sec. 103. Personnel ceiling adjustments.
Sec. 104. Intelligence Community Management Account.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Sec. 201. Authorization of appropriations.

TITLE III—GENERAL PROVISIONS

Sec. 301. Increase in employee compensation and benefits authorized by law.
Sec. 302. Restriction on conduct of intelligence activities.
Sec. 303. Extension of application of sanctions laws to intelligence activities.
Sec. 304. Access to computers and computer data of executive branch employees with access to classified information.
Sec. 305. Naturalization of certain persons affiliated with a Communist or similar party.
Sec. 306. Funding for infrastructure and quality of life improvements at Menwith Hill and Bad Aibling stations.
Sec. 307. Technical amendment.
Sec. 308. Sense of the Congress on classification and declassification.
Sec. 309. Declassification of intelligence estimate on Vietnam-era prisoners of war and missing in action personnel and critical assessment of estimate.
Sec. 310. Submittal to Congress of lists on classified information regarding unrecovered United States prisoners of war and other personnel.
Sec. 311. Study of background checks for employees of the Department of Energy.
Sec. 312. Report on legal standards applied for electronic surveillance.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Sec. 401. Improvement and extension of central services program.
Sec. 402. Extension of CIA Voluntary Separation Pay Act.

TITLE V—DEPARTMENT OF ENERGY INTELLIGENCE ACTIVITIES

Sec. 501. Short title.
Sec. 502. Moratorium on foreign visitors program.
Sec. 503. Background checks on all foreign visitors to national laboratories.
Sec. 504. Report to Congress.
Sec. 505. Definitions.

TITLE VI—FOREIGN COUNTERINTELLIGENCE AND INTERNATIONAL TERRORISM INVESTIGATIONS

Sec. 601. Expansion of definition of ''agent of a foreign power'' for purposes of the Foreign Intelligence Surveillance Act of 1978.
Sec. 602. Federal Bureau of Investigation reports to other executive agencies on results of counterintelligence activities.

TITLE VII—BLOCKING ASSETS OF MAJOR NARCOTICS TRAFFICKERS

Sec. 701. Finding and policy.
Sec. 702. Purpose.
Sec. 703. Designation of certain foreign international narcotics traffickers.
Sec. 704. Blocking assets.
Sec. 705. Denial of visas to and inadmissibility of specially designated narcotics traffickers.

TITLE VIII—COMMISSION TO ASSESS THE BALLISTIC MISSILE THREAT TO THE RUSSIAN FEDERATION

Sec. 801. Establishment of commission.
Sec. 802. Duties of commission.
Sec. 803. Report.
Sec. 804. Powers.
Sec. 805. Commission procedures.
Sec. 806. Personnel matters.

TITLE IX—AGENCY FOR NUCLEAR STEWARDSHIP

Sec. 901. Department of Energy Nuclear Security.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 2000 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The National Reconnaissance Office.
(11) The National Imagery and Mapping Agency.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 2000, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the conference report on the bill _____ of the One Hundred Sixth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the Executive Branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 2000 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever the Director exercises the authority granted by this section.

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 2000 the sum of $193,572,000. The Information Security Oversight Office, charged with administering this Nation's intelligence classification and declassification programs shall receive $1,500,000 of these funds to allow it to hire more staff so that it can more efficiently manage these programs.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Community Management Account of the Director of Central Intelligence are authorized a total of 353 full-time personnel as of September 30, 2000. Personnel serving in such elements may be permanent employees of the Community Management Account element or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated for the Community Management Account by subsection (a), there is also authorized to be appropriated for the Community Management Account for fiscal year 2000 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a). Such additional amounts shall remain available until September 30, 2001.

(2) AUTHORIZATION OF PERSONNEL.—In addition to the personnel authorized by subsection (b) for elements of the Community Management Account as of September 30, 2000, there is hereby authorized such additional personnel for such elements as of that date as is specified in the classified Schedule of Authorizations.

(d) REIMBURSEMENT.—Except as provided in section 113 of the National Security Act of 1947 (50 U.S.C. 404h), during fiscal year 2000, any officer or employee of the United States or member of the Armed Forces who is detailed to the staff of an element within the Community Management Account from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(e) NATIONAL DRUG INTELLIGENCE CENTER.—

(1) IN GENERAL.—Of the amount authorized to be appropriated in subsection (a), $27,000,000 shall be available for the National Drug Intelligence Center. Within such amount, funds provided for research, development, test, and evaluation purposes shall remain available until September 30, 2001, and funds provided for procurement purposes shall remain available until September 30, 2002.

(2) TRANSFER OF FUNDS.—The Director of Central Intelligence shall transfer to the Attorney General of the United States funds available for the National Drug Intelligence Center under paragraph (1). The Attorney General shall utilize funds so transferred for activities of the Center.

(3) LIMITATION.—Amounts available for the National Drug Intelligence Center may not be used in contravention of the provisions of section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403–3(d)(1)).

(4) AUTHORITY.—Notwithstanding any other provision of law, the Attorney General shall retain full authority over the operations of the National Drug Intelligence Center.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 2000 the sum of $209,100,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

SEC. 303. EXTENSION OF APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.

Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking ''January 6, 2000'' and inserting ''January 6, 2001''.

SEC. 304. ACCESS TO COMPUTERS AND COMPUTER DATA OF EXECUTIVE BRANCH EMPLOYEES WITH ACCESS TO CLASSIFIED INFORMATION.

(a) ACCESS.—Section 801(a)(3) of the National Security Act of 1947 (50 U.S.C. 435(a)(3)) is amended by striking ''and travel records'' and inserting ''travel records, and computers used in the performance of government duties''.

(b) COMPUTER DEFINED.—Section 804 of that Act (50 U.S.C. 438) is amended—

(1) by striking ''and'' at the end of paragraph (6);

(2) by striking the period at the end of paragraph (7) and inserting ''; and''; and

(3) by adding at the end the following:

''(8) the term 'computer' means any electronic, magnetic, optical, electrochemical, or other high speed data processing device performing logical, arithmetic, or storage functions, and includes any data storage facility or communications facility directly related to or operating in conjunction with such device and any data or other information stored or contained in such device.''.

(c) APPLICABILITY.—The President shall modify the procedures required by section 801(a)(3) of the National Security Act of 1947 to take into account the amendment to that section made by subsection (a) of this section not later than 90 days after the date of the enactment of this Act.

SEC. 305. NATURALIZATION OF CERTAIN PERSONS AFFILIATED WITH A COMMUNIST OR SIMILAR PARTY.

Section 313 of the Immigration and Nationality Act (8 U.S.C. 1424) is amended by adding at the end the following:

''(e) A person may be naturalized under this title without regard to the prohibitions in subsections (a)(2) and (c) of this section, if the person—

''(1) is otherwise eligible for naturalization;

''(2) is within the class described in subsection (a)(2) solely because of past membership in, or past affiliation with, a party or organization described in that subsection;

''(3) does not fall within any other of the classes described in that subsection; and

''(4) is jointly determined by the Director of Central Intelligence, the Attorney General, and the Commissioner of Immigration and Naturalization to have made a contribution to the national security or to the national intelligence mission of the United States.''.

SEC. 306. FUNDING FOR INFRASTRUCTURE AND QUALITY OF LIFE IMPROVEMENTS AT MENWITH HILL AND BAD AIBLING STATIONS.

Section 506(b) of the Intelligence Authorization Act for Fiscal Year 1996 (Public Law 104–93; 109 Stat. 974), as amended by section 502 of the

Intelligence Authorization Act for Fiscal Year 1998 (Public Law 105–107; 111 Stat. 2262), is further amended by striking ''for fiscal years 1998 and 1999'' and inserting ''for fiscal years 2000 and 2001''.

SEC. 307. TECHNICAL AMENDMENT.

Section 305(b)(2) of the Intelligence Authorization Act for Fiscal Year 1997 (Public Law 104–293, 110 Stat. 3465; 8 U.S.C. 1427 note) is amended by striking ''subparagraph (A), (B), (C), or (D) of section 243(h)(2) of such Act'' and inserting ''clauses (i) through (iv) of section 241(b)(3)(B) of such Act''.

SEC. 308. SENSE OF THE CONGRESS ON CLASSIFICATION AND DECLASSIFICATION.

It is the sense of Congress that the systematic declassification of records of permanent historic value is in the public interest and that the management of classification and declassification by Executive Branch agencies requires comprehensive reform and additional resources.

SEC. 309. DECLASSIFICATION OF INTELLIGENCE ESTIMATE ON VIETNAM-ERA PRISONERS OF WAR AND MISSING IN ACTION PERSONNEL AND CRITICAL ASSESSMENT OF ESTIMATE.

(a) DECLASSIFICATION.—Subject to subsection (b), the Director of Central Intelligence shall declassify the following:

(1) National Intelligence Estimate 98–03 dated April 1998 and entitled ''Vietnamese Intentions, Capabilities, and Performance Concerning the POW/MIA Issue''.

(2) The assessment dated November 1998 and entitled ''A Critical Assessment of National Intelligence Estimate 98–03 prepared by the United States Chairman of the Vietnam War Working Group of the United States-Russia Joint Commission on POWs and MIAs''.

(b) LIMITATIONS.—The Director shall not declassify any text contained in the estimate or assessment referred to in subsection (a) which would—

(1) reveal intelligence sources and methods; or

(2) disclose by name the identity of a living foreign individual who has cooperated with United States efforts to account for missing personnel from the Vietnam era.

(c) DEADLINE.—The Director shall declassify the estimate and assessment referred to in subsection (a) not later than 30 days after the date of the enactment of this Act.

SEC. 310. SUBMITTAL TO CONGRESS OF LISTS ON CLASSIFIED INFORMATION REGARDING UNRECOVERED UNITED STATES PRISONERS OF WAR AND OTHER PERSONNEL.

(a) REQUIREMENT.—(1) The head of each element of the United States Government listed in section 101 shall submit to the designated congressional committees a list of all classified documents, files, and other materials under the control of such element that pertain to the subject of United States prisoners of war, missing in action personnel, or killed in action personnel whose remains have not been recovered and identified.

(2) Each list submitted under paragraph (1) shall—

(A) for each document, file, or other material contained in the list—

(i) specify the date of the preparation or dissemination of the document, file, or material;

(ii) specify the date or dates of any information contained in the document, file, or material; and

(iii) identify the subject matter of the document, file, or material; and

(B) be organized in chronological order according to the date of the preparation or dissemination of the documents, files, or materials concerned.

(b) DEADLINE.—The lists required by subsection (a) shall be submitted not later than 120 days after the date of the enactment of this Act.

(c) ACCESS BY COMMITTEES AND MEMBERS OF CONGRESS.—A designated congressional committee shall, upon request and in accordance with regulations of the committee regarding protection of classified information, make available any list submitted to the committee under subsection (a) to any Member of Congress or committee of Congress, and to any staff member of a Member of Congress or committee of Congress who possesses a security clearance appropriate for access to the list.

(d) DESIGNATED CONGRESSIONAL COMMITTEE DEFINED.—In this section, the term ''designated congressional committee'' means the following:

(1) The Committee on Armed Services and the Select Committee on Intelligence of the Senate.

(2) The Committee on Armed Services and the Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 311. STUDY OF BACKGROUND CHECKS FOR EMPLOYEES OF THE DEPARTMENT OF ENERGY.

(a) STUDY OF BACKGROUND CHECK PRACTICES.—The Secretary of Energy shall conduct a study comparing the procedures used by the Department for conducting background checks of employees seeking access to classified information with the procedures used by the Central Intelligence Agency, the National Security Agency, the Federal Bureau of Investigation, and other similar departments and agencies of the Federal Government for conducting background checks of such employees.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Energy shall submit to Congress a report on the study conducted under subsection (a). The report shall include—

(1) a discussion of the adequacy of the procedures used by the Department for conducting background checks of employees seeking access to classified information in light of the comparison required under the study; and

(2) any other recommendations, including recommendations for legislative action, that the Secretary considers appropriate.

SEC. 312. REPORT ON LEGAL STANDARDS APPLIED FOR ELECTRONIC SURVEILLANCE.

(a) REPORT.—Not later than 60 days after the date of the enactment of this Act, the Director of Central Intelligence, the Director of the National Security Agency, and the Attorney General shall jointly prepare, and the Director of the National Security Agency shall submit to the appropriate congressional committees a report in classified and unclassified form describing the legal standards employed by elements of the intelligence community in conducting signals intelligence activities, including electronic surveillance.

(b) MATTERS SPECIFICALLY ADDRESSED.—The report shall specifically include a statement of each of the following legal standards:

(1) The legal standards for interception of communications when such interception may result in the acquisition of information from a communication to or from United States persons.

(2) The legal standards for intentional targeting of the communications to or from United States persons.

(3) The legal standards for receipt from non-United States sources of information pertaining to communications to or from United States persons.

(4) The legal standards for dissemination of information acquired through the interception of the communications to or from United States persons.

(c) DEFINITION.—As used in this section:

(1) The term ''intelligence community'' has the meaning given that term under section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).

(2) The term ''United States persons'' has the meaning given such term under section 101(i) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(i)).

(3) The term ''appropriate congressional committees'' means the Permanent Select Committee on Intelligence and the Committee on the Judiciary of the House of Representatives, and the Select Committee on Intelligence and the Committee on the Judiciary of the Senate.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. IMPROVEMENT AND EXTENSION OF CENTRAL SERVICES PROGRAM.

(a) SCOPE OF PROVISION OF ITEMS AND SERVICES.—Subsection (a) of section 21 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403u) is amended by striking ''and to other'' and inserting '', nonappropriated fund entities or instrumentalities associated or affiliated with the Agency, and other''.

(b) DEPOSITS IN CENTRAL SERVICES WORKING CAPITAL FUND.—Subsection (c)(2) of that section is amended—

(1) by amending subparagraph (D) to read as follows:

''(D) Amounts received in payment for loss or damage to equipment or property of a central service provider as a result of activities under the program.'';

(2) by redesignating subparagraph (E) as subparagraph (F); and

(3) by inserting after subparagraph (D), as so amended, the following new subparagraph (E):

''(E) Other receipts from the sale or exchange of equipment or property of a central service provider as a result of activities under the program.''.

(c) AVAILABILITY OF FEES.—Section (f)(2)(A) of that section is amended by inserting ''central service providers and any'' before ''elements of the Agency''.

(d) EXTENSION OF PROGRAM.—Subsection (h)(1) of that section is amended by striking ''March 31, 2000'' and inserting ''March 31, 2005''.

SEC. 402. EXTENSION OF CIA VOLUNTARY SEPARATION PAY ACT.

(a) EXTENSION OF AUTHORITY.—Section 2(f) of the Central Intelligence Agency Voluntary Separation Pay Act (50 U.S.C. 403–4 note) is amended by striking ''September 30, 1999'' and inserting ''September 30, 2000''.

(b) REMITTANCE OF FUNDS.—Section 2(i) of that Act is amended by striking ''or fiscal year 1999'' and inserting '', 1999, or 2000''.

TITLE V—DEPARTMENT OF ENERGY INTELLIGENCE ACTIVITIES

SEC. 501. SHORT TITLE.

This title may be cited as the ''Department of Energy Sensitive Country Foreign Visitors Moratorium Act of 1999''.

SEC. 502. MORATORIUM ON FOREIGN VISITORS PROGRAM.

(a) MORATORIUM.—The Secretary of Energy may not admit to any classified facility of a national laboratory any individual who is a citizen of a nation that is named on the current Department of Energy sensitive countries list.

(b) WAIVER AUTHORITY.—(1) The Secretary of Energy may waive the prohibition in subsection (a) on a case-by-case basis with respect to specific individuals whose admission to a national laboratory is determined by the Secretary to be necessary for the national security of the United States.

(2) Not later than 30 days after granting a waiver under paragraph (1), the Secretary shall submit to committees referred to in paragraph (4) a report in writing regarding the waiver. The report shall identify each individual for whom such a waiver was granted and, with respect to each such individual, provide a detailed justification for the waiver and the Secretary's certification that the admission of that individual

to a national laboratory is necessary for the national security of the United States.

(3) The authority of the Secretary under paragraph (1) may not be delegated.

(4) The committees referred to in this paragraph are the following:

(A) The Committees on Armed Services, Appropriations, Commerce, and Energy and Natural Resources and the Select Committee on Intelligence of the Senate.

(B) The Committees on Armed Services, Appropriations, Commerce, and Resources and the Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 503. BACKGROUND CHECKS ON ALL FOREIGN VISITORS TO NATIONAL LABORATORIES.

Before an individual who is a citizen of a foreign nation is allowed to enter a national laboratory, the Secretary of Energy shall require that a security clearance investigation (known as a ''background check'') be carried out on that individual.

SEC. 504. REPORT TO CONGRESS.

(a) REPORT.—(1) The Director of Central Intelligence and the Director of the Federal Bureau of Investigation jointly shall submit to the committees referred to in subsection (c) a report on counterintelligence activities at the national laboratories, including facilities and areas at the national laboratories at which unclassified work is carried out.

(2) The report shall include—

(A) a description of the status of counterintelligence activities at each of the national laboratories;

(B) the net assessment produced under paragraph (3); and

(C) a recommendation as to whether or not section 502 should be repealed.

(3)(A) A net assessment of the foreign visitors program at the national laboratories shall be produced for purposes of the report under this subsection and included in the report under paragraph (2)(B).

(B) The assessment shall be produced by a panel of individuals with expertise in intelligence, counterintelligence, and nuclear weapons design matters.

(b) DEADLINE FOR SUBMITTAL.—The report required by subsection (a) shall be submitted not later than 90 days after the date of the enactment of this Act.

(c) COMMITTEES.—The committees referred to in this subsection are the following:

(1) The Committees on Armed Services and Appropriations and the Select Committee on Intelligence of the Senate.

(2) The Committees on Armed Services and Appropriations and the Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 505. DEFINITIONS.

In this title:

(1) The term ''national laboratory'' means any of the following:

(A) The Lawrence Livermore National Laboratory, Livermore, California.

(B) The Los Alamos National Laboratory, Los Alamos, New Mexico.

(C) The Sandia National Laboratories, Albuquerque, New Mexico.

(2) The term ''sensitive countries list'' means the list prescribed by the Secretary of Energy known as the Department of Energy List of Sensitive Countries.

TITLE VI—FOREIGN COUNTERINTELLIGENCE AND INTERNATIONAL TERRORISM INVESTIGATIONS

SEC. 601. EXPANSION OF DEFINITION OF ''AGENT OF A FOREIGN POWER'' FOR PURPOSES OF THE FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1978.

Section 101(b)(2) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(b)(2)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph (D):

''(D) knowingly enters the United States under a false or fraudulent identity for or on behalf of a foreign power or, while in the United States, knowingly assumes a false or fraudulent identity for or on behalf of a foreign power; or''.

SEC. 602. FEDERAL BUREAU OF INVESTIGATION REPORTS TO OTHER EXECUTIVE AGENCIES ON RESULTS OF COUNTERINTELLIGENCE ACTIVITIES.

Section 811(c)(2) of the Counterintelligence and Security Enhancements Act of 1994 (title VIII of Public Law 103–359; 108 Stat. 3455; 50 U.S.C. 402a(c)(2)) is amended by striking ''after a report has been provided pursuant to paragraph (1)(A)''.

TITLE VII—BLOCKING ASSETS OF MAJOR NARCOTICS TRAFFICKERS

SEC. 701. FINDING AND POLICY.

(a) FINDING.—Congress makes the following findings:

(1) Presidential Decision Directive 42, issued on October 21, 1995, ordered agencies of the executive branch of the United States Government to, inter alia, increase the priority and resources devoted to the direct and immediate threat international crime presents to national security, work more closely with other governments to develop a global response to this threat, and use aggressively and creatively all legal means available to combat international crime.

(2) Executive Order No. 12978 of October 21, 1995, provides for the use of the authorities in the International Emergency Economic Powers Act (IEEPA) to target and sanction four specially designated narcotics traffickers and their organizations which operate from Colombia.

(b) POLICY.—It should be the policy of the United States to impose economic and other financial sanctions against foreign international narcotics traffickers and their organizations worldwide.

SEC. 702. PURPOSE.

The purpose of this title is to provide for the use of the authorities in the International Emergency Economic Powers Act to sanction additional specially designated narcotics traffickers operating worldwide.

SEC. 703. DESIGNATION OF CERTAIN FOREIGN INTERNATIONAL NARCOTICS TRAFFICKERS.

(a) PREPARATION OF LIST OF NAMES.—Not later than January 1, 2000 and not later than January 1 of each year thereafter, the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, shall transmit to the President and to the Director of the Office of National Drug Control Policy a list of those individuals who play a significant role in international narcotics trafficking as of that date.

(b) EXCLUSION OF CERTAIN PERSONS FROM LIST.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, the list described in subsection (a) shall not include the name of any individual if the Director of Central Intelligence determines that the disclosure of that person's role in international narcotics trafficking could compromise United States intelligence sources or methods. The Director of Central Intelligence shall advise the President when a determination is made to withhold an individual's identity under this subsection.

(2) REPORTS.—In each case in which the Director of Central Intelligence has made a determination under paragraph (1), the President shall submit a report in classified form to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Represent setting forth the reasons for the determination.

(d) DESIGNATION OF INDIVIDUALS AS THREATS TO THE UNITED STATES.—The President shall determine not later than March 1 of each year whether or not to designate persons on the list transmitted to the President that year as persons constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The President shall notify the Secretary of the Treasury of any person designated under this subsection. If the President determines not to designate any person on such list as such a threat, the President shall submit a report to Congress setting forth the reasons therefore.

(e) CHANGES IN DESIGNATIONS OF INDIVIDUALS.—

(1) ADDITIONAL INDIVIDUALS DESIGNATED.—If at any time after March 1 of a year, but prior to January 1 of the following year, the President determines that a person is playing a significant role in international narcotics trafficking and has not been designated under subsection (d) as a person constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the President may so designate the person. The President shall notify the Secretary of the Treasury of any person designated under this paragraph.

(2) REMOVAL OF DESIGNATIONS OF INDIVIDUALS.—Whenever the President determines that a person designated under subsection (d) or paragraph (1) of this subsection no longer poses an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the person shall no longer be considered as designated under that subsection.

(f) REFERENCES.—Any person designated under subsection (d) or (e) may be referred to in this Act as a ''specially designated narcotics trafficker''.

SEC. 704. BLOCKING ASSETS.

(a) FINDING.—Congress finds that a national emergency exists with respect to any individual who is a specially designated narcotics trafficker.

(b) BLOCKING OF ASSETS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the date of designation of a person as a specially designated narcotics trafficker, there are hereby blocked all property and interests in property that are, or after that date come, within the United States, or that are, or after that date come, within the possession or control of any United States person, of—

(1) any specially designated narcotics trafficker;

(2) any person who materially and knowingly assists in, provides financial or technological support for, or provides goods or services in support of, the narcotics trafficking activities of a specially designated narcotics trafficker; and

(3) any person determined by the Secretary of the Treasury, in consultation with the Attorney

General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, to be owned or controlled by, or to act for or on behalf of, a specially designated narcotics trafficker.

(c) PROHIBITED ACTS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act or in any regulation, order, directive, or license that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, the following acts are prohibited:

(1) Any transaction or dealing by a United States person, or within the United States, in property or interests in property of any specially designated narcotics trafficker.

(2) Any transaction or dealing by a United States person, or within the United States, that evades or avoids, has the purpose of evading or avoiding, or attempts to violate, subsection (b).

(d) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES NOT AFFECTED.—Nothing in this section is intended to prohibit or otherwise limit the authorized law enforcement or intelligence activities of the United States, or the law enforcement activities of any State or subdivision thereof.

(e) IMPLEMENTATION.—The Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, is authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by the International Emergency Economic Powers Act as may be necessary to carry out this section. The Secretary of the Treasury may redelegate any of these functions to any other officer or agency of the United States Government. Each agency of the United States shall take all appropriate measures within its authority to carry out this section.

(f) ENFORCEMENT.—Violations of licenses, orders, or regulations under this Act shall be subject to the same civil or criminal penalties as are provided by section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) for violations of licenses, orders, and regulations under that Act.

(g) DEFINITIONS.—In this section:

(1) ENTITY.—The term ''entity'' means a partnership, association, corporation, or other organization, group or subgroup.

(2) NARCOTICS TRAFFICKING.—The term ''narcotics trafficking'' means any activity undertaken illicitly to cultivate, produce, manufacture, distribute, sell, finance, or transport, or otherwise assist, abet, conspire, or collude with others in illicit activities relating to, narcotic drugs, including, but not limited to, heroin, methamphetamine and cocaine.

(3) PERSON.—The term ''person'' means an individual or entity.

(4) UNITED STATES PERSON.—The term ''United States person'' means any United States citizen or national, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

SEC. 705. DENIAL OF VISAS TO AND INADMISSIBILITY OF SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS.

(a) PROHIBITION.—The Secretary of State shall deny a visa to, and the Attorney General may not admit to the United States—

(1) any specially designated narcotics trafficker; or

(2) any alien who the consular officer or the Attorney General knows or has reason to believe—

(A) is a spouse or minor child of a specially designated narcotics trafficker; or

(B) is a person described in paragraph (2) or (3) of section 704(b).

(b) EXCEPTIONS.—Subsection (a) shall not apply—

(1) where the Secretary of State finds, on a case-by-case basis, that the entry into the United States of the person is necessary for medical reasons;

(2) upon the request of the Attorney General, Director of Central Intelligence, Secretary of the Treasury, or the Secretary of Defense; or

(3) for purposes of the prosecution of a specially designated narcotics trafficker.

TITLE VIII—COMMISSION TO ASSESS THE BALLISTIC MISSILE THREAT TO THE RUSSIAN FEDERATION

SEC. 801. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the ''Commission to Assess the Ballistic Missile Threat to the Russian Federation'' (hereinafter in this title referred to as the ''Commission'').

(b) COMPOSITION.—The Commission shall be composed of nine members appointed by the Director of Central Intelligence. In selecting individuals for appointment to the Commission, the Director should consult with—

(1) the Speaker of the House of Representatives concerning the appointment of three of the members of the Commission;

(2) the majority leader of the Senate concerning the appointment of three of the members of the Commission; and

(3) the minority leader of the House of Representatives and the minority leader of the Senate concerning the appointment of three of the members of the Commission.

(c) QUALIFICATIONS.—Members of the Commission shall be appointed from among private United States citizens with knowledge and expertise in the political and military aspects of proliferation of ballistic missiles and the ballistic missile threat to the Russian Federation.

(d) CHAIRMAN.—The Speaker of the House of Representatives, after consultation with the majority leader of the Senate and the minority leaders of the House of Representatives and the Senate, shall designate one of the members of the Commission to serve as chairman of the Commission.

(e) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall be filled in the same manner as the original appointment.

(f) SECURITY CLEARANCES.—All members of the Commission shall hold appropriate security clearances.

(g) INITIAL ORGANIZATION REQUIREMENTS.—(1) All appointments to the Commission shall be made not later than 45 days after the date of the enactment of this Act.

(2) The Commission shall convene its first meeting not later than 30 days after the date as of which all members of the Commission have been appointed, but not earlier than October 15, 1999.

SEC. 802. DUTIES OF COMMISSION.

(a) REVIEW OF BALLISTIC MISSILE THREAT.—The Commission shall assess the nature and magnitude of the existing and emerging ballistic missile threat to the Russian Federation.

(b) COOPERATION FROM GOVERNMENT OFFICIALS.—In carrying out its duties, the Commission should receive the full and timely cooperation of the Secretary of Defense, the Director of Central Intelligence, and any other United States Government official responsible for providing the Commission with analyses, briefings, and other information necessary for the fulfillment of its responsibilities.

SEC. 803. REPORT.

The Commission shall, not later than six months after the date of its first meeting, submit to Congress a report on its findings and conclusions.

SEC. 804. POWERS.

(a) HEARINGS.—The Commission or, at its direction, any panel or member of the Commission, may, for the purpose of carrying out the provisions of this title, hold hearings, sit and act at times and places, take testimony, receive evidence, and administer oaths to the extent that the Commission or any panel or member considers advisable.

(b) INFORMATION.—The Commission may secure directly from the Department of Defense, the Central Intelligence Agency, and any other Federal department or agency information that the Commission considers necessary to enable the Commission to carry out its responsibilities under this title.

SEC. 805. COMMISSION PROCEDURES.

(a) MEETINGS.—The Commission shall meet at the call of the Chairman.

(b) QUORUM.—(1) Five members of the Commission shall constitute a quorum other than for the purpose of holding hearings.

(2) The Commission shall act by resolution agreed to by a majority of the members of the Commission.

(c) COMMISSION.—The Commission may establish panels composed of less than full membership of the Commission for the purpose of carrying out the Commission's duties. The actions of each such panel shall be subject to the review and control of the Commission. Any findings and determinations made by such a panel shall not be considered the findings and determinations of the Commission unless approved by the Commission.

(d) AUTHORITY OF INDIVIDUALS TO ACT FOR COMMISSION.—Any member or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take under this title.

SEC. 806. PERSONNEL MATTERS.

(a) PAY OF MEMBERS.—Members of the Commission shall serve without pay by reason of their work on the Commission.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—(1) The chairman of the Commission may, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, appoint a staff director and such additional personnel as may be necessary to enable the Commission to perform its duties. The appointment of a staff director shall be subject to the approval of the Commission.

(2) The chairman of the Commission may fix the pay of the staff director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay fixed under this paragraph for the staff director may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title and the rate of pay for other personnel may not exceed the maximum rate payable for grade GS–15 of the General Schedule.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Upon request of the chairman of the Commission, the head of any Federal department or agency may detail, on a nonreimbursable basis, any personnel of that department or agency to the Commission to assist it in carrying out its duties.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The chairman of the Commission may procure temporary and intermittent

services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of such title.

TITLE IX—AGENCY FOR NUCLEAR STEWARDSHIP

SEC. 901. DEPARTMENT OF ENERGY NUCLEAR SECURITY.

(a) Section 202(a) of the Department of Energy Organization Act (referred to in this section as the ''Act'') is amended by striking the second sentence and inserting ''The Secretary shall delegate to the Deputy Secretary such duties as the Secretary may prescribe unless such delegation is otherwise prohibited by law, and the Deputy Secretary shall act for and exercise the functions of the Secretary during the absence or disability of the Secretary or in the event the office of the Secretary becomes vacant.''.

(b) Section 202(b) of the Act is amended by striking the first two sentences and inserting ''There shall be in the Department two Under Secretaries and a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. One Under Secretary shall be the Under Secretary for Nuclear Stewardship. The other Under Secretary shall bear primary responsibility for science, energy (including energy conservation), and environmental functions.''.

(c) After section 212 of the Act add the following new section:

''AGENCY FOR NUCLEAR STEWARDSHIP

''SEC. 213(a) There shall be within the Department a separately organized Agency for Nuclear Stewardship under the direction, authority, and control of the Secretary, to be headed by the Under Secretary for Nuclear Stewardship who shall also serve as Director of the Agency.

''(b) The Under Secretary for Nuclear Stewardship shall be a person who has an extensive background in national security, organizational management and appropriate technical fields, and is especially well qualified to manage the nuclear weapons, nonproliferation and fissile materials disposition programs of the Department in a manner that advances and protects the national security of the United States.

''(c) The Secretary shall be responsible for all policies of the Agency. The Under Secretary for Nuclear Stewardship shall report solely and directly to the Secretary and shall be subject to the supervision and direction of the Secretary. The Secretary shall have a staff adequate to fulfill the responsibility to set policies throughout the Department including establishing policies governing the Agency for Nuclear Stewardship. The Secretary's staff, including but not limited to the General Counsel and the Chief Financial Officer, shall assist the Secretary in the supervision of the development and implementation of policies set forth by the Secretary and shall advise the Secretary on the adequacy of such development and implementation. The Secretary may not delegate to any Department official, other than the Deputy Secretary, the duty to supervise or direct the Under Secretary for Nuclear Stewardship.

''(d) The Secretary may direct other officials of the Department who are not within the Agency for Nuclear Stewardship to review the Agency's programs and to make recommendations to the Secretary regarding the administration of such programs, including consistency with other similar programs and activities in the Department.

''(e) The Secretary shall assign to the Under Secretary for Nuclear Stewardship direct authority over and responsibility for—

''(1) all programs and activities of the Department related to its national security functions, including nuclear weapons, nonproliferation and fissile materials disposition; and

''(2) all activities at the Department's national security laboratories, and nuclear weapons production facilities.

''(f) The Secretary shall assign to the Under Secretary for Nuclear Stewardship direct authority over and responsibility for all executive and administrative operations and functions of the Agency for Nuclear Stewardship (except for the authority and responsibility assigned to the Deputy Director for Naval Reactors), including but not limited to—

''(1) strategic management;

''(2) policy development and guidance;

''(3) budget formulation and guidance;

''(4) resource requirements determination and allocation;

''(5) program direction;

''(6) safeguards and security;

''(7) emergency management;

''(8) integrated safety management;

''(9) environment, safety, and health operations (except those environmental remediation and nuclear waste management activities and facilities that the Secretary determines are best managed by other officials of the Department);

''(10) administration of contracts, including those for the management and operation of the nuclear weapons production facilities and the national security laboratories;

''(11) intelligence;

''(12) counterintelligence;

''(13) personnel, including their selection, appointment, distribution, supervision, fixing of compensation, and separation;

''(14) procurement of services of experts and consultants in accordance with section 3109 of title 5, United States Code; and

''(15) legal matters.

''(g) There shall be within the Agency three Deputy Directors, each of whom shall be appointed by the President, by and with the advice and consent of the Senate, who shall be compensated at the rate provided for at level IV of the Executive Schedule under section 5315 of title 5 (except the Deputy Director for Naval Reactors when an active duty naval officer). There shall be a Deputy Director for each of the following functions—

''(1) defense programs;

''(2) nonproliferation and fissile materials disposition; and

''(3) naval reactors.

''(h) The Deputy Director for Naval Reactors shall report to the Secretary of Energy through the Under Secretary for Nuclear Stewardship and have direct access to the Secretary and other senior officials of the Department, and shall be assigned the responsibilities, authorities, and accountability for all functions of the Office of Naval Reactors as described by the reference in section 1634 of Public Law 98–525. Except as specified in subsection (g) and this subsection, all other provisions described by the reference in section 1634 of Public Law 98–525 remain in full force until changed by law.

''(i) There shall be within the Agency three offices, each of which shall be administered by a Chief appointed by the Under Secretary for Nuclear Stewardship. There shall be a:

''(1) Chief of Nuclear Stewardship Counterintelligence, who shall report to the Under Secretary and implement the counterintelligence policies directed by the Secretary and Under Secretary. The Chief of Nuclear Stewardship Counterintelligence shall have direct access to the Secretary and all other officials of the Department and its contractors concerning counterintelligence matters and shall be responsible for—

''(A) the development and implementation of the Agency's counterintelligence programs to prevent the disclosure or loss of classified or other sensitive information; and

''(B) the development and administration of personnel assurance programs within the Agency for Nuclear Stewardship.

''(2) Chief of Nuclear Stewardship Security, who shall report to the Under Secretary and shall implement the security policies directed by the Secretary and Under Secretary. The chief of Nuclear Stewardship Security shall have direct access to the Secretary and all other officials of the Department and its contractors concerning security matters and shall be responsible for the development and implementation of security programs for the Agency including the protection, control and accounting of materials, and the physical and cybersecurity for all facilities in the Agency.

''(3) Chief of Nuclear Stewardship Intelligence, who shall be a senior executive service employee of the Agency or an agency of the intelligence community who shall report to the Under Secretary and shall have direct access to the Secretary and all other officials of the Department and its contractors concerning intelligence matters and shall be responsible for all programs and activities of the Agency relating to the analysis and assessment of intelligence with respect to foreign nuclear weapons, materials, and other nuclear matters in foreign nations.

''(j)(1) The Under Secretary shall, with the approval of the Secretary and the Director of the Federal Bureau of Investigation, designate the chief of Counterintelligence who shall have special expertise in counterintelligence.

''(2) If such person is a Federal employee of an entity other than the Agency, the service of such employee as Chief shall not result in any loss of employment status, right, or privilege by such employee.

''(k) All personnel of the Agency for Nuclear Stewardship, in carrying out any function of the Agency, shall be responsible to, and subject to the supervision and direction of, the Secretary and the Under Secretary for Nuclear Stewardship or his designee within the Agency, and shall not be responsible to, or subject to the supervision or direction of, any other officer, employee, or agent of any other part of the Department. Such supervision and direction of any Director or contract employee of a national security laboratory or of a nuclear weapons production facility shall not interfere with communication to the Department, the President, or Congress, of technical findings or technical assessments derived from, and in accord with, duly authorized activities. The Under Secretary for Nuclear Stewardship shall have responsibility and authority for, and may use, an appropriate field structure for the programs and activities of the Agency.

''(l) The Under Secretary for Nuclear Stewardship shall delegate responsibilities to the Deputy Directors except that the responsibilities, authorities and accountability of the Deputy Director for Naval Reactors are as described in subsection (h).

''(m) The Directors of the national security laboratories and the heads of the nuclear weapons production facilities and the Nevada Test Site shall report, consistent with their contractual obligations, directly to the Deputy Director for Defense Programs.

''(n) The Under Secretary for Nuclear Stewardship shall maintain within the Agency staff sufficient to implement the policies of the Secretary and Under Secretary for Nuclear Stewardship for the Agency. At a minimum these staff shall be responsible for—

''(1) personnel;

''(2) legal services; and

''(3) financial management.

''(o)(1) The Secretary shall ensure that other programs of the Department, other Federal agencies, and other appropriate entities continue to use the capabilities of the national security laboratories.

''(2) The Under Secretary, under the direction, authority, and control of the Secretary, shall,

consistent with the effective discharge of the Agency's responsibilities, make the capabilities of the national security laboratories available to the entities in paragraph (1) in a manner that continues to provide direct programmatic control by such entities.

''(p)(1) Not later than March 1 of each year the Under Secretary for Nuclear Stewardship shall submit through the Secretary to the Director of Central Intelligence, the Director of the Federal Bureau of Investigation, the Senate and the House of Representatives, a report on the status and effectiveness of the security and counterintelligence programs of the Agency for Nuclear Stewardship during the preceding year.

''(2) The report shall provide information on—

''(A) the status and effectiveness of security and counterintelligence programs at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(B) the adequacy of procedures and policies for protecting national security information at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(C) whether each nuclear weapons production facility, national security laboratory, or other facility or institution at which classified nuclear weapons work is performed is in full compliance with all security and counterintelligence requirements, and if not what measures are being taken or are in place to bring such facility, laboratory, or institution into compliance;

''(D) any significant violation of law, rule, regulation, or other requirement relating to security or counterintelligence at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(E) each foreign visitor or assignee, the national security laboratory, nuclear weapons production facility, or other facility or institution at which classified nuclear weapons work is performed, visited, the purpose and justification for the visit, the duration of the visit, whether the visitor or assignee had access to classified or sensitive information or facilities, and whether a background check was performed on such visitor prior to such visit; and

''(F) such other matters and recommendations to Congress as the Under Secretary deems appropriate.

''(3) Each report required by this subsection shall be submitted in unclassified form, but may include a classified annex.

''(4) Thirty days prior to the submission of the report required by subsection (p)(1), but in any event no later than February 1 of each year, the director of each Department of Energy national security laboratory and nuclear weapons production facility shall certify in writing to the Under Secretary for Nuclear Stewardship whether that laboratory or facility is in full compliance with all national security information protection requirements. If the laboratory or facility is not in full compliance, the director of the laboratory or facility shall report on why it is not in compliance, what measures are being taken to bring it into compliance, and when it will be in compliance.

''(q) The Under Secretary for Nuclear Stewardship shall keep the Secretary, the Committees on Armed Services of the Senate and House of Representatives, the Committee on Energy and Natural Resources of the Senate, the Committee on Governmental Affairs of the Senate, the Committee on Commerce of the House of Representatives, the Select Committee on Intelligence of the Senate, and the Permanent Select Committee on Intelligence of the House of Representatives fully and currently informed regarding any actual or potential significant threat to, or loss of, national security information, unless such information has already been reported to the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence pursuant to the National Security Act of 1947, as amended.

''(r) Personnel of the Agency for Nuclear Stewardship who have reason to believe that there is a problem, abuse, violation of law or executive order, or deficiency relating to the management of classified information shall promptly report such problem, abuse, violation, or deficiency to the Under Secretary for Nuclear Stewardship.

''(s)(1) The Under Secretary for Nuclear Stewardship shall not be required to obtain the approval of any officer or employee of the Department of Energy, except the Secretary, or any officer or employee of any other Federal agency or department for the preparation or delivery of any report required by this section.

''(2) No officer or employee of the Department of Energy or any other Federal agency or department may delay, deny, obstruct or otherwise interfere with the preparation of any report required by this section.

''(t) For purposes of this section—

''(1) the term 'personnel of the Agency for Nuclear Stewardship' means each officer or employee within the Department of Energy, and any officer or employee of any contractor of the Department (pursuant to the terms of the contract), whose—

''(A) responsibilities include carrying out a function of the Agency for Nuclear Stewardship; or

''(B) employment is funded primarily under the—

''(i) Weapons Activities; or

''(ii) Nonproliferation, Fissile Materials Disposition or Naval Reactors portions of the Other Defense Activities budget functions of the Department;

''(2) the term 'nuclear weapons production facility' means the following facilities—

''(A) the Kansas City Plant, Kansas City, Missouri;

''(B) the Pantex Plant, Amarillo, Texas;

''(C) the Y–12 Plant, Oak Ridge, Tennessee;

''(D) the tritium operations facilities at the Savannah River Site, Aiken, South Carolina;

''(E) the Nevada Test Site, Nevada; and

''(F) any other facility the Secretary designates.

''(3) the term 'national security laboratory' means the following laboratories—

''(A) the Los Alamos National Laboratory, Los Alamos, New Mexico;

''(B) the Lawrence Livermore National Laboratory, Livermore, California; and

''(C) the Sandia National Laboratories, Albuquerque, New Mexico, and Livermore, California.

''(u) The Agency for Nuclear Stewardship shall comply with all applicable environmental, safety, and health statutes and substantive requirements. The Under Secretary for Nuclear Stewardship shall develop procedures for meeting such requirements. Nothing in this section shall diminish the authority of the Secretary to ascertain and ensure that such compliance occurs.

''(v) The Secretary shall be responsible for developing and promulgating departmental security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies. The Under Secretary for Nuclear Stewardship is responsible for implementation of all security, counterintelligence and intelligence policies within the Agency for Nuclear Stewardship. The Under Secretary for Nuclear Stewardship may establish agency-specific policies unless disapproved by the Secretary.

''(w) In addition to any personnel occupying senior-level positions in the Department on the date of enactment of this section, there shall be within the Agency not more than 25 additional employees in senior-level positions, as defined by title 5, United States Code, who shall be employed by the Agency for Nuclear Stewardship and who shall perform such functions as the Under Secretary for Nuclear Stewardship shall prescribe from time to time.''.

(d) Within 180 days of the date of enactment of this Act, the Secretary shall report to the Senate and the House of Representatives on the adequacy of the Department's procedures and policies for protecting national security information, including national security information at the Department's laboratories, nuclear weapons facilities and other facilities, making such recommendations to Congress as may be appropriate.

(e) The following technical and conforming amendments are made:

(1) Section 5314 of title 5, United States Code, is amended by striking ''Under Secretary, Department of Energy'' and inserting ''Under Secretaries of Energy (2), one of whom serves as the Director, Agency for Nuclear Stewardship''.

(2) Section 202(b) of the Act is amended in the third sentence by striking ''Under Secretary'' and inserting ''Under Secretaries''.

(3) Section 212 of the Act is amended by striking subsection 212(b) and redesignating subsection 212(c) as subsection 212(b).

(4) Section 309 of the Act is amended by striking ''Assistant Secretary to whom the Secretary has assigned the functions listed in section 203(a)(2)(E)'' and inserting ''Under Secretary for Nuclear Stewardship''.

(5) The table of contents of the Act is amended by inserting after the item relating to section 212 the following new item:

''Sec. 213. Agency for Nuclear Stewardship.''.

Mr. SHELBY. Mr. President, I ask consent that the Senate insist on its amendment, request a conference with the House, and the Chair be authorized to appoint conferees on the part of the Senate.

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

The PRESIDING OFFICER (Mr. ABRAHAM) appointed Mr. SHELBY, Mr. CHAFEE, Mr. LUGAR, Mr. DEWINE, Mr. KYL, Mr. INHOFE, Mr. HATCH, Mr. ROBERTS, Mr. ALLARD, Mr. WARNER, Mr. KERREY of Nebraska, Mr. BRYAN, Mr. GRAHAM of Florida, Mr. KERRY of Massachusetts, Mr. BAUCUS, Mr. ROBB, Mr. LAUTENBERG, and Mr. LEVIN; from the Committee on Armed Services, Mr. WARNER, conferees on the part of the Senate.

Mr. SHELBY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ORDER OF PROCEDURE

Mr. LEAHY. Mr. President, under the previous order, I am to reclaim the floor, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. Mr. President, on the juvenile justice bill, the reason why I have encouraged the leadership to move as quickly as they are able to—and I say, in regard to what the distinguished Senator from Mississippi said earlier, I also know if he were to make the same request I made, he could face an objection. What I am urging is that we find a way to move forward because to have the full impact in the United States of our juvenile justice bill, which passed by a 3-to-1 margin in the Senate, we have to get it on the President's desk in its final form before the August recess so there is some chance of moving before school goes back in this fall. All of us, whether we are parents, grandparents, teachers, or policymakers, have been puzzling over the causes of children turning violent in our country.

Certainly all of us in our lifetimes have seen random acts of violence somewhere in the country. I don't think any of us have seen the severity or the number, almost a regularity, of violence we are seeing today. The root causes are likely multifaceted, and we know that. But the Hatch-Leahy juvenile justice bill is a firm and significant step in the right direction. Passage of this bill shows when the Senate rolls up its sleeves and gets to work, we can make significant progress. But that progress amounts to naught if the House and Senate do not conference and proceed to final passage on a good bill.

Once conferees are appointed, there will be another point in the legislative process where we will have to roll up our sleeves to work out differences between the House- and Senate-passed legislation.

Every parent in this country is concerned this summer about school violence over the last 2 years. They are worried about the situation they are going to confront this fall. Each of us wants to do something to stop that violence. There is no single cause and there is no single legislative solution that will cure the ill of youth violence in our schools or on our streets. But we have an opportunity before us to at least start to do something, to do our part. Now, it is unfortunate we are not moving full speed ahead to seize this opportunity to act on balanced, effective juvenile justice legislation.

We should not repeat the delays that happened in the last Congress on the juvenile justice legislation. In the 105th Congress, the Senate Judiciary Committee reported juvenile justice legislation in July 1997, but then it was left to languish for over a year until the very end of that Congress. In fact, serious efforts to make improvements to this bill did not even occur until the last weeks of that Congress, when it was too late and we ran out of time.

The experience of the last Congress causes me to be wary of this delay in action on this legislation this year. I want to be assured that after the hard work so many Senators put into crafting a juvenile justice bill, that we go to a House-Senate conference that is fair, full, and productive. We have worked too hard in the Senate for a strong, bipartisan juvenile justice bill to simply shrug our shoulders when the House returns a juvenile justice bill rather than proceeding to a conference. I will be vigilant in working to maintain this bipartisanship and to press for action on this important legislation.

To this end, I circulated yesterday to the distinguished chairman of the Judiciary Committee the unanimous consent request that I made. It lays out a simple road map for us to proceed to a juvenile justice conference before the August recess and before the new school year begins. I understand the unanimous consent request cannot be accepted tonight, but if we could accept this, or a form of it, this is what it would do:

We would take up the House juvenile justice bill, H.R. 1501; we would substitute the Hatch-Leahy bill, S. 254, amended to eliminate the provision banning the import of high-capacity ammunition clips; pass the bill as amended; request a conference with the House; instruct the conferees to include in the conference report the eliminated provision on high-capacity ammunition clips—put it back in, because parliamentarily it would be allowed—and we would authorize the Chair to appoint conferees.

The fact that the House returned the Senate juvenile justice bill to us is not an insurmountable obstacle to get to conference on this important issue. This unanimous consent—or a form of it—would lay out a simple procedure for us to get to conference promptly, and the majority has the power to say: We agree, let's go to conference.

We know only too well that when it is something that has the commercial interests of Y2K liability protection, we can go over what seem to be insurmountable obstacles and enact legislation into law. There is no commercial interest. There is certainly far more. It is the safety of our children. It is allowing our children to have a youth. It is allowing our children to go to school, as we did, in safety. It is allowing our children to learn, to be young people, and not to be forced to grow up in violence.

It is a gift we could give to the children of America. It is something we could do before they go back to school. It is something we should do.

Mrs. BOXER. Mr. President, will the Senator yield for a question?

Mr. LEAHY. Yes.

Mrs. BOXER. It is a very brief question.

I have just gone over with my colleague and some of our staff the fact that the House sent this bill over 3 weeks ago. We did our work. They did their work. And when our friend, the majority leader, says we are dragging our feet, we certainly didn't drag our feet on the juvenile justice bill.

I ask my friend if he agrees that we have not dragged our feet on that bill and that we have acted as we should. God knows, we want to make sure we do something to make things better.

As I see it, on June 23, 1999, this bill was placed on the calendar. No one is dragging their feet on this bill. Both Houses have done their work, and it is time to move forward to avoid another tragedy.

I ask my friend if he agrees with that.

Mr. LEAHY. The Senator from California is correct. We have moved very quickly on it. I hope we do not run into the situation that happened last year. We spent a lot of time on the juvenile justice bill, and then it languished and languished after coming out of committee. It sat so long that by the time we got to it, the time of the session ran out. In fact, the end of the Congress ran out.

Here we are not right at the end of a Congress, but we are facing a school year, and we should begin.

I promised the distinguished senior Senator from New Hampshire that I would wrap up. I believe I have wrapped up.

Mr. GREGG. I thank the Senator from Vermont.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from New Hampshire.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

Mr. GREGG. Mr. President, I ask the Chair to lay before the Senate Calendar No. 153, the fiscal year 2000 Commerce, Justice, and State appropriations bill.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

A bill (S. 1217) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. GREGG. Mr. President, I bring before the Senate today, on behalf of myself, the Senator from South Carolina, and members of the Appropriations Committee, the bill to fund the Departments of Commerce, Justice, and State, the judiciary, and related agencies, which I want to spend some time discussing.

But before I do that, let me begin by thanking, for the extraordinary

amount of work and effort that they put into this bill, my staff and the staff of the Senator from South Carolina. They have put in so many hours. It is incredible. They spent evenings here. They spent nights here. And they spent weekends here, all at the expense of their families. I, for one, am extraordinarily appreciative of that.

PRIVILEGE OF THE FLOOR

Let me mention a few folks. I ask unanimous consent that all of these people be granted full floor privileges during the consideration of this bill.

Jim Morhard, of course, who is the clerk of the staff and chief operating officer, Paddy Link, Kevin Linskey, Eric Harnischfeger, Clayton Heil, Dana Quam, Meg Burke, Vas Alexopoulos, Jackie Cooney, Brian McLachlan, Lila Helms, Emelie East, and Tim Harding. These folks work incredible hours. We very much appreciate it.

Mr. President, this bill recommends a total of $35.3 billion in spending for the fiscal year 2000. The bill provides, however, $918 million less than was appropriated in fiscal year 1999.

In fact, if you include in it the fact that we have had the significant increase in the amount of money that is being spent on the census over what was spent last year, because we are headed into a census period, the real reduction below last year's spending in this bill is closer to about $2.6 billion. It is, of course, significantly less than the President's request.

Much of this reduction, however, from the President's request, is the result of the fact that we decided not to fund advanced appropriations, something I very much oppose, and I think is bad policy. The President included in his budget request advanced funding requests of considerable amounts. We simply did not proceed with those.

In fact, his advanced funding initiatives covered 6 years out. So I hope the President won't be putting out press statements that we are ''denying'' him something. When we get to those years, we will take a hard look at his request and, hopefully, be able to address them in a way that we can agree on them, should we all be in our present positions.

The Committee chose not to add a great deal of money for many of the President's requests that are new initiatives. We instead took a very strong, fiscally conservative approach. We stay within our budget allocation, which was $918 million below last year's level.

The Administration's proposed programmatic spending increased by 29.5 percent over last year's enacted budget. We decided that was a mistake. Ironically, considering the amount of the increase, the President's budget still underfunded what we considered to be critical functions of these agencies under our jurisdiction.

Specifically, the Border Patrol was underfunded by $185 million; and targeted programs that the Committee relies upon, such as the State and local law enforcement block grants, cut by $522 million; juvenile crime funding by $250 million; and State prison grants by $665 million. These were all reductions in the President's budget, even though the President's budget was a high number.

So we took the President's budget, and we tried to work with it, and we put our priorities in place. I think we have come up with an excellent bill considering the tightness of the allocation and the pressures which are on us. We had to reevaluate our priorities in light of that.

The Justice Department is, of course, the single biggest area in our bill. It is a big number. It represents, obviously, a significant part of the responsibility of the Federal Government. It has within it agencies such as the FBI, DEA, INS, U.S. Attorneys Office, and many other subagencies that do an exceptional job of protecting our country and making us a safe nation in which to live.

We have attempted to show our concern and our respect for the efforts of these agencies by funding them as aggressively as we can in the context of this difficult financial situation in which we find ourselves.

We have, however, also made some initiatives. First, we initiated efforts in the area of children and youth. Last year, unfortunately, we saw—and this year we have seen—students shoot people in schools. We have seen violence in schools of extraordinary proportions that has depressed us and outraged us.

Last year we were a little bit ahead of the curve, I guess, in this Committee in that we set up a fund the purpose of which was to address safe school initiatives. This year we are expanding that fund. The Safe Schools Initiative was really an effort by myself and Senator HOLLINGS. It addressed issues such as making sure that schools would have the opportunity, if they so desired, to have police officers work with the students, making available better equipment for schools, and determining whether weapons were being brought into the schools. It is to provide a significant amount in the area of prevention in the schools so that there would be adequate counseling funds available.

That effort, which was started last year with approximately $240 million, is continued in this bill aggressively. We have for example, put $180 million in for school resource officers. The idea is to have police officers in the school systems, if the school systems want them, to help educate kids as to the need to respect the law and to work with law enforcement.

There is $38 million for community planning and prevention activities, which is a big sum, and $25 million to develop new and more effective safety technology that schools can use for surveillance.

We are also providing a significant amount of money for a number of specific agencies which we think do an extraordinary job in helping prevent crime and deal with kids who may have gotten off the path in their early years. Specifically, we are providing $50 million for the Boys and Girls Clubs of America, which we think have done an excellent job.

We also put money in for Big Brothers/Big Sisters and for the National Center for Missing and Exploited Children, significant amounts of dollars, increases over last year.

We don't want to reinvent the wheel. We think there are programs out there working. Rather than trying to reinvent the wheel, we are saying to the programs, ''Let us help you.'' They are the professionals, and they know how to do this. They have a track record of doing it well, such as the Boys and Girls Club, Big Brothers and Big Sisters, the National Center for Missing and Exploited Children. Let us support you. We have done that in this bill. I named those three agencies; there are others.

We also escalated the effort in the area of the Office of Juvenile Justice and Delinquency Prevention to a level of $284 million, and $100 million for the juvenile accountability block grants, giving funds to States that come forward to use the money.

We address the Missing and Exploited Children Program. Again, the National Center has done an extraordinary job. The FBI has the strike team in this area. We have funded both those areas very aggressively. We feel very strongly this is an area where we have made progress, and we want to keep that progress going. For example, we have a Cyber Tipline for parents, teachers—even kids, if they are so inclined—who can directly access the National Center for Missing and Exploited Children. The tipline is reached through the Internet. The information entered goes to professionals who review each concern, whether it happens to be pornography, pedophilia, or just a threat to a child. Professionals can directly access the proper law enforcement agency or community service agency to immediately be brought into the process for addressing that person's concern.

We have done a great deal in the area of fighting drugs. I can go on at considerable length in the drug-fighting area. We put a high priority on this. We felt the Administration maybe missed the mark a little bit. Instead of giving the DEA the reinforcement teams they needed, they underfunded the teams. We funded the regional and mobile enforcement teams at the level the DEA wanted so we can have the strike teams that have been so successful. In the methamphetamine area we have done a great deal, and we will continue to push that aggressively.

The Justice Department covers such a broad spectrum, there is no shortage

of areas to discuss. I am trying to highlight themes of the bill. We are trying to put funds where we know we get results. We are trying to address needs we know are essential, such as the safe school programs, the missing children programs, the issue of child pornography on the Internet, and the pedophile issue of predators over the Internet.

Again this year, we put an extremely strong effort into the violence against women initiatives. This was an area both Senator HOLLINGS and I felt strongly about. We have funded this aggressively over the last few years. We will continue to fund this area aggressively. The bill includes $283 million to combat violence against women. The funding continues special grants started last year at the suggestion of Senator WELLSTONE for colleges to have funds available to address threats against women on campuses.

We have Indian initiatives in the bill, including the Indian Country Law Enforcement Initiative. These have mostly been done at the suggestion of Senator CAMPBELL, who is the head of the Indian Affairs Subcommittee, and is also on this Committee. He has had great ideas.

We have initiatives in the area of DNA identification.

A long-standing effort of the Committee has been to make sure that we are getting better prepared for what is an inevitable, unfortunate event, and that is a terrorist attack against American facilities. We are coming upon, unfortunately, the anniversary of the Nairobi and Dar es Salaam attacks. We know there are evil people that wish Americans harm. We have to get ready for that. We have had a three-prong approach to this which was started about 4 years ago, purely through the urging and initiative of this Committee. We set up a task force effort for coordination of the agencies on counterterrorism. We have great results, although we are nowhere near where we need to be. However, we are moving in the right direction.

The three levels of effort are: (1) counterintelligence, especially overseas counterintelligence; (2) interdiction of people before they get to the United States; and, (3) the issue of dealing with an event should a catastrophe occur as a result of a terrorist attack.

We have set up counterterrorism initiatives in this bill, and we continue to expand all our efforts on all three of those fronts. We fund research to try to get a handle on how to respond to biological and chemical attacks. For first responders, we are giving communities the ability through police, fire, and health facilities, when they are first on the scene, to be able to handle that efficiently. We have an excellent national effort on first responders. There is adequate funding for the FBI and State Department, which are under our jurisdiction, in their efforts of counterterrorism, intelligence, and identifying the threat.

I don't claim we are there. We are just at the beginning, an adolescence level. We were at an embryonic state 4 years ago, but we have grown and gotten better. We will continue to grow and get better. Unfortunately, we are in a race against time, in my opinion, but we do recognize that. It takes a long time to educate and get people up to speed. It takes a long time to buy the equipment we need. We are doing our best at it. In this Committee, and I think as a government, we are working well together.

The INS issue is another big issue we tried to address. We have had a lot of support from people who have border issues. Certainly, Senator HUTCHISON from Texas has been a strong member of this Subcommittee and feels very strongly about this. Senator DOMENICI, of course, from New Mexico feels strongly about this. Senator KYL from Arizona feels strongly about this.

Last year, we funded an extra 1,000 Border Patrol agents in our bill. Unfortunately, the INS has not been able to put those people in place. There are a lot of excuses flying around and a lot of finger pointing. We think we have in this bill addressed the finger pointing. There should be no excuse for not getting those folks on board. We have added another 1,000 agents on top of those 1,000. We had made a commitment to add 3,000 and we are keeping that. We differ with the White House, who did not address the 1,000 agents. There was a front-page newspaper story about people in terror in Douglas, AZ, of being overrun by illegal aliens. People cannot water their garden without a gun in order to protect themselves. We have to control our borders. This bill makes an extraordinary effort to do that.

We have funded aggressively the Commerce Department. That is not an understatement, even in the context of our tight funding situation.

We have increased the Census Bureau significantly with $1.7 billion of new funds, for a total of $3.1 billion. We understand they do not feel that is enough. We will hold hearings to find out what they think they need. The night we were marking up, we got the notice they were upset with the amount of money. I found that to be ironic and not very good management. When I see something similar to that, I say to myself maybe we better find out what they really do need. If they can't get it to us sooner than that, maybe there is not a good management scheme behind that request. We will have hearings to find out. There may have to be some further effort to address the census funding. I recognize that. I think everybody else recognizes that.

The NOAA account is well funded. This is a very important agency for many who live on the coast. Obviously, it is critical, but equally important, for those that happen to live in Oklahoma or in Arkansas where the severity of the weather can have horrible events. As in Oklahoma recently, the importance of adequate atmospheric predictions are critical. We have taken a major effort to adequately fund that.

NTIA and ITC—we have funded all those as best we can. We think we have done a good job, especially in the international trade accounts.

State Department is another agency which comes under the jurisdiction of this Committee. This Committee has fascinating jurisdiction. State Department, of course, is critical. We had the Crowe report, which told us that we need to spend $1.4 billion annually for a period of 10 years in order to get our embassies to a position where they could adequately defend themselves against potential terrorist attack. We are coming up on the 1-year anniversary of that event.

Now, we did have an emergency appropriation a year ago of $1.4 billion and that is being spent, and I think they are doing a good job of using that money to do the initial, primary protective things they need to do: put in barriers, change the location of the security houses, and making sure people have adequately secured the immediate activity going on in the embassies. But there are tens of embassies which have to be repaired, changed, physically moved in order to become secure. The cost is extraordinary.

The White House regrettably did not send up a very high number in security. They asked for $300 million. We put a priority on this. We have it up to $430 million in this bill, which was difficult to do in the context of the caps we are working with. We hope to find more money somewhere as we move down the road because we feel very strongly that giving adequate security—not only physical security is important, but I feel very strongly, and I know Senator HOLLINGS feels strongly, the dependents of our people we send overseas need to have security. If you have kids going to school, if your wife is living, going to the grocery store or maybe working another job in a foreign country, she, and your children—or your husband and children—should not be at risk. We should be able to give them security too. So we are trying to upgrade the security, not only for the diplomats but also for their dependents, something I place a very high degree of responsibility on.

Obviously, the State Department has a lot of other functions. U.N. arrears has been an item of considerable discussion now that there has been an agreement. With the foreign relations authorization bill being passed, we have funded the arrears. There is still

some discrepancy as to what the number was in that agreement, but our intention is to fund the arrears, pursuant to the agreement reached between Senator HELMS, the Administration, and the U.N. But let's remember those moneys do not get spent unless the U.N. lives up to its responsibilities to start putting in place adequate accounting systems, to cut down on what is the patronage system there, which is outrageous, and to give the United States an adequate voice in the budgetary process. It does not have this now because it was kicked off the Budget Committee which was inexcusable considering the fact we pay 25 percent of the costs of that institution.

We have also, of course, funded a variety of other activities within the State Department, and we are totally committed to trying to give the State Department the resources they need. I recognize there are some shortfalls here in the State Department which again were forced upon us by the tight constraints we are confronting. They are not shortfalls which we are happy with, but they were things we had to do, especially in the overhead area.

There may be some amendments to move money around in the State Department. If there are, I am going to ask people serious questions as how they can do that because there is no budget in the State Department that has any excess money in it. I can assure my colleagues of that, after we have gone through this and had to reduce overall spending a stated $73.683 million below last year's level, but it's actually $3.614 billion below the President's budget request. We have funded this year's services at last year's levels. It is something members of the Subcommittee have agreed with.

We also made, as I mentioned, a major initiative in the area of Internet on a variety of different levels. I feel very strongly we should not discipline the Internet. It's not our job to try to control the Internet. It would be a serious mistake as a Government. We should not be taxing it. What we do need to do is look at those areas where the Federal role is appropriate. One, of course, as I mentioned before, is to continue to police the Internet relative to the use of child pornography and the predations of pedophiles on the Internet. We have again aggressively funded the FBI efforts in that area, along with the National Center for Missing and Exploited Children and Boys and Girls Clubs' initiatives in this area, so we can start to get a handle on this. So when a predator goes on the Internet and starts selling child pornography, or starts trying to entice a child, through the use of the Internet, into some sort of meeting that might end in the harm of that child, that predator will have to ask themselves, ''Am I talking to a child or am I talking to a FBI agent or a trained local law enforcement agent?'' That is a good question today because, I can tell you, there are a lot of FBI resources committed to this. Every day we are multiplying the number of local law enforcement resources committed, so people are at significant risk if they try to use the Internet for those types of things.

In addition, the Internet is unfortunately being used to prey on senior citizens through fraudulent schemes. We funded the FTC effort in this area, which I think is very important. They started their own initiative to try to deal with fraud over the Internet, and we are aggressively funding this program.

Not of less importance, but not as personally important because it doesn't impact individuals so immediately, but certainly it can impact them, is the need for the Securities and Exchange Commission (SEC) to be more aggressive. They understand this. There is an initiative that came from the SEC to get more aggressive in monitoring the Internet and certainly the stock activities on the Internet. Therefore, we fund the SEC initiatives in this area. We are happy to do that.

In our opinion, we fund adequately the other agencies regulatory agencies, SBA, FCC. I already mentioned the FTC and the SEC. So we have attempted in this bill to address, with the extremely limited amount of money that we had, the needs of the agencies which are under our control.

Mr. President, I now yield to the Senator from South Carolina. Before I do, I thank the Senator from South Carolina for his extraordinary knowledge and support. I say this every year, but it is absolutely true. He brings so much institutional history to this bill, we really could not function without him. He understands what the background is of these issues as they come down the pike, something I do not necessarily understand. That type of information is critical.

He is wonderful to work with. I respect his knowledge, his ability, and his willingness to be supportive and helpful on what is a very complex bill, which includes many strong initiatives of which he is certainly the father.

I yield to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I am pleased to join my subcommittee chairman and colleague, Senator GREGG, in presenting to the Senate S. 1217, the fiscal year 2000 Commerce, Justice, and State, the judiciary, and related agencies appropriations bill. Once again, I would like to commend Chairman GREGG for his outstanding efforts and bipartisan approach in bringing a bill to the floor that—in most areas—is good and balanced.

We fund a wide variety of Federal programs through this appropriations bill. We fund the FBI, the DEA, the State Department and our embassies overseas, the Census Bureau, NOAA, the Supreme Court, the Federal Communications Commission, the Federal Trade Commission, and the list goes on and on. As a result, this bill provides funding for a host of efforts that range from fighting ''the war on drugs'' and ''the battle against cybercrimes'', to preparing at the local level against ''domestic terrorism'' and ''natural disasters.'' This bill provides funding to protect both our elderly citizens from abuse and marketing scams and our youth from sexual predators on the streets and on the Internet. We provide funding for fisheries research and atmospheric research; we provide funding for our weather satellite systems and forecasts; we provide funding for the management of our fragile coastal areas—initiatives that impact every single aspect of our community—businesses, farms, the fishing industry, the tourism industry, and the consumer.

In total, this bill provides $34.1 billion in budget authority which is about $400 million above last year's appropriated level. Even though we had an increase of $400 million in our allocation for fiscal year 2000, the funding level requested for the Census Bureau for fiscal year 2000 was a $1.7 billion increase above the current funding level. In other words, Mr. President, to fully fund the 2000 decennial census we were required to cut $1.3 billion in funding from the fiscal year 1999 funding level for all other programs. This was not an easy task, and with the exception of a few circumstances that I will touch on in greater detail later, Senator GREGG did a remarkable job.

Chairman GREGG has mentioned many of the funding specifics in this bill, so I will not repeat the details; however, I would like to point out to our colleagues some of the highlights of this bill.

This bill provides $17 billion for the Department of Justice, including $2.9 billion for the FBI, $1.2 billion for the DEA, and $3 billion for the Office of Justice programs. Within the Department of Justice, we continue the Safe Schools Initiative which Senator GREGG and I started last year, and provides $218 million in funding for additional school resource officers, technology, and community initiatives in an effort to combat violence in our schoools.

Mr. President, again this year Americans watched news stories unfold about shootings and other violent acts as they occurred in our schools. Violent crime in our schools is simply unacceptable and must be stopped. We cannot allow violence or the threat of violence to turn our schools into a hostile setting that prevents our students from obtaining the education they deserve. To fully understand the circumstances under which our youth are

attending school, one needs to only look at a few statistics that have been gathered recently:

During the 1996–97 school year, 10 percent of all public schools reported one or more serious violent crimes to the police or other law enforcement representatives. An additional 47 percent of public schools reported at least one less serious or nonviolent crime to police. (1998 Department of Education Annual Report on School Safety)

About 6,093 students were expelled during the 1996–1997 academic school year for bringing firearms or explosives to school. (1998 Report on State Implementation of the Gun-Free Schools Act—School Year: 1996–1997, Department of Education)

In 1995, over 2 million students between the ages 12 and 19 feared they were going to be attacked or harmed at school.

Likewise, about 2.1 million students between the ages 12 an d19 avoided one or more places at school for fear of their own safety. (1998 Indicators of School Crime and Safety, U.S. Depts. of Education and Justice.)

This Safe Schools initiative is aimed at protecting our children by putting more police in the school setting. The bill provides $180 million, $55 million above the President's request, through the Office of Justice programs solely for the hiring of school resource officers. The additional $38 million is directed towards community planning and prevention activities—for local police departments and sheriff's offices to work with schools and other community-based organizations to develop programs to improve the safety of elementary and secondary school children and educators in and around the schools of our nation. This is a much needed program, and an initiative that has proven to be successful in the past.

This bill also provides $283.7 million for the Violence Against Women Program, $75 million for State prison grants, $400 million for the Local Law Enforcement Block Grant Program, $40 million for drug courts, and $284.5 million for juvenile justice programs. In addition, $25 million has again been provided for the bulletproof vest grant program to reduce the risk of serious injury or death to our nation's law enforcement officers. In an effort to respond to the proliferation of crimes involving children, the committee has provided $19.9 million for the Missing Children Program, an increase of $2.78 million over last year's amount. This money will be used to combat the ever increasing number of crimes against children with an emphasis on kidnapping and sexual exploitation.

The bill provides $7.2 billion for the Commerce Department, of which $3.1 billion is to be used to conduct the decennial census. The administration submitted a budget amendment for an additional $1.7 billion in funding for the decennial census; unfortunately, we received that request only two days before consideration of the bill by the subcommittee and full committee. Senator GREGG and I are working on scheduling a hearing prior to conference with the House to address the budget amendment, and I appreciate the chairman's efforts in addressing this issue in a nonpartisan manner.

The Advanced Technology Program (ATP) of the National Institute of Standards and Technology (NIST) is funded at $233.1 million which is above last year's level by $29.6 million, and the Manufacturing Extension Partnership (MEP) program is funded at a level of $109.8 million. This amount will fully fund all MEP centers.

The bill also provides $2.5 billion for NOAA, an increase of $384 million over last year's funding level. I am pleased that the distinguished chairman has worked with me to insure that we maintain a focus on our oceans and coastal waterways.

Regarding NOAA, Mr. President, if I could just take a minute, I would like to recognize the outstanding work of Dr. Nancy Foster, head of the National Ocean Service, which oversees the labs, estuarine reserves, and the Coastal Services Center in my home state of South Carolina. I can tell you she is one of the hardest working public servants with whom I have had the privilege of working over the past several years, and she has brought to the job boundless energy, understanding, and an ability to fix problems.

Dr. Foster has been with NOAA since 1977. She helped create the National Marine Sanctuary and Estuarine Research Reserve Programs. These programs preserve America's near shore and offshore marine environments in the same manner as do the better known national parks and wildlife refuges run by the Department of the Interior. Nancy went on to serve as the Director of Protected Resources at NOAA's National Marine Fisheries Service, where she managed the Government's programs to protect and conserve whales, dolphins, sea turtles and other endangered and protected species. After that, she was named the Deputy Director of the entire fisheries service, where she proved especially sensitive to the economic impact on communities and the need to promote what the folks downtown and in academia call ''sustainable development.''

In 1997, Secretary Bill Daley and Under Secretary Jim Baker tapped Nancy to take over the National Ocean Service. That is about as high as a career professional can go; in other agencies or bureaus, this level of position would be held by at least an Assistant Secretary-level official. NOS is the oldest part of NOAA—coastal mapping traces its lineage back to 1807—and she directed reinvention and change so that the Ocean Service became one of the most modern and more effective parts of NOAA. Dr. Foster is always finding new ways to do business. She is an innovator. She directed the total modernization of NOAA's nautical mapping and charting. Along with Dr. Sylvia Earle, she has created a partnership with the National Geographic Society to launch a 5-year undersea exploratory program called ''Sustainable Seas Expeditions.'' Their goal is to use these exploratory dives to rekindle our nation's interest in the oceans, and especially the national marine sanctuaries. They are bringing back the kind of enthusiasm and public education that Jacques Cousteau created when I first came to the Senate.

Mr. President, Nancy Foster is the person at NOAA whom the rank and file employees—the marine biologists, scientists and researchers—trust and look up to. She is a role model for professional women everywhere, especially those who work in the sciences. She is an official whom we in the Congress can look to for leadership and who pays attention to local and constituent issues. She is non-partisan and plays it straight.

Dr. Foster recently underwent surgery at Johns Hopkins Hospital and is home recuperating. So Nancy, if you are watching at home on C-Span, on behalf of Senator GREGG, the Appropriations Committees as well as the Commerce Authorization Committee, and our professional staff, I want to wish you the best. Take your time and get well. We need you back on the job, and wish you a speedy recovery.

The bill includes a total of $5.4 billion for the Department of State and related agencies. Within the State Department account, $883 million has been provided for worldwide security, an increase of $146 million above the President's request. Additionally, in recognition of the high profile risk that State Department family members face in overseas locations, $40 million has been included to improve the security in and around both housing and school areas for the families of those who serve in this capacity. The funding level also includes payment of international organization and peacekeeping funds, including $244 million for UN arrears.

I highlighted a few minutes ago the Safe Schools Initiative that Chairman GREGG and I have worked together on for the past 2 years. I would also like to comment briefly on two other important initiatives before closing: electronic commerce and COPS.

Regarding electronic commerce and the Internet, I would like to discuss an area which is growing in significance each day. With the explosion of the Internet as an electronic transaction medium, we cannot ignore the increasing potential for fraud, abuse, and attacks on consumer privacy. If we stop and take a look at the Internet and the

potential that it has, we recognize that its very design allows schemers and con artists to reach more people, with more scams, at a faster rate while remaining virtually anonymous. This is a veritable breeding ground for electronic fraud and abuse. In fact, it was recently reported that the Securities and Exchange Commission (SEC) receives more than 100 complaints per day about illegal Internet activity involving fraudulent stock and investment schemes. In 1998, the National Consumers League received over 7,700 Internet fraud complaints which was a 385-percent increase over the previous year. With reports like this I think that it is clear that protection efforts need to keep pace with the growing number of Internet users, particularly since estimates indicate that perhaps 50 percent of the population of the United States will have access to the Internet by the year 2000.

In response to the growth of this sector, Mr. President, this bill includes funding for a number of programs and activities. I would like to again commend Chairman GREGG for his efforts to address this growing problem of Internet fraud, particularly given the tight budget constraints under which this bill was put together. This bill provides $133 million in funding to the Federal Trade Commission (FTC) for FY 2000, an increase of $16.7 million above the current funding level. This increase was provided in part because the subcommittee is mindful of the FTC's efforts toward ensuring that electronic commerce continues to flourish and consumers do not become victims of fraud and abuse while conducting transactions on the web. Additionally, the committee has provided $10 million in funding for the Securities and Exchange Commission (SEC) to assist in the prevention, detection, and prosecution of Internet related fraud and investment schemes.

Finally, regarding the COPS initiative, I can fully understand the difficult decisions the chairman had to make as we put this bill together. And as I have stated, I support him on just about everything in this bill—with the exception of eliminating the COPS program. This is a good program that has proven to work. And it works well. Crime has been declining for 6½ consecutive years and is at a 25 year low. We are getting the jump on crime and this is not the time to just stop funding the program. Numerous law enforcement groups agree. The International Brotherhood of Police Officers support the program, the National Sheriffs Association supports the program, the National Troopers Coalition supports the program, the International Association of Chiefs of Police supports the program, and the list goes on. I completely understand the limitations under which the chairman operated in getting a bill to the floor. Several of my colleagues have been working for the past several weeks in putting together an amendment to reestablish the COPS Program. While I believe that program deserves even more funding than provided in the amendment, I also believe the amendment is a good response and practical effort toward restoring an effective and valuable program while acknowledging the many funding restraints imposed on this bill. I look forward to debating this issue further when the amendment is offered.

In closing let me say again that given the allocation we received, this is a good bill. Many—but not all—of the administration's priorities were addressed to some extent. Likewise many—but not all—of the priorities of congressional Members were addressed to some extent. I know that every year we face difficulties with respect to limited funding and multiple priorities, but the funding caps this year proved to be unusually prohibitive. As a result, tough decisions were made. However, I believe that the Commerce, Justice, State Subcommittee made those decisions in a bipartisan and judicious manner which will allow us to address many critical funding needs such as Census 2000, 1000 additional Border Patrol agents, counter-terrorism efforts, the FBI's capabilities to combat cybercrime and crimes against children, DEA's continued war on drugs, critical fisheries research, and overseas peacekeeping efforts.

I would like to take a moment before closing to acknowledge and thank Senator GREGG's staff and my staff for their hard work and diligence in bringing together a bill that does everything I have just mentioned and more. They have worked nonstop in a straightforward and bipartisan manner, to deliver the bill that is before the Senate today. This bill could not have come together without their efforts and I thank them for all of their hard work.

Mr. President, let me reiterate my gratitude to Chairman GREGG and my admiration for the balanced bill that he has produced. What we were confronted with, in a capsule, was a cut of some $1.3 billion from the present policy appropriation, with the ad-on demand of $1.7 billion for the census for next year. Within those confines, Senator GREGG has really done an outstanding job, I can tell you that. It is balanced. It is thoughtful. I have seen, over the years, this bill handled by several chairmen but no one has done the job Senator GREGG has done on this particular measure. So I am glad to join with him. We want to move it as expeditiously as we possibly can.

With that said, let me yield to the chairman.

AMENDMENT NO. 1271

Mr. GREGG. Mr. President, at this time I send to the desk a managers' amendment. I ask unanimous consent the managers' amendment I have now sent to the desk be considered and agreed to, en bloc. These noncontroversial amendments have been cleared by both sides.

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

The amendment was agreed to, as follows:

On page 6, line 14, strike ''any other provision of law'' and insert ''31 U.S.C. 3302(b)''.

On page 6, line 18, strike ''(15 U.S.C. 18(a))'' and insert ''(15 U.S.C. 18a)''.

On page 25, line 23, insert after ''(106 Stat. 3524)'', ''of which $5,000,000 shall be available to the National Institute of Justice for a national evaluation of the Byrne program,''.

On page 30, line 17, strike after ''1999''; ''of which $12,000,000 shall be available for the Office of Justice Programs' Global Information Integration Initiative;''.

On page 50, line 6, insert before the period: ''to be made available until expended''.

On page 73, between lines 12 and 13, insert the following:

''SEC. 306. Section 604(a)(5) of title 28, United States Code, is amended by adding before the semicolon at the end thereof the following: ', and, notwithstanding any other provision of law, pay on behalf of justices and judges of the United States appointed to hold office during good behavior, aged 65 or over, any increases in the cost of Federal Employees' Group Life Insurance imposed after April 24, 1999, including any expenses generated by such payments, as authorized by the Judicial Conference of the United States.' ''.

On page 75, line 15, insert the following after ''period'': '', unless the Secretary of State determines that a detail for a period more than a total of 2 years during any 5 year period would further the interests of the Department of State''.

On page 75, line 21, insert the following after ''detail'': '', unless the Secretary of State determines that the extension of the detail would further the interests of the Department of State''.

On page 76, line 11, insert before the period: '': *Provided further,* That of the amount made available under this heading, not less than $11,000,000 shall be available for the Office of Defense Trade Controls''.

On page 110, strike lines 15 through 23 and insert in lieu thereof:

''(ii) Notwithstanding otherwise applicable law, for each license or construction permit issued by the Commission under this subsection for which a debt or other monetary obligation is owed to the Federal Communications Commission or to the United States, the Commission shall be deemed to have a perfected, first priority security interest in such license or permit, and in the proceeds of sale of such license or permit, to the extent of the outstanding balance of such a debt or other obligation.''.

On page 111, insert after the end of Sec. 619:

''SEC. 620. (a) DEFINITIONS.—For the purposes of this section—

(1) the term ''agency'' means the Federal Communications Commission.

(2) the term ''employee'' means an employee (as defined by section 2105 of title 5, United States Code) who is serving under an appointment without time limitation, and has been currently employed by such agency for a continuous period of at least 3 years; but does not include—

(A) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government.

(B) an employee having a disability on the basis of which such employee is or would be eligible for disability retirement under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government.

(C) an employee who has been duly notified that he or she is to be involuntarily separated for misconduct or unacceptable performance;

(D) an employee who has previously received any voluntary separation incentive payment from the Federal Government under this section or any other authority.

(E) an employee covered by statutory reemployment rights who is on transfer to another organization; or

(F) any employee who, during the twenty-four month period preceding the date of separation, has received a recruitment or relocation bonus under section 5753 of title 5, United States Code, or who, within the twelve month period preceding the date of separation, received a retention allowance under section 5754 of that title.

(3) The term ''Chairman'' means the Chairman of the Federal Communications Commission.

(b) AGENCY PLAN.—

(1) IN GENERAL.—The Chairman, prior to obligating any resources for voluntary separation incentive payments, shall submit to the Office of Management and Budget a strategic plan outlining the intended use of such incentive payments and a proposed organizational chart for the agency once such incentive payments have been completed.

(2) CONTENTS.—The agency's plan shall include—

(A) the positions and functions to be reduced, eliminated, and increased, as appropriate, identified by organizational unit, geographic location, occupational category and grade level;

(B) the time period during which incentives may be paid;

(C) the number and amounts of voluntary separation incentive payments to be offered; and

(D) a description of how the agency will operate without the eliminated positions and functions and with any increased or changed occupational skill mix.

(3) CONSULTATION.—The Director of the Office of Management and Budget shall review the agency's plan and may make appropriate recommendations for the plan with respect to the coverage of incentives as described under paragraph (2)(A), and with respect to the matters described in paragraph (2)(B)–(C).

(c) AUTHORITY TO PROVIDE VOLUNTARY SEPARATION INCENTIVE PAYMENTS.—

(1) IN GENERAL.—A voluntary separation incentive payment under this section may be paid by the Chairman to any employee only to the extent necessary to eliminate the positions and functions identified by the strategic plan.

(2) AMOUNT AND TREATMENT OF PAYMENTS.—A voluntary incentive payment—

(A) shall be paid in a lump sum, after the employee's separation;

(B) shall be equal to the lesser of—

(i) an amount equal to the amount the employee would be entitled to receive under section 5595(c) of title 5, United States Code (without adjustment for any previous payments made); or

(ii) an amount determined by the Chairman, not to exceed $25,000;

(C) may not be made except in the case of any qualifying employee who voluntarily separates (whether by retirement or resignation) under the provisions of this section by not later than September 30, 2001;

(D) shall not be a basis for payment, and shall not be included in the computation, of any other type of Government benefit; and

(E) shall not be taken into account in determining the amount of any severance pay to which the employee may be entitled under section 5595 of title 5, United States Code, based on any other separation.

(d) ADDITIONAL AGENCY CONTRIBUTIONS TO THE RETIREMENT FUND.—

(1) IN GENERAL.—In addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, the agency shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final base pay of each employee of the agency who is covered under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, to whom a voluntary separation incentive has been paid under this Act.

(2) DEFINITION.—For the purpose of paragraph (1), the term ''final basic pay,'' with respect to an employee, means the total amount of basic pay which would be payable for a year of service by such employee, computed using the employee's final rate of basic pay, and, if last serving on other than a full-time basis, with appropriate adjustment therefor.

(e) EFFECT OF SUBSEQUENT EMPLOYMENT WITH THE GOVERNMENT.—

(1) An individual who has received a voluntary separation incentive payment from the agency under this section and accepts any employment for compensation with the Government of the United States, or who works for any agency of the United States Government through a personal services contract, within 5 years after the date of the separation on which the payment is based shall be required to pay, prior to the individual's first day of employment, the entire amount of the lump sum incentive payment to the agency.

(2) If the employment under paragraph (1) is with an Executive agency (as defined by section 105 of title 5, United States Code), the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel management may, at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(3) If the employment under paragraph (1) is with an entity in the legislative branch, the head of the entity or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(4) If the employment under paragraph (1) is with the judicial branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant for the position.

(f) INTENDED EFFECT ON AGENCY EMPLOYMENT LEVELS.—

(1) IN GENERAL.—Voluntary separations under this section are not intended to necessarily reduce the total number of full-time equivalent positions in the Federal Communications Commission. The agency may redeploy or use the full-time equivalent positions vacated by voluntary separations under this section to make other positions available to more critical locations or more critical occupations.

(2) ENFORCEMENT.—The president, through the office of Management and Budget, shall monitor the agency and take any action necessary to ensure that the requirements of this subsection are met.

(g) REGULATIONS.—The Office of Personnel Management may prescribe such regulations as may be necessary to implement this section.

(h) EFFECTIVE DATE.—This section shall take effect on the date of enactment. (Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1999, as included in Public Law 105–277, section 101(b).''.

At the end of title VI, insert the following:

''SEC. 621. The Secretary of Commerce (hereinafter the ''Secretary'') is hereby authorized and directed to create an ''Interagency Task Force on Indian Arts and Crafts Enforcement'' to be composed of representatives of the U.S. Trade Representative, the Department of Commerce, the Department of Interior, the Department of Justice, the Department of Treasury, the International Trade Administration, and representatives of other agencies and departments in the discretion of the Secretary to devise and implement a coordinated enforcement response to prevent the sale or distribution of any product or goods sold in or shipped to the United States that is not in compliance with the Indian Arts and Crafts Act of 1935, as amended.''.

Mr. GREGG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 1272

(Purpose: To extend the Violent Crime Reduction Trust Fund)

Mr. GREGG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative assistant read as follows:

The Senator from New Hampshire [Mr. GREGG] proposes an amendment numbered 1272.

Mr. GREGG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title I, insert the following:

SEC. . EXTENSION OF VIOLENT CRIME REDUCTION TRUST FUND.

(a) IN GENERAL.—Sections 310001(b) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211) is amended by striking paragraphs (1) through (5) and inserting the following:

(1) for fiscal year 2001, $6,025,000,000;

(2) for fiscal year 2002, $6,169,000,000;

(3) for fiscal year 2003, $6,316,000,000;

(4) for fiscal year 2004, $6,458,000,000; and

(5) for fiscal year 2005, $6,616,000,000.

(b) DISCRETIONARY LIMITS.—Title XXXI of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211 et seq.) is

amended by insering after section 310001 the following:

SEC. 310002. DISCRETIONARY LIMITS.

For the purposes of allocations made for the discretionary category pursuant to section 302(a) of the Congressional Budget Act of 1974 (2 U.S.C. 633(a)), the term 'discretionary spending limit'—

(1) with respect to fiscal year 2002—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category; $6,025,000,000 in new budget authority and $5,718,000,000 in outlays;

(2) with respect to fiscal year 2002—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category; $6,169,000,000 in new budget authority and $6,020,000,000 in outlays; and

(3) with respect to fiscal year 2003—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,316,000,000 in new budget authority and $6,161,000,000 in outlays;

(4) with respect to fiscal year 2004—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,458,000 in new budget authority and $6,303,000,000 in outlays; and

(5) with respect to fiscal year 2005—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,616,000 in new budget authority and $6,452,000,000 in outlays;

as adjusted in accordance with section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)) and section 314 of the Congressional Budget Act of 1974.'.

Mr. GREGG. Mr. President, this amendment deals with the violent crime trust fund. I understand there are some people who wish to speak on it. I ask unanimous consent that debate on this be limited to an hour.

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

Mr. GREGG. Mr. President, as we know, the violent crime trust fund was set up back in 1993, and the concept of it was through savings which would occur as a result of the reduction in personnel in the Federal Government, that funding from those savings would be used to expand our efforts in fighting crime in this country.

It has been a tremendous success. As a result of the violent crime trust fund, we have been able to undertake a significant expansion of the efforts of the FBI, the INS, the DEA, just to name a few at the Federal level, and also our local and community law enforcement, who are so important to us. This is critical. Without this trust fund, we might have some serious problems as we go down the road maintaining some of these efforts.

The President is funding his Community Oriented Policing (COPS) Program from the violent crime reduction trust fund. Later, we are going to get from the other side an amendment which, I presume, deals with the COPS Program, but as a practical matter, I think we have resolved it. I do not think we are going to have a problem on this bill with the COPS Program. The COPS Program was a violent crime initiative, and a good one. It worked. I have to admit, I had suspicions about it when it was first offered, but it has worked out.

We move on to other initiatives in the violent crime trust fund: terrorism initiatives; some initiatives to deal with the question of how the FBI is able to identify DNA; and initiatives with local communities, for their efforts to gear up with the technology of today. So, for example, when someone is arrested on the street, a law enforcement officer will have the computer capability to immediately contact the FBI, the National Crime Information Center (NCIC), and get a reading as to whom that person is and in what possible other activity he or she might be involved.

These are critical expansions in our efforts in law enforcement across this country. They are proving to work well. As we move down the road, they will work even better, I am sure.

We have a number of major initiatives at the Federal level. We just got our Integrated Automated Fingprint Identification System up and running, fingerprinting. The NCIC program is working now. And coming on line—it may take some more years than I would like—is something dealing with information sharing initiative (ISI) which will give Federal agents the computer capability they need to have instant access to what is going on nationally. This is an initiative that is very appropriate. There are a lot of other things that are going to make our law enforcement much more effective as it deals with crime in this Nation.

In addition, of course, we have done a lot in the area of DEA and drug enforcement. The violent crime trust fund plays a major role, and it is about to run out, so we should reauthorize it. That is why I have offered this authorization. I hope the Senate will agree to it.

I suggest we set a vote for tomorrow, if that is all right with the Senator from South Carolina.

Mr. HOLLINGS. I suggest to the distinguished chairman that we limit the time to be equally divided.

Mr. GREGG. I ask unanimous consent that the time be equally divided.

Mr. HOLLINGS. Senator BIDEN and Senator LEAHY wish to be heard on this in the morning. If it is all right with the distinguished chairman, we will reserve that time for the morning.

Mr. GREGG. Why don't we reserve a half hour of the time on this amendment so it can be given to Senator BIDEN and Senator LEAHY and they can take that time between them.

Mr. HOLLINGS. Good. They are ready, then, to lay down that amendment on COPS. I thank the Chair.

Mr. GREGG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. GREGG. I ask unanimous consent that the order for the quorum call be dispensed with.

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

Mr. GREGG. Mr. President, I ask unanimous consent that under the time agreement, no second-degree amendments be in order.

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

Mr. GREGG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

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

Mr. GREGG. Mr. President, tomorrow I will ask unanimous consent that all first-degree amendments be filed by noon. Hopefully, we can get an agreement on that. I am not asking it now.

Mr. HOLLINGS. We have to check on our side.

Mr. GREGG. I am telling people so, hopefully, they will have their amendments together tonight, and staff will listen to this request and be all charged up to get their amendments down here by 12 o'clock tomorrow.

MORNING BUSINESS

Mr. GREGG. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators permitted to speak for up to 10 minutes.

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

A TRIBUTE TO JOHN F. KENNEDY, JR.

Mr. FEINGOLD. Mr. President, it is with deep sadness that I come to the

floor today to speak of the tragedy that struck the Kennedy family last Friday night. I offer my condolences to the Kennedy family, and in particular to my friend and colleague, Senator KENNEDY of Massachusetts, who has lost a beloved nephew.

My thoughts and prayers are with the Kennedy and Bessette families as they struggle to cope with the loss of John F. Kennedy, Jr., his wife Carolyn Bessette Kennedy, and her sister Lauren Bessette. While we as a nation mourn the loss of a young man who had so much yet to offer the world, these families must suffer the private pain of the loss of their beloved brother or sisters, their children, their cousins, their friends.

The late John F. Kennedy was a genuine inspiration to me and so many of my generation. I am grateful for the hope and the direction that President Kennedy gave so many of us when we were young, and I know that in his own way John F. Kennedy, Jr., carried on his father's work to inspire young people to public service, or to otherwise serve the public good, throughout his lifetime.

There can perhaps be no comparison to the contributions the Kennedy family has made to our country, or the sacrifices the family has endured, and sadly continues to endure with the death of John F. Kennedy, Jr. Like his father and his uncle Bobby, John F. Kennedy, Jr.'s life was cut tragically short, but like them he lived his life to the fullest, with the vigor and dedication that marks the Kennedy legacy.

Recently I had the honor of receiving the Profile in Courage Award from the late President Kennedy's family, and had the pleasure of meeting and spending time with John F. Kennedy, Jr. I was impressed by his kindness, his dignity, and the keen grasp of both politics and policy which he so often displayed as editor of George magazine. John reflected all the best hopes we have for our country, as did his father before him.

In a speech I gave at that time, I chose one of the many beautiful memorials I have heard about President Kennedy to express my own feelings. The following passage from Romeo and Juliet was previously used by Robert F. Kennedy himself at the 1964 Democratic convention to memorialize his brother:

and, when he shall die,
take him and cut him out in little stars,
And he will make the face of heaven so fine
That all the world will be in love with night
And pay no worship to the garish sun.

These words both pained and consoled us as we remembered John F. Kennedy then, and they do the same today as we mourn the loss of his son, John F. Kennedy, Jr.

Mr. President, again I offer my condolences to all those who have been affected by this tragedy. I yield the floor.

THE 30TH ANNIVERSARY OF THE APOLLO 11 LUNAR LANDING

Mr. SHELBY. Mr. President, I rise today in support of the resolution that I offered yesterday with Senator SESSIONS and many of my colleagues which recognizes the 30th Anniversary of the Apollo 11 Lunar Landing.

Mr. President, for thousands of years, men looked to the sky and were fascinated by the moon. To our forefathers it was a source of wonder, hope, curiosity and fear. Near enough to draw their attention, yet so far beyond their reach to remain a constant mystery, the moon was an unattainable destination for the people of earth.

Undaunted by the significance of the task, President Kennedy called upon our nation ''to commit itself to achieving the goal . . . of landing a man on the moon and returning him safely to earth.'' With this challenge, a goal that had previously exceeded the grasp of every generation, became the mission of the United States to achieve within ten years.

Facing this great endeavor, the men and women of the American Space Program set to work with steadfast conviction. While their efforts produced steady results, there were tragic losses and technical setbacks that tested their resolve. Brave men gave their lives. Brilliant men and women spent countless hours trying to work through the numerous difficulties associated with such a complex undertaking. However, all remained dedicated to the goal of landing a man on the moon.

On July 20, 1969, 30 years ago yesterday, that goal was achieved. On that day, Neil Armstrong and Buzz Aldrin closed the timeless breach that had separated the earth from the moon and landed on the Sea of Tranquility. With Neil Armstrong's first step on the lunar surface, the American Space Program met the awesome challenge set by President Kennedy. This important event marks America's ascendance to the preeminent role that it occupies today as the world's leader in space exploration.

While yesterday was an important anniversary for all the people of the world, it was especially important for the people of the United States. Landing men on the moon represents a great triumph of American endeavor. As the Spanish could be proud for having built the great ships that carried Columbus on his voyage of discovery, American scientists and engineers can feel equally proud for having built the Saturn V Rocket, the vehicle that carried the astronauts to the moon. That no other nation has produced a similar vehicle is a testament to the unparalleled achievement of our Space Program.

This resolution celebrates the anniversary of the great achievement of landing men on the moon. It celebrates the efforts of the many men and women who defied the odds and helped to make what was once believed to be impossible, possible. Finally, it celebrates the courageous spirit of the American people.

PENDING NOMINATION OF BILL LANN LEE

Mr. LEAHY. Mr. President, today in communities all around the country and here at the United States Capitol, Asian Pacific Americans are leading all Americans in a demonstration of our commitment to one America, equal opportunity and equal justice under law by urging the Senate to vote on the nomination of Bill Lann Lee to head the Civil Rights Division at the Department of Justice. I hear the call of the Congressional Asian Pacific Caucus, the Congressional Black Caucus and the Congressional Hispanic Caucus for prompt Senate consideration and a vote on this highly-qualified nominee and dedicated public servant. I commend the National Council of Asian Pacific Americans and their Chair Daphne Kwok, the National Asian Pacific American Bar Association and the National Asian Pacific American Legal Consortium for their leadership in connection with this matter and their commitment to fundamental fairness.

Today is the second anniversary of the initial nomination of Bill Lann Lee to the office of Assistant Attorney General for Civil Rights. I repeat today what I have said before: It is past time to do the right thing, the honorable thing, and report this qualified nominee to the Senate so that the Senate may fulfill its constitutional duty under the advice and consent clause and vote on this nomination without further delay. Two years is too long to wait for Senate action on this important nomination.

Yesterday, I was privileged to attend a meeting with the President of the United States in the East Room of the White House in which he issued a challenge to the lawyers of our country to rededicate themselves to help build one America and realize the American dream of equality for all under the law. What kind of message is the Senate sending when it refuses to act on the nomination of this outstanding Asian Pacific American?

After Bill Lann Lee graduated from Yale and then Columbia Law School he could have spent his career in the comfort and affluence of any one of the nation's top law firms. He chose, instead, to spend his career on the front lines, helping to open the doors of opportunity to those who struggle in our society. His is an American story. The son of immigrants whose success can be celebrated by all Americans.

In my view, Bill Lann Lee should be commended for the years he worked to provide legal services and access to our justice system for those without the financial resources otherwise to retain

counsel. His work should be a source of pride and a basis for praise. His career should be a model for those who take up the challenge that the President enunciated yesterday to lawyers across this country. I say that Bill Lann Lee represented the best of the legal profession while serving those without means.

It appears that some on the Republican side want to hold the Lee nomination as a partisan trophy—to kill it through obstruction and delay rather than allowing the Senate to vote up or down on the nomination. This effort started with a letter from the former Speaker of the House, Newt Gingrich, to the Republican Majority Leader of the Senate in 1997. Over the ensuing weekend progress toward confirmation of this nomination ground to a halt. Speaker Gingrich is gone but the disastrous consequence of his unjustified opposition to this nomination lingers. It is past time to put past injustice to rest. As speaker after speaker reiterated today across the country, it is time for the Senate to vote on the nomination of Bill Lann Lee.

Bill Lann Lee's skills, his experience, the compelling personal journey that he and his family have traveled, his commitment to full opportunity for all Americans—these qualities appeal to the best in us. Let us affirm the best in us. Let the Senate vote on the confirmation of this good man. We need Bill Lann Lee's proven problem-solving abilities in these difficult times with apparent hate crimes on the rise across the country. He is spearheading efforts against hate crimes, against modern slavery and for equal justice for all Americans.

If the Senate is allowed to decide, I believe he will be confirmed and will move this country forward to a time when discrimination will subside and affirmative action is no longer needed; a time when each child— girl or boy, black or white, rich or poor, urban or rural, regardless of national or ethnic origin and regardless of sexual orientation or disability—shall have a fair and equal opportunity to live the American dream.

Earlier this year Congress voted to award the Congressional Gold Medal to Mrs. Rosa Parks. I heard Mrs. Parks, Reverend Jackson and the President each take the occasion to remind us that the struggle for equality is not over.

I will ask the Judiciary Committee again tomorrow, in the spirit of fairness, that the Committee recognize the 18-month stewardship of the Civil Rights Division of Bill Lann Lee, his qualifications, and his quiet dignity and strength and send his nomination to the full Senate so that the United States Senate may, at long last, vote on that nomination and, I hope, confirm this fine American to full rank as the Assistant Attorney General for Civil Rights.

When confirmed Bill Lann Lee will be the first Asian Pacific American to be appointed to head the Civil Rights Division in its storied history and the highest ranking Federal Executive officer of Asian Pacific American heritage in our 200-year history.

I have previously brought to all Senators' attention a June letter from the Assistant Attorneys General for Civil Rights from the Eisenhower through Bush Administrations in support of this outstanding nominee: Harold Tyler, Burke Marshall, Stephen J. Pollak, J. Stanley Pottinger, Drew Days and John R. Dunne note in their letter:

> Over the past eighteen months, Mr. Lee has shown that he honors the Civil Rights Division's mission to safeguard equal justice for all. He has enforced the nation's civil rights laws fairly and effectively. He has demonstrated that he can and will meet the demands of the position with distinction and thus merits the Senate's confidence.

Civil Rights is about human dignity and opportunity. Bill Lann Lee ought to have an up or down confirmation vote on the Senate floor. The Senate should fulfill its constitutional duty under the advice and consent clause and vote on this nomination. Twenty-four months and three sessions of Congress is too long for this nomination to have to wait. He should no longer be forced to ride in the back on the nominations bus but be given the fair vote that he deserves.

I have often referred to the Senate as acting at its best when it serves as the conscience of the nation. I call on the Judiciary Committee and the Senate to bring this nomination to the floor for an up or down vote without obstruction or further delay so that the Senate may vote and we may confirm a dedicated public servant to lead the Civil Rights Division into the next century. Racial discrimination, and harmful discrimination in all its forms, remain among the most vexing unsolved problems of our society. Let the Senate move forward from the ceremonial commemorations earlier this year by doing what is right and voting on the nomination of Bill Lann Lee.

SWEARING IN OF DIANE WATSON AS AMBASSADOR TO MICRONESIA

Mrs. FEINSTEIN. Mr. President, it is with real pleasure that I rise today to note the swearing-in this afternoon of California State Senator Diane Watson as United States Ambassador to the Federated States of Micronesia. Senator Watson's confirmation was a long time coming, and I am proud that today she will finally come to occupy the Ambassadorial posting which she so well deserves.

State Senator Watson was the first African-American women elected to the California State Senate, and has represented California's 26th District—which includes Los Angeles, Culver City, Ladera Heights, Baldwin Hills, Palms, Miracle Mile, Mar Vista, Cheviot Hills, and Koreatown—since 1978. Senator Watson has been a real leader in California politics and community life, and has been in the forefront of the fight for civil rights and human rights in Los Angeles and the entire state of California for her entire career. She was a dedicated crusader in the desegregation of Los Angeles school, and, in 1975, became the first elected African American to serve on the Board of Education of the Los Angeles Unified School District.

Prior to her elected office, Senator Watson led a distinguished career in the field of education, including service as an assistant superintendent of child welfare, a school psychologist, and as a member of the faculty at both California State university Los Angeles and Long Beach. She has also traveled extensively, participating in numerous international conference on women's health issues, democracy building, and trade.

As a member of the State Senate and as an educator, Diane Watson has always brought honor to the organizations and people she has represented. For many years now she has been a leader in improving the lives of Californians, and I am pleased that the people of the United States will now also be able to benefit from her experience, energy, and talents as our Ambassador to the Federated States of Micronesia.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, July 20, 1999, the Federal debt stood at $5,630,644,963,071.99 (Five trillion, six hundred thirty billion, six hundred forty-four million, nine hundred sixty-three thousand, seventy-one dollars and ninety-nine cents).

One year ago, July 20, 1998, the Federal debt stood at $5,532,950,000,000 (Five trillion, five hundred thirty-two billion, nine hundred fifty million).

Five years ago, July 20, 1994, the Federal debt stood at $4,626,395,000,000 (Four trillion, six hundred twenty-six billion, three hundred ninety-five million).

Ten years ago, July 20, 1989, the Federal debt stood at $2,803,321,000,000 (Two trillion, eight hundred three billion, three hundred twenty-one million).

Fifteen years ago, July 20, 1984, the Federal debt stood at $1,534,688,000,000 (One trillion, five hundred thirty-four billion, six hundred eighty-eight million) which reflects a debt increase of more than $4 trillion—$4,095,956,963,071.99 (Four trillion, ninety-five billion, nine hundred fifty-six million, nine hundred sixty-three thousand, seventy-one dollars and ninety-nine cents) during the past 15 years.

HIGH TECH AWARD FOR SENATOR ABRAHAM

Mr. MCCAIN. Mr. President, I rise to inform my colleagues of a significant honor recently bestowed upon our colleague, the Senator from Michigan, Mr. ABRAHAM.

On June 16, Senator ABRAHAM became the first United States Senator to receive the ''Cyber Champion'' award, from the Business Software Alliance. He was recognized for his legislative accomplishments in support of America's high-technology economy. I would like to congratulate Senator ABRAHAM on receiving this well-deserved honor.

Senator ABRAHAM has been a champion of high-tech since coming to the Senate. He has worked hard on a high-tech agenda to keep Americans employed in good jobs at good wages, and to help our nation keep the edge we need in the global marketplace. It has been my pleasure to work with him on many of these issues.

Whether fighting to expand and rationalize the use of electronic signatures, expanding high-tech visas, increasing charitable giving to our schools so that we can train our kids in the uses of high-technology, keeping the Internet free from unnecessary interference and taxation, or seeing to it that we are prepared for the year 2000, Senator ABRAHAM has been a leader on high-tech issues.

Now Senator ABRAHAM is working to protect property rights on the Internet through his anti-cybersquatting legislation. His bill would empower trademark owners to protect their marks, at the same time protecting consumers from potential fraud.

There is no doubt in my mind that Senator ABRAHAM's efforts will help workers and the economy in Michigan and across the United States. Once again, I congratulate him on this honor, and on the accomplishments that have earned it for him.

PROTECT ACT

Mr. FEINGOLD. Mr. President, I rise today to discuss an issue of increasing national and international importance.

Mr. President, encryption may not yet be the most common term in the American lexicon, but it may well affect every American as we progress in this Information Age. Encryption systems provide security to conventional and cellular telephone conversation, fax transmissions, local and wide area networks, personal computers, remote key entry systems, and radio frequency communication systems. As we become more reliant on these technologies, encryption becomes a more important application.

For these and other reasons, I come to the floor today to discuss my decision to cosponsor S. 798, the Promote Reliable Online Transactions to Encourage Commerce and Trade, or PROTECT Act. This bill pushes us toward a thoughtful debate on encryption policy.

I appreciate the efforts of the Chairman of the Commerce Committee, Senator MCCAIN, to push this important legislation forward. As the chairman knows all too well, balancing competing interests, regardless of issue, is a difficult, and often thankless, job. In this case, we must find an equitable balance between personal privacy, technological innovation and public safety.

The rapidly expanding global marketplace and our increasing reliance on new technology has resulted in the almost instantaneous transfer of consumer information. Bank information, medical records, and credit card purchases are transferred at lightning speed. But these transactions, and even browsing on the Internet, can leave consumers vulnerable to unwanted and illegal access to private information. Encryption technology offers an effective way consumers can ensure that only the people they choose can read other communications or their e-mail, review their medical records, or take money out of their bank accounts. Plain and simple, encryption products protect consumers.

Over the past couple of years, we have seen the power of Internet commerce. From amazon.com to eBay to drugstore.com, companies with a dot com have become the darlings of the investment world. For consumers, online commerce provides viable competition and, thus, a cost-effective alternative to traditional brick-and-mortar stores.

The Internet, however, will never achieve its full potential as a center of commerce if consumers do not trust that their transactions and communications remain confidential. If we ever are to realize the commercial and communications potential of the Internet, we must have sophisticated and effective encryption.

For these precise reasons, consumers have an economic interest in the use of strong encryption technology. That economic interest necessitates more research and more development of stronger technology. The current export control climate, however, stifles development of domestic encryption technology. I believe that expansion of the market for U.S. developers will serve to quicken the pace of innovation.

Two recent reports bear this out. The Electronic Privacy Information Center found that the United States is virtually alone in its restrictions on encryption. Another report by researchers at George Washington University found that 35 foreign countries manufacture 805 encryption products. The same GWU report found that of the 15 algorithms now being considered by the National Institute of Standards for a new American encryption standard, 10 have been developed outside the U.S. Clearly, our outdated policies are doing more to exclude U.S. manufacturers from the marketplace than they are doing to keep encryption technology out of the hands of criminals.

I do not mean to belittle the serious law enforcement implications of encryption. As the FBI has stated, ''encryption has been used to conceal criminal activity and thwart law enforcement efforts to collect critical evidence needed to solve serious and often violent criminal activities.'' The same technology that prevents a computer hacker from stealing one's credit card number can prevent a law enforcement officer, even one with a properly obtained court order, from decrypting illegal information.

But the fact of the matter is that criminals simply can purchase and use an advanced encryption product produced in a foreign country. I understand concerns that some in the law enforcement community may have. Muzzling American development and export, however, is a doomed strategy. I believe there should be criminal penalties for those that use encryption in the furtherance of a crime and I hope the Senate will adopt penalties similar to those found in the leading House encryption bill.

Mr. President, there is no question that this bill moves us forward, both in terms of privacy and technological innovation. I must point out, however, that my support for this bill will not preclude me from advocating a stronger privacy position in the future. My cosponsorship of this bill establishes what I believe should be the starting point for the Congress to begin the encryption debate. I look forward to working with my colleagues on this very important issue.

I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE NOTICE OF THE CONTINUATION OF THE IRAQI EMERGENCY—MESSAGE FROM THE PRESIDENT—PM 50

The PRESIDING OFFICER laid before the Senate the following message

from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision I have sent the enclosed notice, stating that the Iraqi emergency is to continue in effect beyond August 2, 1999, to the *Federal Register* for publication.

The crisis between the United States and Iraq that led to the declaration on August 2, 1990, of a national emergency has not been resolved. The Government of Iraq continues to engage in activities inimical to stability in the Middle East and hostile to United States interests in the region. Such Iraqi actions pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these reasons, I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure on the Government of Iraq.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 20, 1999*.

MESSAGES FROM THE HOUSE

At 10:42 a.m., a message from the House of Representatives, delivered by Ms. Kelleher, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 31. An act to require the Secretary of the Treasury to mint coins in conjunction with the minting of coins by the Republic of Iceland in commemoration of the discovery of the New World by Leif Ericson.

H.R. 322. An act for the relief of Suchada Kwong.

H.R. 660. An act for the private relief of Ruth Hairston by waiver of a filing deadline for appeal from a ruling relating to her application for a survivor annuity.

H.R. 1033. An act to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

H.R. 1477. An act to withhold voluntary proportional assistance for programs and projects of the International Atomic Energy Agency relating to the development and completion of the Bushehr nuclear power plant in Iran, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H.Con.Res. 121. Concurrent resolution designating the Document Door of the United States in the cold war and the fall of the Berlin Wall.

H.Con.Res. 158. Concurrent resolution designating the Document Door of the United States Capitol as the ''Memorial Door.''

The message further announced that the House has passed the following bills, without amendment:

S. 361. An act to direct the Secretary of the Interior to transfer to John R. and Margaret J. Lowe of Big Horn County, Wyoming, certain land so as to correct an error in the patent issued to their predecessors in interest.

S. 449. An act to direct the Secretary of the Interior to transfer to the personal representative of the estate of Fred Steffens of Big Horn County, Wyoming, certain land comprising the Steffens family property.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 31. An act to require the Secretary of the Treasury to mint coins in conjunction with the minting of coins by the Republic of Iceland in commemoration of the millennium of the discovery of the new World by Lief Ericson; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 322. An act for the relief of Suchada Kwong; to the Committee on the Judiciary.

H.R. 660. An act for the private relief of Ruth Hairston by waiver of a filing deadline for appeal from a ruling relating to her application for a survivor annuity; to the Committee on Governmental Affairs.

H.R. 1033. An act to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 1477. An act to withhold voluntary proportional assistance for programs and projects of the International Atomic Energy Agency relating to the development and completion of the Bushehr nuclear power plant in Iran, and for other purposes; to the Committee on Foreign Relations.

The following concurrent resolution was read and referred as indicated:

H.Con.Res. 121. Concurrent resolution expressing the sense of the Congress regarding the victory of the United States in the cold war and the fall of the Berlin Wall; to the Committee on the Judiciary.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–4265. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, South Coast Air Quality Management District and Yolo-Solano Air Quality Management District'' (FRL # 6376–3), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4266. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of State Implementation Plans; Michigan'' (FRL # 6357–3), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4267. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Technical Correction of Partial Withdrawal of Direct Final Rule, Protection of Stratosphic Ozone: Reconsideration of Petition Criteria and Incorporation of Montreal Protocol Decisions'' (FRL # 6400–9), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4268. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision; Kern County Air Pollution Control District; Mojave Desert Air Quality Management District; Ventura County Air Pollution Control District'' (FRL # 6378–7), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4269. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Maryland—Fuel Burning Equipment'' (FRL # 6378–7), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4270. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Clean Air Act Approval and Promulgation of California State Implementation Plan for the San Joaquin Valley Unified Air Pollution. Control District'' (FRL # 6378–7), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4271. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Ocean Dumping; Amendment of Site Designation'' (FRL # 6377–3), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4272. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Standards for the Use of Disposal of Sewage Sludge'' (FRL # 6401–3), received July 15, 1999; to the Committee on Environment and Public Works.

EC–4273. A communication from the Fisheries Biologist, Office of Protected Resources, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Endangered and Threatened Wildlife and Plants; 90-day finding for a petition to list barndoor skate (''Raja laevis'') as Threatened or Endangered'' (ID 061199C), received July 16, 1999.

EC–4274. A communication from the Fisheries Biologist, Office of Protected Resources, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Listing Endangered and Threatened Species and Designating Critical Habitat: Petition to List Eighteen Species of Marine Fishes in Pudget Sound, Washington'' (ID 061199B), received July 16, 1999; to the Committee on Environment and Public Works.

EC–4275. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: MT-Propeller Entwicklung MBH Models MTV–9–B–C and MTV–3–B–C Propellers; Request for Comments; Docket No. 99–NE–35 (7–8/7–15)'' (RIN2120–AA64) (1999–0268), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4276. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Establishment of Class E Airspace; Avon Park, FL; Docket No. 99–ASO–8 (7–13/7–15)'' (RIN2120–AA66) (1999–0221), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4277. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Pratt and Whitney JT9D Series Turbofan Engines; Docket No. 99–ANE–23 (7–13/7–15)'' (RIN2120–AA64) (1999–0270), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4278. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: The New Piper Aircraft, Inc. Models PA–46–310P and PA–46–350P Airplanes; Docket No. 99–CE–112 (7–13/7–15)'' (RIN2120–AA64) (1999–0269), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4279. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: McDonnell Douglas Model DC–9–10, –20, –30, –40, and –50 Series Airplanes, and C–9 Airplanes; Docket No. 97–NM–49 (7–14/7–15)'' (RIN2120–AA64) (1999–0271), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4280. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Smme GmbH and Co. KG Model S10–VT Airplanes; Docket No. 99–CE–07 (7–14/7–15)'' (RIN2120–AA64) (1999–0272), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4281. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations, (Mullins and Briarcliffe Acres, South Carolina)'' (MM Docket No. 97–72; RM 901), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4282. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations, (Logan, Utah and Evanston, Wyoming)'' (MM Docket No. 98–211), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4283. A communication from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Closure for Pacific Ocean Perch in the Eastern Aleutian District of the Bering Sea and Aleutian Islands Area'', received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4284. A communication from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Atlantic Highly Migratory Species (HMS) Fisheries; Fishery Management Plan (FMP), Amendment, and Consolidation of Regulations'', (RIN0648–AJ67) (I.D. 071699B), received July 16, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4285. A communication from the Trial Attorney, National Highway Traffic Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Certification Requirements for Vehicle Alterers'' (RIN2127–AH49), received July 15, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4286. A communication from the Secretary of Transportation, transmitting, a draft of proposed legislation relative to the definition of ''public aircraft''; to the Committee on Commerce, Science, and Transportation.

EC–4287. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, a report of the Certification to the Congress for Suriname relative to shrimp harvested with technology; to the Committee on Commerce, Science, and Transportation.

EC–4288. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, a report relative to danger pay for government employees in Eritrea; to the Committee on Foreign Relations.

EC–4289. A communication from the Director, Office of Surface Mining, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''North Dakota Regulatory Program'' (SPATS # ND–038–FOR), received July 15, 1999; to the Committee on Energy and Natural Resources.

EC–4290. A communication from the Secretary of the Army and the Secretary of Agriculture, transmitting jointly, pursuant to law, a report of a joint order interchanging administrative jurisdiction of Department of the Army lands and National Forest lands at Willow Island Locks and Dam and Wayne National Forest; to the Committee on Environment and Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

S. 1088. A bill to authorize the Secretary of Agriculture to convey certain administrative sites in national forests in the State of Arizona, to convey certain land to the City of Sedona, Arizona for a wastewater treatment facility, and for other purposes (Rept. No. 106–115).

H.R. 15. A bill to designate a portion of the Otay Mountain region of California as wilderness (Rept. No. 106–116).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 581. A bill to protect the Paoli and Brandywine Battlefields in Pennsylvania, to authorize a Valley Forge Museum of the American Revolution at Valley Forge National Historical Park, and for other purposes (Rept. No. 106–117).

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committees were submitted:

By Mr. LUGAR, for the Committee on Agriculture, Nutrition, and Forestry:

William J. Ranier, of New Mexico, to be Chairman of the Commodity Futures Trading Commission.

William J. Ranier, of New Mexico, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring April 13, 2004.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATCH:

S. 1406. A bill to combat hate crimes; to the Committee on the Judiciary.

By Mr. FRIST:

S. 1407. A bill to authorize appropriations for the Technology Administration of the Department of Commerce for fiscal years 2000, 2001, and 2002, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. JEFFORDS (for himself, Mr. MOYNIHAN, Mr. SCHUMER, Mr. LAUTENBERG, Mr. LIEBERMAN, and Mr. LEAHY):

S. 1408. A bill to amend the Small Business Investment Act of 1958 to promote the cleanup of abandoned, idled, or underused commercial or industrial facilities, the expansion or redevelopment of which are complicated by real or perceived environmental contamination, and for other purposes; to the Committee on Small Business.

By Mr. MCCONNELL (for himself and Mr. BUNNING):

S. 1409. A bill to amend the Internal Revenue Code of 1986 to reduce from 24 months to 12 months the holding period used to determine whether horses are assets described

in section 1231 of such Code; to the Committee on Finance.

By Mr. STEVENS:

S. 1410. A bill to amend the Internal Revenue Code of 1986 with respect to the treatment of certain air transportation; to the Committee on Finance.

S. 1411. A bill to amend the Internal Revenue Code of 1986 to extend the credit for producing electricity from certain renewable resources; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mrs. MURRAY (for herself, Mr. WARNER, Mr. HATCH, Mr. BINGAMAN, Mrs. BOXER, Mr. CHAFEE, Mr. DODD, Mr. DORGAN, Mr. EDWARDS, Mr. GORTON, Mr. GRAMS, Mr. JEFFORDS, Mr. JOHNSON, Mr. KENNEDY, Mr. KERRY, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEVIN, Mr. LIEBERMAN, Mr. MOYNIHAN, Mr. REID, Mr. ROBB, Mr. SARBANES, Mr. SCHUMER, Mr. SMITH of Oregon, Mr. SPECTER, Mr. TORRICELLI, and Mr. WELLSTONE):

S. Res. 158. A resolution designating October 21, 1999, as a ''Day of National Concern About Young People and Gun Violence''; to the Committee on the Judiciary.

By Mrs. HUTCHISON (for herself, Mr. BOND, MS. COLLINS, Mr. FRIST, Mr. ALLARD, Mr. EDWARDS, Mr. COCHRAN, Mr. CLELAND, Mr. ROBERTS, and Mr. TORRICELLI):

S. Con. Res. 47. A concurrent resolution expressing the sense of Congress regarding the regulatory burdens on home health agencies; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATCH:

S. 1406. A bill to combat hate crimes.

COMBATING HATE CRIMES

Mr. HATCH: Mr. President, in the face of some of the hate crimes that have riveted public attention—and have unfortunately made the name Benjamin Nathaniel Smith synonymous with the recent spate of shootings in Illinois; the names James Byrd synonymous with Jasper, Texas; and the name Matthew Shepard synonymous with Laramie, Wyoming—I am committed in my view that the Senate must lead and speak against hate crimes.

During and just preceding this past generation, Congress has been the engine of progress in securing America's civil rights achievements and in driving us as a society increasingly closer to the goal of equal rights for all under the law.

Historians will conclude, I have little doubt, that many of America's greatest strides in civil rights progress took place just before this present moment on history's grand time line: Congress protected Americans from employment discrimination on the basis of race, sex, color, religion, and national origin with the passage of the Civil Rights Act of 1964; Congress protected Americans from gender-based discrimination in rates of pay for equal work with the Equal Pay Act of 1963; and from age discrimination with the passage of the Age Discrimination in Employment Act of 1967; Congress extended protections to immigration status with the Immigration Reform and Control Act in 1986, and to the disabled with the passage of the Americans With Disabilities Act in 1990. And the list continues on and on.

Yet while America's elected officials have striven mightily through the passage of such measures to stop discrimination in the workplace, or at the hands of government actors, what remains tragically unaddressed in large part is discrimination against peoples' own security—that most fundamental right to be free from physical harm.

Despite our best efforts, discrimination continues to persist in many forms in this country, but most sadly in the rudimentary and malicious form of violence against individuals because of their identities.

A fair question for this Congress is what it will do to stem this ugly form of hatred and to counter hate crime as boldly as this Congress has attempted to redress workplace bias and governmental discrimination. Will we continue to advance boldly in this latest civil rights frontier by furthering Congress' proud legacy, or will we demur on the ground that this is not now a battle for our waging?

Let me state, unequivocally, that this is America's fight. As much as we condemn all crime, hate crime can be more sinister that non-hate crime.

A crime committed not just to harm an individual, but out of the motive of sending a message of hatred to an entire community—oftentimes a community defined on the basis of immutable traits—is appropriately punished more harshly, or in a different manner, than other crimes.

This is in keeping with the longstanding principle of criminal justice—as recognized recently by the U.S. Supreme Court in a unanimous decision upholding Wisconsin's sentencing enhancement for hate crimes—that the worse a criminal defendant's motive, the worse the crime. (*Wisconsin* v. *Mitchell*, 1993)

Moreover, hate crimes are more likely to provoke retaliatory crimes; they inflict deep, lasting, and distinct injuries—some of which never heal—on victims and their family members; they incite community unrest; and, ultimately, they are downright un-American.

The melting pot of America is, worldwide, the most successful multi-ethnic, multi-racial, and multi-faith country in all recorded history. This is something to ponder as we consider the atrocities so routinely sanctioned in other countries—like Serbia so recently—committed against persons entirely on the basis of their racial, ethnic, or religious identity.

I am resolute in my view that the federal government can play a valuable role in responding to hate crime. One example here is my sponsorship of the Hate Crime Statistics Act of 1990, a law which instituted a data collection system to assess the extent of hate crime activity, and which now has thousands of voluntary law enforcement agency participants.

Another, more recent example, is the passage in 1996 of the Church Arson Protection Act, which, among other things, criminalized the destruction of any church, synagogue, mosque, or other place of religious worship because of the race, color, or ethnic characteristics of an individual associated with that property.

To be sure, however, any federal response—to be a meaningful one—must abide by the constitutional limitations imposed on Congress, and be cognizant of the limitations on Congress' enumerated powers that are routinely enforced by the courts.

This is more true today than it would have been even a mere decade ago, given the significant revival by the U.S. Supreme Court of the federalism doctrine in a string of decisions beginning in 1992. Those decisions must make us particularly vigilant in respecting the courts' restrictions on Congress' powers to legislate under section 5 of the 14th amendment, and under the commerce clause. [*City of Boerne* (invalidating Religious Freedom Restoration Act under 14th amendment); *Lopez* (invalidating Gun-Free School Zones Act under commerce clause); *Brzondala* (4th circuit decision invalidating one section of the Violence Against Women Act on both grounds).]

We therefore need to arrive at a federal response to hate crimes that is not only as effective as possible, but that carefully navigates the rocky shoals of these court decisions. To that end, I have prepared an approach that I believe will be not only an effective one, but one that would avoid altogether the constitutional risks that attach to other possible federal responses that have been raised.

Indeed, just a couple months ago, Deputy Attorney General Eric Holder testified before the Senate Judiciary Committee that states and localities should continue to be responsible for prosecuting the overwhelming majority of hate crimes, and that no legislation is worthwhile if it is invalidated as unconstitutional.

There are four principal components to my approach:

First, it creates a meaningful partnership between the federal government and the states in combating hate crime, by establishing within the Justice Department a fund to assist state

and local authorities in investigating and prosecuting hate crime.

Much of the cited justification given by those who advocate broad federal jurisdiction over hate crimes is a lack of adequate resources at the state and local level.

Accordingly, before we take the step of making every criminal offense motivated by a hatred of someone's immutable traits a federal offense, it is imperative that we equip states and localities with the resources necessary so that they can undertake these criminal investigations and prosecutions on their own.

Second, my approach undertakes a comprehensive analysis of the raw data that has been collected pursuant to the 1990 Hate Crime Statistics Act, including a comparison of the records of different jurisdictions—some with hate crime law, others without—to determine whether there is, in fact, a problem in certain states' prosecution of those criminal acts constituting hate crimes.

Third, my approach directs an appropriate, neutral forum to develop a model hate crimes statute that would enable states to evaluate their own laws, and adopt—in whole or in part from the model statute—hate crime legislation at the state level.

One of the arguments cited for a federalization of enforcement is the varying scope and punitive force of state laws. Yet there are many areas of grave national concern—such as drunk driving, by way of example—that are appropriately left to the states for criminal enforcement and punishment.

Before we make all hate crimes federal offenses, I believe we should pursue avenues that advance consistency among the states through the voluntary efforts of their legislatures. Perhaps, upon completion of this model hate crime law, Congress will review its recommendation and consider additional ways to promote uniformity among the states.

Fourth, my proposal makes a long-overdue modification of our existing federal hate crime law (passed in 1969) to allow for the prosecution by federal authorities of those hate crimes that are classically within federal jurisdication—that is, hate crimes in which state lines have been crossed.

Mr. President, I believe that passage of this comprehensive measure will prove a strong antidote to the scourge of hate crimes.

It is no answer for the Senate to sit by silently while these crimes are being committed. The ugly, bigoted, and violent underside of some in our country that is reflected by the commission of hate crimes must be combated at all levels of government.

For some, federal leadership necessitates federal control. I do not subscribe to this view, especially when it comes to this problem. It has been proposed by some that to combat hate crime Congress should enact a new tier of far-reaching federal criminal legislation. That approach strays from the foundations of our constitutional structure—namely, the first principles of federalism that for more than two centuries have vested states with primary responsibility for prosecuting crimes committed within their boundaries.

As important as this issue is, there is little evidence such a step is warranted, or that it will do any more than what I have proposed. In fact, one could argue that national enforcement of hate crime could decrease if states are told the federal government has assumed primary responsibility over hate crime enforcement.

Accordingly, we must lead—but lead resonsibly—recognizing that we live in a country of governments of shared and divided responsibilities.

In confronting a world of prejudice greater than any of us can now imagine, Lincoln said to Congress in 1862 that the ''dogmas of the quiet past'' were ''inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise—with the occasion. As our case is new, so we must think anew, and act anew.''

In that very spirit, I encourage this body to question the dogma that federal leadership must include federal control, and I encourage this body to act anew by supporting a proposal that is far-reaching in its efforts to stem hate crime, and that is at the same time respectful of the primacy states have traditionally enjoyed in prosecuting crimes committed within their boundaries.

Ultimately, I believe the approach I have set forth is a principled way to accommodate our twin aims—our well-intentioned desire to investigate, prosecute, and, hopefully, end these vicious crimes; and our unequivocal duty to respect the constitutional boundaries governing any legislative action we take.

My proposal should unite all of us on the point about which we should most fervently agree—that the Senate must speak firmly and meaningfully in denouncing as wrong in all respects those actions we have increasingly come to know as hate crimes. Our continued progress in fighting to protect Americans' civil rights demands no less.

Mr. President, I feel deeply about this. I hope our colleagues will look at this seriously and realize this is the way to go. It appropriately respects the rights of the States and the rights of the Federal Government. It appropriately sets the tone. It appropriately goes after these types of crimes in a very intelligent and decent way. I believe it is the way to get at the bottom of this type of criminal activity in our society today.

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. 1406

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

SECTION 1. HATE CRIMES.

(a) DECLARATIONS.—Congress declares that—

(1) further efforts must be taken at all levels of government to respond to the staggering brutality of hate crimes that have riveted public attention and shocked the Nation;

(2) hate crimes are prompted by bias and are committed to send a message of hate to targeted communities, usually defined on the basis of immutable traits;

(3) the prominent characteristic of a hate crime is that it devastates not just the actual victim and the victim's family and friends, but frequently savages the community sharing the traits that caused the victim to be selected;

(4) any efforts undertaken by the Federal Government to combat hate crimes must respect the primacy that States and local officials have traditionally been accorded in the criminal prosecution of acts constituting hate crimes; and

(5) an overly broad reaction by the Federal Government to this serious problem might ultimately diminish the accountability of State and local officials in responding to hate crimes and transgress the constitutional limitations on the powers vested in Congress under the Constitution.

(b) STUDIES.—

(1) COLLECTION OF DATA.—

(A) DEFINITION OF HATE CRIME.—In this paragraph, the term ''hate crime'' means—

(i) a crime described in subsection (b)(1) of the first section of the Hate Crime Statistics Act (28 U.S.C. 534 note); and

(ii) a crime that manifests evidence of prejudice based on gender or age.

(B) COLLECTION FROM CROSS-SECTION OF STATES.—Not later than 120 days after the date of enactment of this Act, the Comptroller General of the United States, in consultation with the National Governors' Association, shall select 10 jurisdictions with laws classifying certain types of crimes as hate crimes and 10 jurisdictions without such laws from which to collect data described in subparagraph (C) over a 12-month period.

(C) DATA TO BE COLLECTED.—The data to be collected are—

(i) the number of hate crimes that are reported and investigated;

(ii) the percentage of hate crimes that are prosecuted and the percentage that result in conviction;

(iii) the length of the sentences imposed for crimes classified as hate crimes within a jurisdiction, compared with the length of sentences imposed for similar crimes committed in jurisdictions with no hate crime laws; and

(iv) references to and descriptions of the laws under which the offenders were punished.

(D) COSTS.—Participating jurisdictions shall be reimbursed for the reasonable and necessary costs of compiling data under this paragraph.

(2) STUDY OF TRENDS.—

(A) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the

Comptroller General of the United States and the General Accounting Office shall complete a study that analyzes the data collected under paragraph (1) and under the Hate Crime Statistics Act of 1990 to determine the extent of hate crime activity throughout the country and the success of State and local officials in combating that activity.

(B) IDENTIFICATION OF TRENDS.—In the study conducted under subparagraph (A), the Comptroller General of the United States and the General Accounting Office shall identify any trends in the commission of hate crimes specifically by—

(i) geographic region;

(ii) type of crime committed; and

(iii) the number of hate crimes that are prosecuted and the number for which convictions are obtained.

(c) MODEL STATUTE.—

(1) IN GENERAL.—To encourage the identification and prosecution of hate crimes throughout the country, the Attorney General shall, through the National Conference of Commissioners on Uniform State Laws of the American Law Institute or another appropriate forum, and in consultation with the States, develop a model statute to carry out the goals described in subsection (a) and criminalize acts classified as hate crimes.

(2) REQUIREMENTS.—In developing the model statute, the Attorney General shall—

(A) include in the model statute crimes that manifest evidence of prejudice; and

(B) prepare an analysis of all reasons why any crime motivated by prejudice based on any traits of a victim should or should not be included.

(d) SUPPORT FOR CRIMINAL INVESTIGATIONS AND PROSECUTIONS BY STATE AND LOCAL LAW ENFORCEMENT OFFICIALS.—

(1) ASSISTANCE OTHER THAN FINANCIAL ASSISTANCE.—

(A) IN GENERAL.—At the request of a law enforcement official of a State or a political subdivision of a State, the Attorney General, acting through the Director of the Federal Bureau of Investigation, shall provide technical, forensic, prosecutorial, or any other form of assistance in the criminal investigation or prosecution of any crime that—

(i) constitutes a crime of violence (as defined in section 16 of title 18, United States Code);

(ii) constitutes a felony under the laws of the State; and

(iii) is motivated by prejudice based on the victim's race, ethnicity, or religion or is a violation of the State's hate crime law.

(B) PRIORITY.—In providing assistance under subparagraph (A), the Attorney General shall give priority to crimes committed by offenders who have committed crimes in more than 1 State.

(2) GRANTS.—

(A) IN GENERAL.—There is established a grant program within the Department of Justice to assist State and local officials in the investigation and prosecution of hate crimes.

(B) ELIGIBILITY.—A State or political subdivision of a State applying for assistance under this paragraph shall—

(i) describe the purposes for which the grant is needed; and

(ii) certify that the State or political subdivision lacks the resources necessary to investigate or prosecute the hate crime.

(C) DEADLINE.—An application for a grant under this paragraph shall be approved or disapproved by the Attorney General not later than 24 hours after the application is submitted.

(D) GRANT AMOUNT.—A grant under this paragraph shall not exceed $100,000 for any single case.

(E) REPORT.—Not later than December 31, 2001, the Attorney General, in consultation with the National Governors' Association, shall submit to Congress a report describing the applications made for grants under this paragraph, the award of such grants, and the effectiveness of the grant funds awarded.

(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $5,000,000 for each of fiscal years 2000 and 2001.

(e) INTERSTATE TRAVEL TO COMMIT HATE CRIME.—

(1) IN GENERAL.—Chapter 13 of title 18, United States Code, is amended by adding at the end the following:

"§ 249. Interstate travel to commit hate crime

''(a) IN GENERAL.—A person, whether or not acting under color of law, who—

''(1) travels across a State line or enters or leaves Indian country in order, by force or threat of force, to willfully injure, intimidate, or interfere with, or by force or threat of force to attempt to injure, intimidate, or interfere with, any person because of the person's race, color, religion, or national origin; and

''(2) by force or threat of force, willfully injures, intimidates, or interferes with, or by force or threat of force attempts to willfully injure, intimidate, or interfere with any person because of the person's race, color, religion, or national origin,

shall be subject to a penalty under subsection (b).

''(b) PENALTIES.—A person described in subsection (a) who is subject to a penalty under this subsection—

''(1) shall be fined under this title, imprisoned not more than 1 year, or both;

''(2) if bodily injury results or if the violation includes the use, attempted use, or threatened use of a dangerous weapon, explosives, or fire, shall be fined under this title, imprisoned not more than 10 years, or both; or

''(3) if death results or if the violation includes kidnapping or an attempt to kidnap, aggravated sexual abuse or an attempt to commit aggravated sexual abuse, or an attempt to kill—

''(A) shall be fined under this title, imprisoned for any term of years or for life, or both; or

''(B) may be sentenced to death.''.

(2) TECHNICAL AMENDMENT.—The analysis for chapter 13 of title 18, United States Code, is amended by adding at the end the following:

''249. Interstate travel to commit hate crime.''.

By Mr. FRIST:

S. 1407. A bill to authorize appropriations for the Technology Administration of the Department of Commerce for fiscal years 2000, 2001, and 2002, and for other purposes; to the Committee on Commerce, Science, and Transportation.

TECHNOLOGY ADMINISTRATION AUTHORIZATION ACT FOR FISCAL YEARS 2000, 2001, AND 2002

• Mr. FRIST. Mr. President, I rise today to offer a bill to authorize the appropriations for the Technology Administration (TA) of the Department of Commerce for fiscal years 2000, 2001, and 2002. This bill authorizes funding for activities in the National Institute of Standards and Technology (NIST), the National Technical Information Services (NTIS), the Office of Technology Policy (OTP), and the Office of Space Commercialization (OSC).

The Technology Administration is the only federal agency responsible for maximizing technology's contribution to America's economic growth, and for partnering with industry to improve U.S. industrial competitiveness. Because technological progress is the single most important factor in our current economic growth, it is important that the agency be adequately funded to pursue its missions, even during the current era of fiscal constraints. As the pace of technological changes accelerates and as the world transitions to a digital economy, we must work proactively to ensure that the private sector has the best possible tools to compete in this new economy.

NIST, as the main research laboratory in Technology Administration, promotes and strengthens the U.S. economy by collaborating with industry to apply new technology, measurement methods, and technical standards. In support of the programs in Scientific and Technical Research and Services, the bill seeks to increase the authorization amounts for fiscal years 2001 and 2002 by 5.5 percent annually, consistent with my objective for doubling the aggregate federal funding for civilian research over an 11-year period beginning in fiscal year 2000.

In keeping with my firm belief that our national commitment to technological innovation must include a complete framework that also facilitates the realization and commercialization of new technologies in the marketplace, the bill also continues to provide funding for two NIST programs that have been particularly contentious: the Advanced Technology Program (ATP) and the Manufacturing Extension Program (MEP). We respond to existing criticisms of ATP with several changes to the administration of ATP awards to ensure that the program fulfills its originally intended mission. These modifications include provisions to ensure that federal funds would not interfere or compete with private capital for the commercialization of new technologies, and that these funds would benefit primarily small businesses.

With MEP approaching maturity, the evidence of its success in providing technical assistance and advanced business practices to help small manufacturers improve their competitiveness has been overwhelming. However, as we transition from a labor-based to a knowledge-based economy, the function of the manufacturing sector will change and its needs will evolve accordingly. In anticipation of these changes, the legislation requests the Director of NIST to examine these issues closely, and recommend modification or expansion of MEP as appropriate.

NTIS is an agency within Technology Administration that collects, archives, and disseminates scientific, technical, and related business information produced by or for the federal government. NTIS is required to cover its expenses through its revenues. However, the advance of the Internet and the convenience of electronic dissemination of information freely via agency web sites have severely impacted NTIS's ability to sell its products. It is my belief that the agency serves an important mission in ensuring the preservation of research results produced from federal investment. Yet, prudent fiscal management practice dictates that we give serious consideration to the agency and its future. Accordingly, the bill reauthorizes additional funding for the agency, but only if the Secretary can recommend potential resolutions to the issue. We leave open the option of possibly resolving this issue in a later bill.

Through the Technology Administration Act of 1998 (P.L. 105–309), we created the Office of Space Commercialization, and for the first time, the Office will receive its own funding authorization. As the pace of activities to commercialize aspects of space increases, I hope that the Office will become a more active participant in the ongoing discussion between the government and industry in this strategically important market.

Two other issues that the legislation addresses include the commissioning of a study to strengthen and maintain technical expertise of the national laboratories, and a study on the role and impact of international and domestic technical standards of global commerce. These are issues with national impact that I believe we must discuss in a timely manner.

Mr. President, I believe that this authorization bill reflects a balance between prudent fiscal policies and wise investment for our Nation's future. We have incorporated input from my colleagues in the Senate, the House, and the Administration, as well as my constituents, and other interested parties. The legislation reaffirms our national commitment to maximize technology's contribution to economic growth in a responsible manner, while at the same time, prepares us for changes ahead as we transition into a knowledge-based economy. It also seeks to maintain America's unique technical skills. Therefore, I urge my colleagues to support timely passage of this legislation so that we can give a clear indication to the American people that we are serious about enhancing U.S. competitiveness as we approach the next century, and ensuring that our federal investment is well spent.●

By Mr. JEFFORDS (for himself, Mr. MOYNIHAN, Mr. SCHUMER, Mr. LAUTENBERG, Mr. LIEBERMAN, and Mr. LEAHY):

S. 1408. A bill to amend the Small Business Investment Act of 1958 to promote the cleanup of abandoned, idled, or underused commercial or industrial facilities, the expansion or redevelopment of which are complicated by real or perceived environmental contamination, and for other purposes; to the Committee on Small Business.

SMALL BUSINESS BROWNFIELDS REDEVELOPMENT ACT OF 1999

Mr. JEFFORDS. Mr. President, I rise today to introduce the Small Business Brownfields Redevelopment Act of 1999.

As we debate the best avenue to promote smart growth in our communities, a prominent issue is brownfields revitalization. Historically an issue of corporate America, small businesses can play a crucial role in revitalizing brownfields sites. Providing small businesses with the necessary capital to redevelop these sites is critical. The potential for small businesses to redevelop brownfields sites has gone untapped for far too long.

Although Congress clarified lender liability in 1996—in the FY 1997 Omnibus Appropriations bill—P.L. 104–208—there has been little progress to enhance small business brownfields redevelopment efforts. Larger corporations have the necessary resources; for example, Bank of America has recognized the economic benefits for brownfields lending. The Small Business Brownfields Redevelopment Act of 1999 would level this playing field.

Our goal with this legislation is to take an existing framework—the Small Business Administration's (SBA) successful loan guarantee and community development corporation programs—and channel important resources into brownfields redevelopment and prevention. It is a concept with multiple objectives. It will provide legitimacy to brownfields investment and lending, which does not now exist; and promote innovative cleanup technologies.

By redeveloping brownfields and easing development pressure on greenfields, we are promoting smart growth; and by providing critical financial tools to our small businesses, we are promoting the backbone of our nation's economy. Revitalizing brownfields is pro-business, pro-community, and pro-environment.

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

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

S. 1408

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 ''Small Business Brownfields Redevelopment Act of 1999''.

SEC. 2. SMALL BUSINESS DEVELOPMENT COMPANY PROGRAM SET-ASIDE FOR BROWNFIELD PREVENTION AND REDEVELOPMENT.

Section 504 of the Small Business Investment Act of 1958 (15 U.S.C. 697a) is amended by adding at the end the following:

''(c) SET-ASIDE FOR BROWNFIELD PREVENTION AND REDEVELOPMENT PROJECTS.—

''(1) IN GENERAL.—Of the amount authorized for financings under this section in each fiscal year, the Administration shall set aside the lesser of $50,000,000 or 10 percent, which shall be used by qualified State and local development companies to finance projects that assist qualified small businesses (or prospective owners or operators of qualified small businesses) in—

''(A) carrying out site assessment and cleanup activities at brownfield sites or at sites contaminated with petroleum; and

''(B) acquiring new, clean technologies and production equipment.

''(2) DEFINITIONS.—In this subsection—

''(A) the term 'brownfield site' has the meaning given that term in section 321(d);

''(B) the term 'site assessment' means any investigation of a site determined to be appropriate by the President and undertaken pursuant to section 104(b) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9604(b));

''(C) the term 'qualified small business' means a small business—

''(i) that—

''(I) has acquired a brownfield site; or

''(II) uses, in the course of doing business, any hazardous substance (as defined in section 101(14) of such Act (42 U.S.C. 9601(14)); and

''(ii) that has limited or no access to capital from conventional sources, as determined by the Administration; and

''(D) the term 'qualified State or local development company' has the meaning given that term in section 503(e).''.

SEC. 3. PROMOTION OF SMALL BUSINESS INVESTMENT COMPANIES FOR BROWNFIELD ACTIVITIES.

Title III of the Small Business Investment Act of 1958 (15 U.S.C. 681 et seq.) is amended by adding at the end the following:

''SEC. 321. SMALL BUSINESS INVESTMENT COMPANIES FOR BROWNFIELD ACTIVITIES.

''(a) ESTABLISHMENT OF CERTAIN SMALL BUSINESS INVESTMENT COMPANIES.—The Administration shall promote the establishment of 1 or more small business investment companies, the primary purpose of which is to finance—

''(1) cleanup activities for brownfield sites or sites contaminated with petroleum, including those that use innovative or experimental cleanup technologies; or

''(2) projects that assist small businesses in cleaning up the facilities owned or operated by those small businesses and adopting new, clean technologies.

''(b) AUTHORITY TO WAIVE CERTAIN FEE.—The Administration may waive any filing fee otherwise required by the Administration under this title with respect to any small business investment company described in subsection (a).

''(c) SET-ASIDE.—Notwithstanding any other provision of this title, of the amount authorized for purchases of participating securities and guarantees of debentures under this title in each fiscal year, the Administration shall set aside the lesser of $2,000,000 or 10 percent, which shall be used to provide leverage to any small business investment company described in subsection (a).

''(d) BROWNFIELD SITE DEFINED.—In this section, the term 'brownfield site' means an abandoned, idled, or underused commercial or industrial facility, the expansion or redevelopment of which is complicated by real or perceived environmental contamination.''.

Mr. MOYNIHAN. Mr. President, I rise to introduce the Small Business Brownfields Redevelopment Act of 1999, a bill to set aside a portion of the Small business Administration's (SBA) resources for use by small businesses for brownfields prevention and redevelopment.

I am pleased to co-sponsor this measure with Senator JEFFORDS of Vermont. Together, we co-chair the Northeast-Midwest Senate Coalition. We recognize that our area of the country has its share of brownfields and the need for this important legislation.

Many smaller banks, including those represented by the SBA, are hesitant to lend to projects involving brownfields which they perceive to be risky. Our bill will encourage and provide the legitimacy to brownfields investment and lending that is long overdue.

This bill designates a portion of the funding of two of SBA's programs, Section 504, Certified Development Companies (CDCs) and Small Business Investment Companies (SBICs), for brownfields activities. This will ensure that small businesses receive the support they need to promote the redevelopment of valuable land.

Companies across the nation have recognized the financial and social advantages of Smart Growth and brownfields redevelopment. Communities call on us to preserve and promote open space. This bill unites the goals of businesses and residents in a common purpose: more efficient, economical and ecological use of our nation's lands.

By Mr. MCCONNELL (for himself and Mr. BUNNING):

S. 1409. A bill to amend the Internal Revenue Code of 1986 to reduce from 24 months to 12 months the holding period used to determine whether horses are assets described in section 1231 of such Code; to the Committee on Finance.

LEGISLATION REDUCING THE CAPITAL GAINS HOLDING PERIOD FOR HORSES

Mr. MCCONNELL. Mr. President, I join with my colleague, Mr. BUNNING, to introduce legislation to reduce from 24 months to 12 months the capital gains holding period for horses. All capital assets—with the exception of horses and cattle—qualify for the lowest capital gains tax rate if held for 12 months. This discrepancy in the tax code is simply not fair to the horse industry.

The horse industry is extremely important to our economy, and accounts for thousands of jobs. Whether it is owning, breeding, racing, or showing horses—or simply enjoying an afternoon ride along a trail—one in thirty-five Americans is touched by the horse industry. In Kentucky alone, the horse industry has an economic impact of $3.4 billion, involving 150,000 horses and more than 50,000 employees.

What supports this industry is the investment in the horses themselves. Much like other businesses, outside investments are essential to the operation and growth of the horse industry. Without others willing to buy and breed horses, it is impossible for the industry to remain competitive. The two-year holding period ultimately discourages investment, putting this industry —and the 1.4 million jobs it supports nationwide—at risk. Clearly, this is bad economic policy and must be changed.

Mr. President, the two-year holding period for horses is sorely outdated. It was established in 1969, primarily as an anti-tax shelter provision. Since then, there have been a number of changes in the tax code. Specifically, the passive loss limitations have been adopted, putting an end to these previous tax loopholes.

Although horses are categorized as livestock, they have an entirely different function than other animals, like cattle. While both are livestock, the investment in these two animals is entirely different. Beef is a commodity, with a finite and generally short life span. However, horses—whether they are used for racing, showing, or working—are frequently bought and sold multiple times over their longer life in order to maximize the return on the owner's investment. Additionally, once horses retire from the track or show arena, they continue to enhance their value through breeding.

Mr. President, there is no sound argument for distinguishing horses from other capital assets. The two-year holding period discriminates against the horse industry and must be reduced. I urge my colleagues to join Senator BUNNING and me in correcting this unfair tax policy. Mr. President, I ask that the text of this legislation be printed in the RECORD.

The bill follows:

S. 1409

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

SECTION 1. HOLDING PERIOD REDUCED TO 12 MONTHS FOR PURPOSES OF DETERMINING WHETHER HORSES ARE SECTION 1231 ASSETS.

(a) IN GENERAL.—Subparagraph (A) of section 1231(b)(3) of the Internal Revenue Code of 1986 (relating to definition of property used in the trade or business) is amended by striking ''and horses''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

By Mr. STEVENS:

S. 1410. A bill to amend the Internal Revenue Code of 1986 with respect to the treatment of certain air trnasportation; to the Committee on Finance.

EMPTY SEAT TAX RELIEF LEGISLATION

Mr. STEVENS. Mr. President, I am introducing a bill to equate the tax treatment of persons occupying what would otherwise be empty seats on private aircraft with the treatment of airline employees flying on a space available basis on regularly scheduled flights. Right now, use of these empty seats is deemed taxable personal income to the employee. I refer to it as the ''empty-seat tax.'' Filling these empty seats—the way airlines do—can be likened to personnel taking offsets on freight flights, and empty seat passengers on auto, trucks, taxis or limousines that are being driven for business.

Under current law, airline employees and retirees and their parents and children can fly tax-free on scheduled commercial flights for nonbusiness reasons. Military personnel and their families can hop military flights for nonbusiness reasons without the imposition of tax. Current and former employees of airborne freight or cargo haulers, together with their parents and children, can fly tax-free for nonbusiness reasons on seats that would have otherwise been empty.

In addition, no tax is imposed on passengers accompanying employees traveling on business via auto or other non-aircraft transportation. For example, a trucker can take his wife on a haul without facing the imposition of a tax for the seat that she occupies. Yet tax is frequently imposed on employees or ''deemed'' employees flying for nonbusiness reasons when they occupy what would otherwise be unused seats on business flights of noncommercial aircraft. Employers who own or lease these aircraft are compelled by IRS regulations to consider 13 separate factors or steps in determining the incidence and amount of tax to be imposed on their employees. My proposal seeks to deal with this inequity by treating all passengers the same way.

Under this provision, the employer would have to demonstrate to the IRS on audit that the flight would have been made in the ordinary course of the employer's business whether or not the person was on the flight. The employer would also have to show that the presence of the person did not cause the employer to incur additional costs for the flight. Personal use of a plane, such as when an executive files with his or her family or guests to a vacation home, would remain fully taxable, just as under current law.

In 1984, the Joint Committee on Taxation concluded that it was ''unacceptable'' to continue ''conditions'' under which ''taxpayers in identical or comparable situations have been treated differently'' because of the ''inequities, confusion and administrative difficulties for business, employees and the internal revenue service resulting from

this situation.'' The Joint Committee on Taxation was right then, and the comment continues to be accurate 15 years later.

This is not just about creating equity for all passengers. It also goes to our ultimate goal of simplifying the Tax Code for all Americans. Upon passage of this provision, a separate category of taxpayer will be eliminated and employees and employers will be able to better assess the tax implications of travel on aircraft.

This is an especially important issue to large States with smaller populations because air travel comprises such a large part of our transportation systems. Instead of getting on a plane to travel across country, many people from rural areas get on a plane to travel within the State.

This is also a health care issue. Many people in rural States like mine must take an empty seat on a company-owned airplane because they get sick and need medical treatment that can only be found in larger cities. In the contiguous States, someone can call an ambulance to take a car or bus to a larger metropolitan area to receive medical treatment. There are no buses from Barrow to Fairbanks or Cold Bay to Anchorage. The current Tax Code overlooks this fact of life and my provision will take this into account. We must begin to treat all passengers fairly, regardless of how they get to their final destination.

By Mr. STEVENS:

S. 1411. A bill to amend the Internal Revenue Code of 1986 to extend the credit for producing electricity from certain renewable resources; to the Committee on Finance.

FISH OIL HEAT ACT OF 1999

Mr. STEVENS. Mr. President, today I introduce the Fish Oil Heat Act of 1999. This act would provide a tax credit for fishing operations who choose to burn waste fish oil rather than diesel fuel. Fishing operations would earn a tax credit for each Btu of heat produced by this alternative fuel source. This measure is similar to others that are before the Senate in that it encourages businesses to use alternative energy sources at hand rather than relying solely on fossil fuels.

This bill would amend section 45 of the Tax Code to include fish oil as a qualified energy producing resource. Fishing operations, whether on shore or at sea are able to use fish oil to keep their working areas warm and to process the fish they harvest. My legislation would expand the current Tax Code to provide an incentive to use alternative energy sources by including heat generated by waste fish oil under section 45. As it stands now, the Tax Code allows tax credits for electricity produced by wind or through a closed loop biomass system. Fishing operations are often isolated from energy grids and they do not rely on the organic biomass systems for energy, so they cannot take advantage of the electricity producing tax credit.

Several Senators have introduced bills to expand the current Tax Code to allow for new energy producing tax credits from alternative resources. However, the tax credits are limited to a single form of energy—electricity. My bill would take into account a different form of energy—heat. This provision would give the same amount of tax credit for a single Btu of heat produced as the current Tax Code allows for a kilowatt hour of electricity produced. This will create equity within the tax system and across industry lines.

Fishing operations in my State are often isolated and rely on the resources they have at hand. Unlike many of the industries in the contiguous United States, fishing operations in Alaska can't connect to area wide power grids. They rely on fossil fuels to run generators for heat and electricity. The fuel must be transported to the operation, often by barge or small boat. This bill would encourage these isolated fishing operations to collect and use the waste fish oil that they generate to keep their business warm. This would cut down on the amount of fossil fuel being transported to these distant locations, thus reducing the chances of fuel spills. Additionally, by encouraging the fishing operations to burn the waste oil they generate, we can reduce the amount of fish oil going to waste.

ADDITIONAL COSPONSORS

S. 125

At the request of Mr. FEINGOLD, the name of the Senator from Idaho (Mr. CRAPO) was added as a cosponsor of S. 125, a bill to reduce the number of executive branch political appointees.

S. 294

At the request of Mr. WYDEN, the name of the Senator from Washington (Mrs. MURRAY) was added as a cosponsor of S. 294, a bill to direct the Secretary of the Army to develop and implement a comprehensive program for fish screens and passage devices.

S. 459

At the request of Mr. BREAUX, the name of the Senator from Wisconsin (Mr. KOHL) was added as a cosponsor of S. 459, a bill to amend the Internal Revenue Code of 1986 to increase the State ceiling on private activity bonds.

S. 472

At the request of Mr. GRASSLEY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 472, a bill to amend title XVIII of the Social Security Act to provide certain medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under part B of the medicare program, and for other purposes.

S. 484

At the request of Mr. CAMPBELL, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 484, a bill to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIAs or American Korean War POW/MIAs may be present, if those nationals assist in the return to the United States of those POW/MIAs alive.

S. 510

At the request of Mr. CAMPBELL, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 510, a bill to preserve the sovereignty of the United States over public lands and acquired lands owned by the United States, and to preserve State sovereignty and private property rights in non-Federal lands surrounding those public lands and acquired lands.

S. 522

At the request of Mr. LAUTENBERG, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 522, a bill to amend the Federal Water Pollution Control Act to improve the quality of beaches and coastal recreation water, and for other purposes.

S. 541

At the request of Ms. COLLINS, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 541, a bill to amend title XVIII of the Social Security Act to make certain changes related to payments for graduate medical education under the medicare program.

S. 632

At the request of Mr. DEWINE, the name of the Senator from New Hampshire (Mr. GREGG) was added as a cosponsor of S. 632, a bill to provide assistance for poison prevention and to stabilize the funding of regional poison control centers.

S. 717

At the request of Ms. MIKULSKI, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 717, a bill to amend title II of the Social Security Act to provide that the reductions in social security benefits which are required in the case of spouses and surviving spouses who are also receiving certain Government pensions shall be equal to the amount by which two-thirds of the total amount of the combined monthly benefit (before reduction) and monthly pension exceeds $1,2000, adjusted for inflation.

S. 751

At the request of Mr. LEAHY, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. 751, a bill to combat nursing

home fraud and abuse, increase protections for victims of telemarketing fraud, enhance safeguards for pension plans and health care benefit programs, and enhance penalties for crimes against seniors, and for other purposes.

S. 758

At the request of Mr. ASHCROFT, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. 758, a bill to establish legal standards and procedures for the fair, prompt, inexpensive, and efficient resolution of personal injury claims arising out of asbestos exposure, and for other purposes.

S. 792

At the request of Mr. MOYNIHAN, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 792, a bill to amend title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to provide States with the option to allow legal immigrant pregnant women, children, and blind or disabled medically needy individuals to be eligible for medical assistance under the medicaid program, and for other purposes.

S. 980

At the request of Mr. BAUCUS, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 980, a bill to promote access to health care services in rural areas.

S. 1025

At the request of Mr. MOYNIHAN, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1025, a bill to amend title XVIII of the Social Security Act to ensure the proper payment of approved nursing and allied health education programs under the medicare program.

S. 1053

At the request of Mr. BOND, the names of the Senator from Kentucky (Mr. MCCONNELL) and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 1053, a bill to amend the Clean Air Act to incorporate certain provisions of the transportation conformity regulations, as in effect on March 1, 1999.

S. 1159

At the request of Mr. STEVENS, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 1159, a bill to provide grants and contracts to local educational agencies to initiate, expand, and improve physical education programs for all kindergarten through 12th grade students.

S. 1172

At the request of Mr. TORRICELLI, the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of S. 1172, a bill to provide a patent term restoration review procedure for certain drug products.

S. 1187

At the request of Mr. DORGAN, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1315

At the request of Mr. BINGAMAN, the name of the Senator from Utah (Mr. BENNETT) was added as a cosponsor of S. 1315, a bill to permit the leasing of oil and gas rights on certain lands held in trust for the Navajo Nation or allotted to a member of the Navajo Nation, in any case in which there is consent from a specified percentage interest in the parcel of land under consideration for lease.

S. 1348

At the request of Mr. BROWNBACK, the name of the Senator from Arkansas (Mr. HUTCHINSON) was added as a cosponsor of S. 1348, a bill to require Congress and the President to fulfill their Constitutional duty to take personal responsibility for Federal laws.

S. 1396

At the request of Mr. FITZGERALD, the names of the Senator from Illinois (Mr. DURBIN), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Iowa (Mr. HARKIN) were added as cosponsors of S. 1396, a bill to amend section 4532 of title 10, United States Code, to provide for the coverage and treatment of overhead costs of United States factories and arsenals when not making supplies for the Army, and for other purposes.

S. 1403

At the request of Mrs. MURRAY, her name was withdrawn as a cosponsor of S. 1403, a bill to amend chapter 3 of title 28, United States Code, to modify en banc procedures for the Ninth Circuit Court of Appeals, and for other purposes.

SENATE CONCURRENT RESOLUTION 10

At the request of Mr. SARBANES, the name of the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of Senate Concurrent Resolution 10, a concurrent resolution expressing the sense of Congress that there should continue to be parity between the adjustments in the compensation of members of the uniformed services and the adjustments in the compensation of civilian employees of the United States.

SENATE CONCURRENT RESOLUTION 34

At the request of Mr. SPECTER, the names of the Senator from Ohio (Mr. DEWINE) and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of Senate Concurrent Resolution 34, a concurrent resolution relating to the observance of ''In Memory'' Day.

SENATE RESOLUTION 92

At the request of Mrs. BOXER, the name of the Senator from North Carolina (Mr. EDWARDS) was added as a cosponsor of Senate Resolution 92, a resolution expressing the sense of the Senate that funding for prostate cancer research should be increased substantially.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the names of the Senator from South Carolina (Mr. HOLLINGS), the Senator from Massachusetts (Mr. KERRY), the Senator from Rhode Island (Mr. REED), the Senator from Tennessee (Mr. FRIST), the Senator from Wyoming (Mr. ENZI), the Senator from North Carolina (Mr. EDWARDS), the Senator from Illinois (Mr. DURBIN), the Senator from Alabama (Mr. SHELBY), the Senator from Utah (Mr. HATCH), the Senator from Florida (Mr. GRAHAM), the Senator from Hawaii (Mr. AKAKA), the Senator from Oregon (Mr. WYDEN), the Senator from Ohio (Mr. DEWINE), the Senator from Colorado (Mr. ALLARD), the Senator from Idaho (Mr. CRAPO), the Senator from Michigan (Mr. LEVIN), and the Senator from Tennessee (Mr. THOMPSON) were added as cosponsors of Senate Resolution 95, A resolution designating August 16, 1999, as ''National Airborne Day.''

SENATE RESOLUTION 106

At the request of Mr. DOMENICI, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of Senate Resolution 106, a resolution to express the sense of the Senate regarding English plus other languages.

SENATE RESOLUTION 128

At the request of Mr. COCHRAN, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of Senate Resolution 128, a resolution designating March 2000, as ''Arts Education Month.''

AMENDMENT NO. 1258

At the request of Mr. DOMENICI the names of the Senator from Indiana (Mr. LUGAR) and the Senator from Missouri (Mr. ASHCROFT) were added as cosponsors of amendment No. 1258 proposed to H.R. 1555, a bill to authorize appropriations for fiscal year 2000 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

SENATE CONCURRENT RESOLUTION 47—EXPRESSING THE SENSE OF CONGRESS REGARDING THE REGULATORY BURDENS ON HOME HEALTH AGENCIES

Mrs. HUTCHISON (for herself, Mr. BOND, Ms. COLLINS, Mr. FRIST, Mr. ALLARD, Mr. EDWARDS, Mr. COCHRAN, Mr. CLELAND, Mr. ROBERTS, and Mr. TORRICELLI) submitted the following concurrent resolution; which was referred to the Committee on Finance:

S. CON. RES. 47

Whereas 3,900,000 elderly persons currently use health care services provided under the medicare home health program;

Whereas the Balanced Budget Act of 1997 made a number of changes to the administration of the medicare home health program;

Whereas many such changes imposed by such Act were required to be implemented by the Health Care Financing Administration (referred to in this resolution as ''HCFA'') of the Department of Health and Human Services;

Whereas many of such regulations promulgated by HCFA in order to implement such changes have proven to be administratively burdensome, have diverted funds away from needed beneficiary care, and were promulgated as final rules without prior opportunity for comment by the home health industry and home health patients;

Whereas HCFA has implemented a branch office policy that imposes arbitrary distance and suspension requirements that are administratively burdensome and threaten access to home health services, particularly in rural areas;

Whereas, in order to implement the shift of medicare payment for home health services from part A to part B, HCFA imposed a sequential billing policy that prohibited home health agencies from submitting bills for patient services if a previous bill was submitted for that patient who was undergoing medical review;

Whereas HCFA has expanded medical reviews of home health claims so that the processing of such claims has slowed down significantly nationwide;

Whereas HCFA is requiring home health agencies to submit patient data using the Outcomes and Assessment Information Set (referred to in this resolution as ''OASIS'') in anticipation of and to assist the development of a prospective payment system (PPS) for home health services;

Whereas, HCFA plans to implement an overly burdensome requirement that agencies report visit times in 15-minute increments that fails to account for the entire time spent in the home and on activities such as care planning, coordination, documentation, and travel that are essential for a home health visit;

Whereas most home health agencies will not be reimbursed for any of the costs or the increase in administrative requirements associated with OASIS;

Whereas the slowdown in claims processing, coupled with sequential billing and implementation of OASIS, has substantially increased home health agency cash flow problems because payments are often delayed by 3 months or more;

Whereas the vast majority of home health agencies are small businesses that cannot operate with such significant cash flow problems; and

Whereas there are many other elements of the medicare home health program, such as the interim payment system, which have created financial problems for home health agencies, such that more than 2,200 agencies nationwide have already closed: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) Congress should actively oversee the administration by the Health Care Financing Administration (referred to in this resolution as ''HCFA'') of the medicare home health program;

(2) in overseeing such administration, Congress should pay particular attention to HCFA's compliance with the public notice and comment requirements of the Administrative Procedures Act (5 U.S.C. 551 et seq.), HCFA's consideration of input from the home health community, and HCFA's coordination and consistent application of policies among HCFA's central and regional offices; and

(3) Congress should monitor HCFA's adherence to and implementation of Congressional intent when executing changes during such administration.

• Mrs. HUTCHISON. Mr. President, I rise today to submit a Senate concurrent resolution intended to focus the attention of Congress on the current plight of Medicare beneficiaries who receive home health care. Specifically, the resolution calls for increased Congressional oversight with regard to home health care of the Health Care Financing Administration (HCFA), which has responsibility of implementing the federal Medicare program.

Home health providers, or ''agencies'' as they are called, are being decimated by overly burdensome and complex regulations issued by HCFA. Ostensibly issued to implement the Medicare preservation provisions of the 1997 Balanced Budget Act, these regulations instead have ignored or conjured Congressional intent and in the process have driven thousands of home health agencies out of business and left tens of thousands of homebound seniors scrambling to find care.

Mr. President, my home state of Texas is very rural. Despite the fact that there are now almost 20 million people living in Texas, most areas of the state remain rural, even isolated from major population centers. Many of these areas are medically very underserved. There are counties in Texas without a single hospital, and several without so much as a clinic for people to go to find basic health services. It's not unusual for a Texan in some parts of the state to have to drive 100 miles or more just to see a doctor.

When Congress created the home health benefit within the Medicare program, it dramatically extended Medicare's reach to senior citizens and disabled persons living in these rural areas. Home health also offered to bring much needed health services to many who, although they may reside in a city, nevertheless may live an isolated existence because they are homebound.

Because of the tremendous need and demand for home health care, the program began to grow rapidly. This growth began to alarm some who felt that the cost of the program would soon outstrip the Medicare system's ability to pay for it. There were also a growing number of reports of abuse and fraud within Medicare generally, and specifically within the home health program.

So in 1997, as part of a broader Medicare package, Congress acted to make the home health program more efficient and to crack-down on fraud and abuse. While these reforms were intended as a wake-up call to inefficient and fraudulent home health providers, they were not intended to pull the rug out from under the entire home health industry, and the 4 million patients nationwide who depend on the services home care provides. Unfortunately, that is exactly what has happened.

Home health agencies have been besieged on all sides. Implementation of the Interim Payment System (IPS) has caused immediate cuts in payments to agencies by upwards of 60 percent. In many cases, these cuts are being implemented retroactively, resulting in many agencies being slapped with ''overpayment'' demand notices for hundreds of thousands of dollars. In some cases, these payment demands exceed the agency's annual payroll. Moreover, the manner in which HCFA has chosen to implement the IPS has caused the most efficient agencies to suffer the most severe cuts. Agencies that were less efficient, and thus were paid more in the past, are ironically given higher reimbursements under the IPS.

At the same time, home health agencies have been hit with many new, complex, and burdensome regulations, some of which seem to have no real purpose other than to generate more paperwork and administrative costs by home care agencies.

For example, home health providers are now required to keep track of and report their time in 15 minute increments. Many visiting nurses and other home health providers report having to use a stopwatch while they administer care to their patients in order to comply with this new requirement. Another example is HCFA's implementation of a sequential billing policy, wherein an agency cannot bill Medicare for services provided to a patient until all previous claims for that patient are resolved, even if those earlier claims are held-up by the Medicare bureaucracy.

Across the nation, and particularly in my home state of Texas, the combined results of these payment cuts and new regulations have been nothing short of catastrophic. In Texas alone, an estimated 700 home care agencies have already gone out of business since 1997, and many more are on the verge of collapse. Nationwide, upwards of 2200 agencies have reportedly shut their doors, representing about a third of the total number of home care agencies.

Mr. President, it seems that everywhere I travel in Texas, and I travel to some very rural areas, the one health complaint I hear consistently from my constituents concerns changes in the Medicare home health benefit. I have heard numerous instances of home health beneficiaries, particularly those with complex illnesses and demanding health needs, who have been left high and dry by the closure of their home care agency. Many of these individuals have been forced into hospitals or nursing homes. Others simply get no care,

or must rely to the extent they can upon what care family or neighbors can provide.

I and many of my colleagues have communicated with HCFA in an attempt to soften the blow of their regulations, with only very limited success. And while HCFA has been largely unresponsive to Congress, it has been even more insulated from the comments, suggestions, and complaints from the home health community. In many cases, payment system changes have been enacted with virtually no public participation or comment.

Mr. President, our nation's homebound senior citizens deserve more.

This resolution seeks to bring attention to the plight of home health beneficiaries under HCFA's cumbersome implementation of the reforms Congress enacted. It calls upon Congress to take a more active role in overseeing the Health Care Financing Administration with regard to home health care and HCFA's implementation of its home care regulations. Most importantly, the resolution calls upon HCFA to adhere more closely to Congressional intent in administering the Medicare home health benefit to ensure that the program is not further eviscerated.

This resolution is certainly not the only solution to the current home health crisis. Just this month I joined with Senators COLLINS, BOND, and others, many of whom are original cosponsors of this resolution, in introducing substantive legislation that will repeal some of the most severe applications of the 1997 Balanced Budget Act. While these changes cannot turn back time to restore the agencies and services that have been lost, it can help prevent even more providers from going out of business and even more homebound patients from being medically stranded.

Mr. President, I call upon my colleagues to support this resolution, as well as the substantive legislation just introduced by my colleague, Senator COLLINS. But most importantly, I call upon my colleagues to recognize the real and ongoing health care crisis facing America's homebound seniors and disabled individuals.●

SENATE RESOLUTION 158—DESIGNATING OCTOBER 21, 1999, AS A ''DAY OF NATIONAL CONCERN ABOUT YOUNG PEOPLE AND GUN VIOLENCE''

Mrs. MURRAY (for herself, Mr. WARNER, Mr. HATCH, Mr. BINGAMAN, Mrs. BOXER, Mr. CHAFEE, Mr. DODD, Mr. DORGAN, Mr. EDWARDS, Mr. GORTON, Mr. GRAMS, Mr. JEFFORDS, Mr. JOHNSON, Mr. KENNEDY, Mr. KERRY, Ms. LANDRIEU, Mr. LAUTENBERG, Mr. LEVIN, Mr. LIEBERMAN, Mr. MOYNIHAN, Mr. REID, Mr. ROBB, Mr. SARBANES, Mr. SCHUMER, Mr. SMITH of Oregon, Mr. SPECTER, Mr. TORRICELLI, and Mr. WELLSTONE) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 158

Whereas every day in the United States, 14 children under the age of 19 are killed with guns;

Whereas in 1994, approximately 70 percent of murder victims aged 15 to 17 were killed with a handgun;

Whereas in 1995, nearly 8 percent of high school students reported having carried a gun in the past 30 days;

Whereas young people are our Nation's most important resource, and we, as a society, have a vested interest in enabling children to grow in an environment free from fear and violence;

Whereas young people can, by taking responsibility for their own decisions and actions, and by positively influencing the decisions and actions of others, help chart a new and less violent direction for the entire Nation;

Whereas students in every school district in the Nation will be invited to take part in a day of nationwide observance involving millions of their fellow students, and will thereby be empowered to see themselves as significant agents in a wave of positive social change; and

Whereas the observance of October 21, 1999, as a ''Day of National Concern about Young People and Gun Violence'' will allow students to make a positive and earnest decision about their future in that such students will have the opportunity to voluntarily sign the ''Student Pledge Against Gun Violence'', and promise that they will never take a gun to school, will never use a gun to settle a dispute, and will actively use their influence in a positive manner to prevent friends from using guns to settle disputes: Now, therefore, be it

Resolved, That the Senate—

(1) designates October 21, 1999, as a ''Day of National Concern about Young People and Gun Violence''; and

(2) requests that the President issue a proclamation calling on the school children of the United States to observe the day with appropriate ceremonies and activities.

Mrs. MURRAY. Mr. President, I rise today to introduce a resolution that has passed the Senate now for 3 years unanimously.

My resolution, which I am submitting today, along with Senator WARNER and 28 other original cosponsors, establishes October 21, 1999, as a day of national concern about young people and gun violence. For the last several years, I have sponsored this legislation. This year, Senator WARNER has joined me in leading the cosponsorship drive as we pledge to our young people across the Nation that we support their strong efforts to help stop the violence in their own schools and communities. I thank Senator WARNER for his help and partnership in work on this issue.

Sadly, this resolution has special meaning for all of us after the tragic events that occurred earlier this year in Littleton, CO, and Conyers, GA. These school shootings across the Nation have paralyzed their communities and shocked the country. In recent years, we have seen similar shootings from Mississippi to Oregon. These events have touched us all. Adults and young people alike have been horrified by the violence that has occurred in our schools, which should be a safe haven for children. We are all left wondering what we can do to prevent these tragedies.

I am again introducing this resolution because I am convinced the best way to prevent gun violence is by reaching out to individual children and helping them make the right decisions. This resolution simply establishes a special day that gives parents and teachers, government leaders, service clubs, police departments, and others a way to focus on the problems caused by gun violence. It also empowers young people to take affirmative steps to end this violence by encouraging them to take a pledge not to use guns to resolve disputes.

A Minnesota homemaker, Mary Lewis Grow, developed this idea of student pledges and for a day of national concern for young people and gun violence. In addition, Mothers Against Violence in America, the National Parent Teacher Association, the American Federation of Teachers, the National Association of Student Councils, and the American Medical Association have joined the effort to establish a special day to express concern about our children and gun violence and support a national effort to encourage students to sign a pledge against gun violence.

In 1998, more than 1 million students across the Nation signed this pledge card. The student pledge against gun violence gives students the chance to make a promise in writing that they will do their part to prevent gun violence. The students' pledge promises three things: First, they will never carry a gun to school; second, they will never resolve a dispute with a gun; and third, they will use their influence with friends to discourage them from resolving disputes with guns.

Just think of the lives we could have saved if all students had signed and lived up to such a pledge just last year.

Consider that in the months between today and the day we demonstrated our concern about youth violence last year, we have had terrifying outbreaks of school violence. Sadly, 12 students and one teacher have been killed, and more than 25 students have been wounded in shootings by children at school. In addition, we have lost many more children in what has become the all too common violence of drive-by shootings, drug wars, and other crime, and in self-inflicted and unintentional shootings.

We all have been heartened by statistics showing crime in America on the decline. Many factors are involved, including community-based policing, stiffer sentences for those convicted, youth crime prevention programs, and population demographics. None of us intend to rest on our success because

we still have far, far too much crime and violence in this society.

So, we must find the solutions that work and focus our limited resources on those. We must get tough on violent criminals—even if they are young—to protect the rest of society from their terrible actions. And we, each and every one of us, must make time to spend with our children, our neighbor's children, and the children who have no one else to care about them. Only when we reach out to our most vulnerable citizens—our kids—will we stop youth violence.

Mr. President, I urge all of my colleagues to join in this simple effort to focus attention on gun violence among youth by proclaiming October 21 a ''Day of Concern about Young People and Gun Violence.'' October is National Crime Prevention Month—the perfect time to center our attention of the special needs of our kids and gun violence. We introduce this resolution today in the hopes of getting all 100 Senators to cosponsor it prior to this passage, which we hope will occur in early September. This is an easy step for us to help facilitate the work that must go on in each community across America, as parents, teachers, friends, and students try to prevent gun violence before it ruins any more lives.

Mr. WARNER. Mr. President, I rise today to submit a resolution that passed the United States Senate by unanimous consent each of the last two years. I am pleased to join Senator MURRAY in establishing October 21, 1999, as the Day of National Concern About Young People and Gun Violence.

On April 20, 1999, two teenagers wearing long black trench coats over fatigues began shooting their fellow classmates and faculty at Columbine High School in Littleton, Colorado. In the end, 15 people died and many others were injured, in the bloodiest school shooting in America's history. Unfortunately, the atrocity that occurred in Littleton, Colorado, is not an isolated incident. Before the shooting in Columbine High School, recent school shootings occurred in Pearl, Mississippi; West Paducah, Kentucky; Jonesboro, Arkansas; and Springfield, Oregon. After Littleton, six students were shot in Conyers, Georgia, by one of their fellow students.

The problem of young people and gun violence expands beyond school shootings. Every day in the United States, 14 children under the age of 19 are killed with guns, and in 1994, approximately 70 percent of murder victims aged 15 to 17 were killed with a handgun. America has lost thousands of children in what has become the all-too-common violence of drive-by shootings, drug wars and other crimes, as well as in self-inflicted and unintentional shootings.

In the aftermath of these tragedies, we all find ourselves looking for answers. While there is no simple solution as to how to stop youth violence, a Minnesota homemaker, Mary Lewis Grow, developed the idea of a Day of National Concern About Young People and Gun Violence. I believe this idea is a step in the right direction, as do such groups as Mothers Against Violence in America, the National Association of Student Councils, the American Federation of Teachers, the National Parent Teacher Associations, and the American Medical Association.

Simply put, this resolution will establish October 21, 1999, as the Day of National Concern About Young People and Gun Violence. On this day, students in every school district in the Nation will be invited to voluntarily sign the ''Student Pledge Against Gun Violence.'' By signing the pledge, students promise that they will never take a gun to school, will never use a gun to settle a dispute, and will use their influence in a positive manner to prevent friends from using guns to settle disputes.

Mr. President, losing one child from gun violence is one too many. Though this resolution is not the ultimate solution to preventing future tragedies like Littleton, if it stops even one incident of youth gun violence, this resolution will be invaluable. I urge all of my colleagues to join in this resolution to focus attention on gun violence among youth.

AMENDMENTS SUBMITTED

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000

BINGAMAN (AND OTHERS) AMENDMENT NO. 1260

Mr. BINGAMAN (for himself, Mr. DOMENICI and Mr. REID) proposed an amendment to amendment No. 1258 proposed by Mr. KYL to the bill (H.R. 1555) to authorize appropriations for fiscal year 2000 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; as follows:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, at the end of subsection (k), insert the following:

''Such supervision and direction of any Director or contract employee of a national security laboratory or of a nuclear weapons production facility shall not interfere with communication to the Department, the President, or Congress, of technical findings or technical assessments derived from, and in accord with, duly authorized activities. The Under Secretary for Nuclear Stewardship shall have responsibility and authority for, and may use, an appropriate field structure for the programs and activities of the Agency.''.

LEVIN AMENDMENT NO. 1261

Mr. LEVIN proposed an amendment to amendment No. 1258 proposed by Mr. KYL to the bill, H.R. 1555, supra; as follows:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, add at the end the following:

(u) The Secretary shall be responsible for developing and promulgating all Departmental-wide security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies. The Director of the Agency for Nuclear Stewardship is responsible for implementation of the Secretary's security, counterintelligence, and intelligence policies within the new agency. The Director of the Agency may establish agency-specific policies so long as they are fully consistent with the departmental policies established by the Secretary.

BINGAMAN (AND OTHERS) AMENDMENT NO. 1262

Mr. BINGAMAN (for himself, Mr. DOMENICI, and Mr. REID) proposed an amendment to amendment No. 1258 proposed by Mr. KYL to the bill, H.R. 1555, supra; as follows:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, strike subsection (o) and insert the following new subsection (o):

(o)(1) The Secretary shall ensure that other programs of the Department, other federal agencies, and other appropriate entities continue to use the capabilities of the national security laboratories.

(2) The Under Secretary, under the direction, authority, and control of the Secretary, shall, consistent with the effective discharge of the Agency's responsibilities, make the capabilities of the national security laboratories available to the entities in paragraph (1) in a manner that continues to provide direct programmatic control by such entities.

DOMENICI (AND OTHERS) AMENDMENT NO. 1263

Mr. DOMENICI (for himself, Mr. BINGAMAN, Mr. LEVIN, Mr. LIEBERMAN, and Mr. REID) proposed an amendment to amendment No. 1258 proposed by Mr. KYL to the bill, H.R. 1555, supra; as follows:

In section 213 of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, add at the end of the section the following new subsection:

''(u) The Agency for Nuclear Stewardship shall comply with all applicable environmental, safety, and health statutes and substantive requirements. The Under Secretary for Nuclear Stewardship shall develop procedures for meeting such requirements. Nothing in this section shall diminish the authority of the Secretary to ascertain and ensure that such compliance occurs.''.

MOYNIHAN AMENDMENTS NOS. 1264–1265

Mr. MOYNIHAN proposed two amendments to the bill, H.R. 1555, supra; as follows:

AMENDMENT NO. 1264

On page 5 strike lines 7–12, and insert the following:

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 2000 the sum of $193,572,000. The Information Security Oversight Office, charged with administering the nation's intelligence classification and declassification programs shall receive $1.5 million of these funds to allow it to hire more staff so that it can more efficiently manage these programs.

AMENDMENT NO. 1265

After section 308 insert the following new section:

SEC. 309. SENSE OF THE CONGRESS ON CLASSIFICATION AND DECLASSIFICATION.

It is the sense of Congress that the systematic declassification of records of permanent historic value is in the public interest and that the management of classification and declassification by Executive Branch agencies requires comprehensive reform and additional resources.

KERREY (AND SHELBY) AMENDMENT NO. 1266

Mr. KERREY (for himself, and Mr. SHELBY) proposed an amendment to amendment No. 1258 proposed by Mr. KYLE to the bill, H.R. 1555, supra; as follows:

Following section 213(t) add the following new subsection to section 213 as added by the Kyl amendment:

''(u) The Secretary shall be responsible for developing and promulgating Departmental security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promugating such policies. The Under Secretary for Nuclear Stewardship is responsible for implementation of all security, counterintelligence and intelligence policies within the Agency for Nuclear Stewardship. The Under Secretary for Nuclear Stewardship may establish agency-specific policies unless disapproved by the Secretary.''

FEINSTEIN AMENDMENT NO. 1267

Mr. KERREY (for Mrs. FEINSTEIN) proposed an amendment to amendment No. 1258 proposed by Mr. KYL to the bill, H.R. 1555, supra; as follows:

On page 6, line 13 following the word ''report'' insert: '', consistent with their contractual obligations,''.

LEVIN AMENDMENT NO. 1268

Mr. LEVIN proposed an amendment to amendment No. 1258 proposed by Mr. KYL to the bill, H.R. 1555, supra; as follows:

In the fourth sentence of section 213(c) of the Department of Energy Organization Act, as proposed by subsection (c) of the amendment, insert after ''to any Department official'' the following: ''other than the Deputy Secretary''.

BRYAN AMENDMENT NO. 1269

Mr. BRYAN proposed an amendment to the bill, H.R. 1555, supra; as follows:

At the appropriate place in the bill, insert the following:

SEC. ___. TERMINATION OF EXEMPTION OF CERTAIN CONTRACTORS AND OTHER ENTITIES FROM CIVIL PENALTIES FOR VIOLATIONS OF NUCLEAR SAFETY REQUIREMENTS UNDER ATOMIC ENERGY ACT OF 1954.

(a) NONPROFIT EDUCATIONAL INSTITUTIONS.—Subsection b. (2) of section 234A of the Atomic Energy Act of 1954 (42 U.S.C. 2282a) is amended by striking the second sentence.

(b) LIABILITY OF NONPROFIT CONTRACTORS.—Subsection b. of that section is further amended by adding at the end the following:

''(3)(A) Subject to subparagraph (B), the amounts of civil penalties for violations of this section by nonprofit contractors of the Department shall be determined in accordance with the schedule of penalties employed by the Nuclear Regulatory Commission under the General Statement of Policies and Procedures for NRC Enforcement for similar violations by nonprofit contractors.

''(B) A civil penalty may be imposed on a nonprofit contractor of the Department for a violation of this section only to the extent that such civil penalty, when aggregated with any other penalties under the contract concerned at the time of the imposition of such civil penalty, does not exceed the performance fee of the contractor under such contract.''.

(c) SPECIFIED CONTRACTORS.—That section is further amended by striking subsection d.

(d) APPLICABILITY.—The amendments made by this section shall take effect on the date of the enactment of this Act, and shall apply with respect to violations specified in section 234A of the Atomic Energy Act of 1954 that occur on or after that date.

SHELBY (AND KERREY) AMENDMENT NO. 1270

Mr. SHELBY (for himself and Mr. KERREY) proposed an amendment to the bill, H.R. 1555, supra; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Intelligence Authorization Act for Fiscal Year 2000''.

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

Sec. 1. Short title; table of contents.

TITLE I—INTELLIGENCE ACTIVITIES

Sec. 101. Authorization of appropriations.
Sec. 102. Classified schedule of authorizations.
Sec. 103. Personnel ceiling adjustments.
Sec. 104. Community Management Account.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Sec. 201. Authorization of appropriations.

TITLE III—GENERAL PROVISIONS

Sec. 301. Increase in employee compensation and benefits authorized by law.
Sec. 302. Restriction on conduct of intelligence activities.
Sec. 303. Extension of application of sanctions laws to intelligence activities.
Sec. 304. Access to computers and computer data of executive branch employees with access to classified information.
Sec. 305. Naturalization of certain persons affiliated with a Communist or similar party.
Sec. 306. Funding for infrastructure and quality of life improvements at Menwith Hill and Bad Aibling stations.
Sec. 307. Technical amendment.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Sec. 401. Improvement and extension of central services program.
Sec. 402. Extension of CIA Voluntary Separation Pay Act.

TITLE V—DEPARTMENT OF ENERGY INTELLIGENCE ACTIVITIES

Sec. 501. Short title.
Sec. 502. Moratorium on foreign visitors program.
Sec. 503. Background checks on all foreign visitors to national laboratories.
Sec. 504. Report to Congress.
Sec. 505. Definitions.

TITLE VI—FOREIGN COUNTERINTELLIGENCE AND INTERNATIONAL TERRORISM INVESTIGATIONS

Sec. 601. Expansion of definition of ''agent of a foreign power'' for purposes of the Foreign Intelligence Surveillance Act of 1978.
Sec. 602. Federal Bureau of Investigation reports to other executive agencies on results of counterintelligence activities.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 2000 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The National Reconnaissance Office.
(11) The National Imagery and Mapping Agency.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 2000, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the conference report on the bill _____ of the One Hundred Sixth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the Executive Branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 2000 under

section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever the Director exercises the authority granted by this section.

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 2000 the sum of $193,572,000. The Information Security Oversight Office, charged with administering this nation's intelligence classification and declassification programs shall receive $1.5 million of these funds to allow it to hire more staff so that it can more efficiently manage these programs.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Community Management Account of the Director of Central Intelligence are authorized a total of 353 full-time personnel as of September 30, 2000. Personnel serving in such elements may be permanent employees of the Community Management Account element or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated for the Community Management Account by subsection (a), there is also authorized to be appropriated for the Community Management Account for fiscal year 2000 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a). Such additional amounts shall remain available until September 30, 2001.

(2) AUTHORIZATION OF PERSONNEL.—In addition to the personnel authorized by subsection (b) for elements of the Community Management Account as of September 30, 2000, there is hereby authorized such additional personnel for such elements as of that date as is specified in the classified Schedule of Authorizations.

(d) REIMBURSEMENT.—Except as provided in section 113 of the National Security Act of 1947 (50 U.S.C. 404h), during fiscal year 2000, any officer or employee of the United States or member of the Armed Forces who is detailed to the staff of an element within the Community Management Account from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(e) NATIONAL DRUG INTELLIGENCE CENTER.—

(1) IN GENERAL.—Of the amount authorized to be appropriated in subsection (a), $27,000,000 shall be available for the National Drug Intelligence Center. Within such amount, funds provided for research, development, test, and evaluation purposes shall remain available until September 30, 2001, and funds provided for procurement purposes shall remain available until September 30, 2002.

(2) TRANSFER OF FUNDS.—The Director of Central Intelligence shall transfer to the Attorney General of the United States funds available for the National Drug Intelligence Center under paragraph (1). The Attorney General shall utilize funds so transferred for activities of the Center.

(3) LIMITATION.—Amounts available for the National Drug Intelligence Center may not be used in contravention of the provisions of section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403–3(d)(1)).

(4) AUTHORITY.—Notwithstanding any other provision of law, the Attorney General shall retain full authority over the operations of the National Drug Intelligence Center.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 2000 the sum of $209,100,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

SEC. 303. EXTENSION OF APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.

Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking ''January 6, 2000'' and inserting ''January 6, 2001''.

SEC. 304. ACCESS TO COMPUTERS AND COMPUTER DATA OF EXECUTIVE BRANCH EMPLOYEES WITH ACCESS TO CLASSIFIED INFORMATION.

(a) ACCESS.—Section 801(a)(3) of the National Security Act of 1947 (50 U.S.C. 435(a)(3)) is amended by striking ''and travel records'' and inserting ''travel records, and computers used in the performance of government duties''.

(b) COMPUTER DEFINED.—Section 804 of that Act (50 U.S.C. 438) is amended—

(1) by striking ''and'' at the end of paragraph (6);

(2) by striking the period at the end of paragraph (7) and inserting ''; and''; and

(3) by adding at the end the following:

''(8) the term 'computer' means any electronic, magnetic, optical, electrochemical, or other high speed data processing device performing logical, arithmetic, or storage functions, and includes any data storage facility or communications facility directly related to or operating in conjunction with such device and any data or other information stored or contained in such device.''.

(c) APPLICABILITY.—The President shall modify the procedures required by section 801(a)(3) of the National Security Act of 1947 to take into account the amendment to that section made by subsection (a) of this section not later than 90 days after the date of the enactment of this Act.

SEC. 305. NATURALIZATION OF CERTAIN PERSONS AFFILIATED WITH A COMMUNIST OR SIMILAR PARTY.

Section 313 of the Immigration and Nationality Act (8 U.S.C. 1424) is amended by adding at the end the following:

''(e) A person may be naturalized under this title without regard to the prohibitions in subsections (a)(2) and (c) of this section, if the person—

''(1) is otherwise eligible for naturalization;

''(2) is within the class described in subsection (a)(2) solely because of past membership in, or past affiliation with, a party or organization described in that subsection;

''(3) does not fall within any other of the classes described in that subsection; and

''(4) is jointly determined by the Director of Central Intelligence, the Attorney General, and the Commissioner of Immigration and Naturalization to have made a contribution to the national security or to the national intelligence mission of the United States.''.

SEC. 306. FUNDING FOR INFRASTRUCTURE AND QUALITY OF LIFE IMPROVEMENTS AT MENWITH HILL AND BAD AIBLING STATIONS.

Section 506(b) of the Intelligence Authorization Act for Fiscal Year 1996 (Public Law 104–93; 109 Stat. 974), as amended by section 502 of the Intelligence Authorization Act for Fiscal Year 1998 (Public Law 105–107; 111 Stat. 2262), is further amended by striking ''for fiscal years 1998 and 1999'' and inserting ''for fiscal years 2000 and 2001''.

SEC. 307. TECHNICAL AMENDMENT.

Section 305(b)(2) of the Intelligence Authorization Act for Fiscal Year 1997 (Public Law 104–293, 110 Stat. 3465; 8 U.S.C. 1427 note) is amended by striking ''subparagraph (A), (B), (C), or (D) of section 243(h)(2) of such Act'' and inserting ''clauses (i) through (iv) of section 241(b)(3)(B) of such Act''.

SEC. 308. SENSE OF THE CONGRESS ON CLASSIFICATION AND DECLASSIFICATION

It is the sense of Congress that the systematic declassification of records of permanent historic value is in the public interest and that the management of classification and declassification by Executive Branch agencies requires comprehensive reform and additional resources.

SEC. ___. DECLASSIFICATION OF INTELLIGENCE ESTIMATE ON VIETNAM-ERA PRISONERS OF WAR AND MISSING IN ACTION PERSONNEL AND CRITICAL ASSESSMENT OF ESTIMATE.

(a) DECLASSIFICATION.—Subject to subsection (b), the Director of Central Intelligence shall declassify the following:

(1) National Intelligence Estimate 98–03 dated April 1998 and entitled ''Vietnamese Intentions, Capabilities, and Performance Concerning the POW/MIA Issue''.

(2) The assessment dated November 1998 and entitled ''A Critical Assessment of National Intelligence Estimate 98–03 prepared by the United States Chairman of the Vietnam War Working Group of the United States-Russia Joint Commission on POWs and MIAs''.

(b) LIMITATIONS.—The Director shall not declassify any text contained in the estimate or assessment referred to in subsection (a) which would—

(1) reveal intelligence sources and methods; or

(2) disclose by name the identity of a living foreign individual who has cooperated with

United States efforts to account for missing personnel from the Vietnam era.

(c) DEADLINE.—The Director shall declassify the estimate and assessment referred to in subsection (a) not later than 30 days after the date of the enactment of this Act.

SEC. ___. SUBMITTAL TO CONGRESS OF LISTS ON CLASSIFIED INFORMATION REGARDING UNRECOVERED UNITED STATES PRISONERS OF WAR AND OTHER PERSONNEL.

(a) REQUIREMENT.—(1) The head of each element of the United States Government listed in section 101 shall submit to the designated congressional committees a list of all classified documents, files, and other materials under the control of such element that pertain to the subject of United States prisoners of war, missing in action personnel, or killed in action personnel whose remains have not been recovered and identified.

(2) Each list submitted under paragraph (1) shall—

(A) for each document, file, or other material contained in the list—

(i) specify the date of the preparation or dissemination of the document, file, or material;

(ii) specify the date or dates of any information contained in the document, file, or material; and

(iii) identify the subject matter of the document, file, or material; and

(B) be organized in chronological order according to the date of the preparation or dissemination of the documents, files, or materials concerned.

(b) DEADLINE.—The lists required by subsection (a) shall be submitted not later than 120 days after the date of the enactment of this Act.

(c) ACCESS BY COMMITTEES AND MEMBERS OF CONGRESS.—A designated congressional committee shall, upon request and in accordance with regulations of the committee regarding protection of classified information, make available any list submitted to the committee under subsection (a) to any Member of Congress or committee of Congress, and to any staff member of a Member of Congress or committee of Congress who possesses a security clearance appropriate for access to the list.

(d) DESIGNATED CONGRESSIONAL COMMITTEE DEFINED.—In this section, the term ''designated congressional committee'' means the following:

(1) The Committee on Armed Services and the Select Committee on Intelligence of the Senate.

(2) The Committee on Armed Services and the Permanent Select Committee on Intelligence of the House of Representatives.

At the appropriate place in the bill, insert the following:

SEC. . STUDY OF BACKGROUND CHECKS FOR EMPLOYEES OF THE DEPARTMENT OF ENERGY.

(a) STUDY OF BACKGROUND CHECK PRACTICES.—

(1) The Secretary of Energy shall conduct a study comparing the procedures used by the Department for conducting background checks of employees seeking access to classified information with the procedures used by the Central Intelligence Agency, the National Security Agency, the Federal Bureau of Investigation, and other similar departments and agencies of the Federal Government for conducting background checks of such employees.

(2) Not later than 180 days after the date of the enactment of this Act, the Secretary of Energy shall submit to Congress a report on the study conducted under paragraph (1). The report shall include—

(A) a discussion of the adequacy of the procedures used by the Department for conducting background checks of employees seeking access to classified information in light of the comparison required under the study; and

(B) any other recommendations, including recommendations for legislative action, that the Secretary considers appropriate.

At the appropriate place in the bill, insert the following:

SEC. . REPORT ON LEGAL STANDARDS APPLIED FOR ELECTRONIC SURVEILLANCE.

(a) REPORT.—Not later than 60 days after the date of the enactment of this Act, the Director of Central Intelligence, the Director of the National Security Agency, and the Attorney General shall jointly prepare, and the Director of the National Security Agency shall submit to the appropriate congressional committees a report in classified and unclassified form describing the legal standards employed by elements of the intelligence community in conducting signals intelligence activities, including electronic surveillance.

(b) MATTERS SPECIFICALLY ADDRESSED.—The report shall specifically include a statement of each of the following legal standards:

(1) The legal standards for interception of communications when such interception may result in the acquisition of information from a communication to or from United States persons.

(2) The legal standards for intentional targeting of the communications to or from United States persons.

(3) The legal standards for receipt from non-United States sources of information pertaining to communications to or from United States persons.

(4) The legal standards for dissemination of information acquired through the interception of the communications to or from United States persons.

(c) DEFINITION.—As used in this section:

(1) The term ''intelligence community'' has the meaning given that term under section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).

(2) The term ''United States persons'' has the meaning given such term under section 101(i) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(i)).

(3) The term ''appropriate congressional committees'' means the Permanent Select Committee on Intelligence and the Committee on the Judiciary of the House of Representatives, and the Select Committee on Intelligence and the Committee on the Judiciary of the Senate.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. IMPROVEMENT AND EXTENSION OF CENTRAL SERVICES PROGRAM.

(a) SCOPE OF PROVISION OF ITEMS AND SERVICES.—Subsection (a) of section 21 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403u) is amended by striking ''and to other'' and inserting '', nonappropriated fund entities or instrumentalities associated or affiliated with the Agency, and other''.

(b) DEPOSITS IN CENTRAL SERVICES WORKING CAPITAL FUND.—Subsection (c)(2) of that section is amended—

(1) by amending subparagraph (D) to read as follows:

''(D) Amounts received in payment for loss or damage to equipment or property of a central service provider as a result of activities under the program.'';

(2) by redesignating subparagraph (E) as subparagraph (F); and

(3) by inserting after subparagraph (D), as so amended, the following new subparagraph (E):

''(E) Other receipts from the sale or exchange of equipment or property of a central service provider as a result of activities under the program.''.

(c) AVAILABILITY OF FEES.—Section (f)(2)(A) of that section is amended by inserting ''central service providers and any'' before ''elements of the Agency''.

(d) EXTENSION OF PROGRAM.—Subsection (h)(1) of that section is amended by striking ''March 31, 2000'' and inserting ''March 31, 2005''.

SEC. 402. EXTENSION OF CIA VOLUNTARY SEPARATION PAY ACT.

(a) EXTENSION OF AUTHORITY.—Section 2(f) of the Central Intelligence Agency Voluntary Separation Pay Act (50 U.S.C. 403–4 note) is amended by striking ''September 30, 1999'' and inserting ''September 30, 2000''.

(b) REMITTANCE OF FUNDS.—Section 2(i) of that Act is amended by striking ''or fiscal year 1999'' and inserting '', 1999, or 2000''.

TITLE V—DEPARTMENT OF ENERGY INTELLIGENCE ACTIVITIES

SEC. 501. SHORT TITLE.

This title may be cited as the ''Department of Energy Sensitive Country Foreign Visitors Moratorium Act of 1999''.

SEC. 502. MORATORIUM ON FOREIGN VISITORS PROGRAM.

(a) MORATORIUM.—The Secretary of Energy may not admit to any classified facility of a national laboratory any individual who is a citizen of a nation that is named on the current Department of Energy sensitive countries list.

(b) WAIVER AUTHORITY.—(1) The Secretary of Energy may waive the prohibition in subsection (a) on a case-by-case basis with respect to specific individuals whose admission to a national laboratory is determined by the Secretary to be necessary for the national security of the United States.

(2) Not later than 30 days after granting a waiver under paragraph (1), the Secretary shall submit to committees referred to in paragraph (4) a report in writing regarding the waiver. The report shall identify each individual for whom such a waiver was granted and, with respect to each such individual, provide a detailed justification for the waiver and the Secretary's certification that the admission of that individual to a national laboratory is necessary for the national security of the United States.

(3) The authority of the Secretary under paragraph (1) may not be delegated.

(4) The committees referred to in this paragraph are the following:

(A) The Committees on Armed Services, Appropriations, Commerce, and Energy and Natural Resources and the Select Committee on Intelligence of the Senate.

(B) The Committees on Armed Services, Appropriations, Commerce, and Resources and the Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 503. BACKGROUND CHECKS ON ALL FOREIGN VISITORS TO NATIONAL LABORATORIES.

Before an individual who is a citizen of a foreign nation is allowed to enter a national laboratory, the Secretary of Energy shall require that a security clearance investigation (known as a ''background check'') be carried out on that individual.

SEC. 504. REPORT TO CONGRESS.

(a) REPORT.—(1) The Director of Central Intelligence and the Director of the Federal Bureau of Investigation jointly shall submit

to the committees referred to in subsection (c) a report on counterintelligence activities at the national laboratories, including facilities and areas at the national laboratories at which unclassified work is carried out.

(2) The report shall include—

(A) a description of the status of counterintelligence activities at each of the national laboratories;

(B) the net assessment produced under paragraph (3); and

(C) a recommendation as to whether or not section 502 should be repealed.

(3)(A) A net assessment of the foreign visitors program at the national laboratories shall be produced for purposes of the report under this subsection and included in the report under paragraph (2)(B).

(B) The assessment shall be produced by a panel of individuals with expertise in intelligence, counterintelligence, and nuclear weapons design matters.

(b) DEADLINE FOR SUBMITTAL.—The report required by subsection (a) shall be submitted not later than 90 days after the date of the enactment of this Act.

(c) COMMITTEES.—The committees referred to in this subsection are the following:

(1) The Committees on Armed Services and Appropriations and the Select Committee on Intelligence of the Senate.

(2) The Committees on Armed Services and Appropriations and the Permanent Select Committee on Intelligence of the House of Representatives.

SEC. 505. DEFINITIONS.

In this title:

(1) The term ''national laboratory'' means any of the following:

(A) The Lawrence Livermore National Laboratory, Livermore, California.

(B) The Los Alamos National Laboratory, Los Alamos, New Mexico.

(C) The Sandia National Laboratories, Albuquerque, New Mexico.

(2) The term ''sensitive countries list'' means the list prescribed by the Secretary of Energy known as the Department of Energy List of Sensitive Countries.

TITLE VI—FOREIGN COUNTERINTELLIGENCE AND INTERNATIONAL TERRORISM INVESTIGATIONS

SEC. 601. EXPANSION OF DEFINITION OF "AGENT OF A FOREIGN POWER" FOR PURPOSES OF THE FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1978.

Section 101(b)(2) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(b)(2)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph (D):

''(D) knowingly enters the United States under a false or fraudulent identity for or on behalf of a foreign power or, while in the United States, knowingly assumes a false or fraudulent identity for or on behalf of a foreign power; or''.

SEC. 602. FEDERAL BUREAU OF INVESTIGATION REPORTS TO OTHER EXECUTIVE AGENCIES ON RESULTS OF COUNTERINTELLIGENCE ACTIVITIES.

Section 811(c)(2) of the Counterintelligence and Security Enhancements Act of 1994 (title VIII of Public Law 103–359; 108 Stat. 3455; 50 U.S.C. 402a(c)(2)) is amended by striking ''after a report has been provided pursuant to paragraph (1)(A)''.

TITLE __—BLOCKING ASSETS OF MAJOR NARCOTICS TRAFFICKERS

SEC. __01. FINDING AND POLICY.

(a) FINDING.—Congress makes the following findings:

(1) Presidential Decision Directive 42, issued on October 21, 1995, ordered agencies of the executive branch of the United States Government to, inter alia, increase the priority and resources devoted to the direct and immediate threat international crime presents to national security, work more closely with other governments to develop a global response to this threat, and use aggressively and creatively all legal means available to combat international crime.

(2) Executive Order No. 12978 of October 21, 1995, provides for the use of the authorities in the International Emergency Economic Powers Act (IEEPA) to target and sanction four specially designated narcotics traffickers and their organizations which operate from Colombia.

(b) POLICY.—It should be the policy of the United States to impose economic and other financial sanctions against foreign international narcotics traffickers and their organizations worldwide.

SEC. __02. PURPOSE.

The purpose of this title is to provide for the use of the authorities in the International Emergency Economic Powers Act to sanction additional specially designated narcotics traffickers operating worldwide.

SEC. __03. DESIGNATION OF CERTAIN FOREIGN INTERNATIONAL NARCOTICS TRAFFICKERS.

(a) PREPARATION OF LIST OF NAMES.—Not later than January 1, 2000 and not later than January 1 of each year thereafter, the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, shall transmit to the President and to the Director of the Office of National Drug Control Policy a list of those individuals who play a significant role in international narcotics trafficking as of that date.

(b) EXCLUSION OF CERTAIN PERSONS FROM LIST.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, the list described in subsection (a) shall not include the name of any individual if the Director of Central Intelligence determines that the disclosure of that person's role in international narcotics trafficking could compromise United States intelligence sources or methods. The Director of Central Intelligence shall advise the President when a determination is made to withhold an individual's identity under this subsection.

(2) REPORTS.—In each case in which the Director of Central Intelligence has made a determination under paragraph (1), the President shall submit a report in classified form to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Represent setting forth the reasons for the determination.

(d) DESIGNATION OF INDIVIDUALS AS THREATS TO THE UNITED STATES.—The President shall determine not later than March 1 of each year whether or not to designate persons on the list transmitted to the President that year as persons constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The President shall notify the Secretary of the Treasury of any person designated under this subsection. If the President determines not to designate any person on such list as such a threat, the President shall submit a report to Congress setting forth the reasons therefore.

(e) CHANGES IN DESIGNATIONS OF INDIVIDUALS.—

(1) ADDITIONAL INDIVIDUALS DESIGNATED.—If at any time after March 1 of a year, but prior to January 1 of the following year, the President determines that a person is playing a significant role in international narcotics trafficking and has not been designated under subsection (d) as a person constituting an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the President may so designate the person. The President shall notify the Secretary of the Treasury of any person designated under this paragraph.

(2) REMOVAL OF DESIGNATIONS OF INDIVIDUALS.—Whenever the President determines that a person designated under subsection (d) or paragraph (1) of this subsection no longer poses an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the person shall no longer be considered as designated under that subsection.

(f) REFERENCES.—Any person designated under subsection (d) or (e) may be referred to in this Act as a ''specially designated narcotics trafficker''.

SEC. ___04. BLOCKING ASSETS.

(a) FINDING.—Congress finds that a national emergency exists with respect to any individual who is a specially designated narcotics trafficker.

(b) BLOCKING OF ASSETS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the date of designation of a person as a specially designated narcotics trafficker, there are hereby blocked all property and interests in property that are, or after that date come, within the United States, or that are, or after that date come, within the possession or control of any United States person, of—

(1) any specially designated narcotics trafficker;

(2) any person who materially and knowingly assists in, provides financial or technological support for, or provides goods or services in support of, the narcotics trafficking activities of a specially designated narcotics trafficker; and

(3) any person determined by the Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, to be owned or controlled by, or to act for or on behalf of, a specially designated narcotics trafficker.

(c) PROHIBITED ACTS.—Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act or in any regulation, order, directive, or license that may be issued pursuant to this Act, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, the following acts are prohibited:

(1) Any transaction or dealing by a United States person, or within the United States, in property or interests in property of any specially designated narcotics trafficker.

(2) Any transaction or dealing by a United States person, or within the United States, that evades or avoids, has the purpose of evading or avoiding, or attempts to violate, subsection (b).

(d) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES NOT AFFECTED.—Nothing in this section is intended to prohibit or otherwise limit the authorized law enforcement or intelligence activities of the United States, or the law enforcement activities of any State or subdivision thereof.

(e) IMPLEMENTATION.—The Secretary of the Treasury, in consultation with the Attorney General, Director of Central Intelligence, Secretary of Defense, and Secretary of State, is authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by the International Emergency Economic Powers Act as may be necessary to carry out this section. The Secretary of the Treasury may redelegate any of these functions to any other officer or agency of the United States Government. Each agency of the United States shall take all appropriate measures within its authority to carry out this section.

(f) ENFORCEMENT.—Violations of licenses, orders, or regulations under this Act shall be subject to the same civil or criminal penalties as are provided by section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) for violations of licenses, orders, and regulations under that Act.

(g) DEFINITIONS.—In this section:

(1) ENTITY.—The term ''entity'' means a partnership, association, corporation, or other organization, group or subgroup.

(2) NARCOTICS TRAFFICKING.—The term ''narcotics trafficking'' means any activity undertaken illicitly to cultivate, produce, manufacture, distribute, sell, finance, or transport, or otherwise assist, abet, conspire, or collude with others in illicit activities relating to, narcotic drugs, including, but not limited to, heroin, methamphetamine and cocaine.

(3) PERSON.—The term ''person'' means an individual or entity.

(4) UNITED STATES PERSON.—The term ''United States person'' means any United States citizen or national, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

SEC. ___05. DENIAL OF VISAS TO AND INADMISSIBILITY OF SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS.

(a) PROHIBITION.—The Secretary of State shall deny a visa to, and the Attorney General may not admit to the United States—

(1) any specially designated narcotics trafficker; or

(2) any alien who the consular officer or the Attorney General knows or has reason to believe—

(A) is a spouse or minor child of a specially designated narcotics trafficker; or

(B) is a person described in paragraph (2) or (3) of section __04(b).

(b) EXCEPTIONS.—Subsection (a) shall not apply—

(1) where the Secretary of State finds, on a case-by-case basis, that the entry into the United States of the person is necessary for medical reasons;

(2) upon the request of the Attorney General, Director of Central Intelligence, Secretary of the Treasury, or the Secretary of Defense; or

(3) for purposes of the prosecution of a specially designated narcotics trafficker.

At the end of the bill, add the following:

TITLE VII—COMMISSION TO ASSESS THE BALLISTIC MISSILE THREAT TO THE RUSSIAN FEDERATION

SEC. 701. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the ''Commission to Assess the Ballistic Missile Threat to the Russian Federation'' (hereinafter in this title referred to as the ''Commission'').

(b) COMPOSITION.—The Commission shall be composed of nine members appointed by the Director of Central Intelligence. In selecting individuals for appointment to the Commission, the Director should consult with—

(1) the Speaker of the House of Representatives concerning the appointment of three of the members of the Commission;

(2) the majority leader of the Senate concerning the appointment of three of the members of the Commission; and

(3) the minority leader of the House of Representatives and the minority leader of the Senate concerning the appointment of three of the members of the Commission.

(c) QUALIFICATIONS.—Members of the Commission shall be appointed from among private United States citizens with knowledge and expertise in the political and military aspects of proliferation of ballistic missiles and the ballistic missile threat to the Russian Federation.

(d) CHAIRMAN.—The Speaker of the House of Representatives, after consultation with the majority leader of the Senate and the minority leaders of the House of Representatives and the Senate, shall designate one of the members of the Commission to serve as chairman of the Commission.

(e) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall be filled in the same manner as the original appointment.

(f) SECURITY CLEARANCES.—All members of the Commission shall hold appropriate security clearances.

(g) INITIAL ORGANIZATION REQUIREMENTS.—(1) All appointments to the Commission shall be made not later than 45 days after the date of the enactment of this Act.

(2) The Commission shall convene its first meeting not later than 30 days after the date as of which all members of the Commission have been appointed, but not earlier than October 15, 1999.

SEC. 702. DUTIES OF COMMISSION.

(a) REVIEW OF BALLISTIC MISSILE THREAT.—The Commission shall assess the nature and magnitude of the existing and emerging ballistic missile threat to the Russian Federation.

(b) COOPERATION FROM GOVERNMENT OFFICIALS.—In carrying out its duties, the Commission should receive the full and timely cooperation of the Secretary of Defense, the Director of Central Intelligence, and any other United States Government official responsible for providing the Commission with analyses, briefings, and other information necessary for the fulfillment of its responsibilities.

SEC. 703. REPORT.

The Commission shall, not later than six months after the date of its first meeting, submit to Congress a report on its findings and conclusions.

SEC. 704. POWERS.

(a) HEARINGS.—The Commission or, at its direction, any panel or member of the Commission, may, for the purpose of carrying out the provisions of this title, hold hearings, sit and act at times and places, take testimony, receive evidence, and administer oaths to the extent that the Commission or any panel or member considers advisable.

(b) INFORMATION.—The Commission may secure directly from the Department of Defense, the Central Intelligence Agency, and any other Federal department or agency information that the Commission considers necessary to enable the Commission to carry out its responsibilities under this title.

SEC. 705. COMMISSION PROCEDURES.

(a) MEETINGS.—The Commission shall meet at the call of the Chairman.

(b) QUORUM.—(1) Five members of the Commission shall constitute a quorum other than for the purpose of holding hearings.

(2) The Commission shall act by resolution agreed to by a majority of the members of the Commission.

(c) COMMISSION.—The Commission may establish panels composed of less than full membership of the Commission for the purpose of carrying out the Commission's duties. The actions of each such panel shall be subject to the review and control of the Commission. Any findings and determinations made by such a panel shall not be considered the findings and determinations of the Commission unless approved by the Commission.

(d) AUTHORITY OF INDIVIDUALS TO ACT FOR COMMISSION.—Any member or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take under this title.

SEC. 706. PERSONNEL MATTERS.

(a) PAY OF MEMBERS.—Members of the Commission shall serve without pay by reason of their work on the Commission.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—(1) The chairman of the Commission may, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, appoint a staff director and such additional personnel as may be necessary to enable the Commission to perform its duties. The appointment of a staff director shall be subject to the approval of the Commission.

(2) The chairman of the Commission may fix the pay of the staff director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay fixed under this paragraph for the staff director may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title and the rate of pay for other personnel may not exceed the maximum rate payable for grade GS–15 of the General Schedule.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Upon request of the chairman of the Commission, the head of any Federal department or agency may detail, on a nonreimbursable basis, any personnel of that department or agency to the Commission to assist it in carrying out its duties.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The chairman of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay payable

for level V of the Executive Schedule under section 5316 of such title.

SEC. . DEPARTMENT OF ENERGY NUCLEAR SECURITY.

(a) Section 202(a) of the Department of Energy Organization Act (referred to in this section as the ''Act'') is amended by striking the second sentence and inserting ''The Secretary shall delegate to the Deputy Secretary such duties as the Secretary may prescribe unless such delegation is otherwise prohibited by law, and the Deputy Secretary shall act for and exercise the functions of the Secretary during the absence or disability of the Secretary or in the event the office of the Secretary becomes vacant.''

(b) Section 202(b) of the Act is amended by striking the first two sentences and inserting ''There shall be in the Department two Under Secretaries and a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. One Under Secretary shall be the Under Secretary for Nuclear Stewardship. The other Under Secretary shall bear primary responsibility for science, energy (including energy conservation), and environmental functions.''

(c) After section 212 of the Act add the following new section:

''AGENCY FOR NUCLEAR STEWARDSHIP

''SEC. 213(a). There shall be within the Department a separately organized Agency for Nuclear Stewardship under the direction, authority, and control of the Secretary, to be headed by the Under Secretary for Nuclear Stewardship who shall also serve as Director of the Agency.

''(b) The Under Secretary for Nuclear Stewardship shall be a person who has an extensive background in national security, organizational management and appropriate technical fields, and is especially well qualified to manage the nuclear weapons, nonproliferation and fissile materials disposition programs of the Department in a manner that advances and protects the national security of the United States.

''(c) The Secretary shall be responsible for all policies of the Agency. The Under Secretary for Nuclear Stewardship shall report solely and directly to the Secretary and shall be subject to the supervision and direction of the Secretary. The Secretary shall have a staff adequate to fulfill the responsibility to set policies throughout the Department including establishing policies governing the Agency for Nuclear Stewardship. The Secretary's staff, including but not limited to the General Counsel and the Chief Financial Officer, shall assist the Secretary in the supervision of the development and implementation of policies set forth by the Secretary and shall advise the Secretary on the adequacy of such development and implementation. The Secretary may not delegate to any Department official other than the Deputy Secretary the duty to supervise or direct the Under Secretary for Nuclear Stewardship.

''(d) The Secretary may direct other officials of the Department who are not within the Agency for Nuclear Stewardship to review the Agency's programs and to make recommendations to the Secretary regarding the administration of such programs, including consistency with other similar programs and activities in the Department.

''(e) The Secretary shall assign to the Under Secretary for Nuclear Stewardship direct authority over and responsibility for:

''(1) all programs and activities of the Department related to its national security functions, including nuclear weapons, nonproliferation and fissile materials disposition, and;

''(2) all activities at the Department's national security laboratories, and nuclear weapons production facilities.

''(f) The Secretary shall assign to the Under Secretary for Nuclear Stewardship direct authority over and responsibility for all executive and administrative operations and functions of the Agency for Nuclear Stewardship (except for the authority and responsibility assigned to the Deputy Director for Naval Reactors), including but not limited to:

''(1) strategic management;

''(2) policy development and guidance;

''(3) budget formulation and guidance;

''(4) resource requirements determination and allocation;

''(5) program direction;

''(6) safeguards and security;

''(7) emergency management;

''(8) integrated safety management;

''(9) environment, safety, and health operations (except those environmental remediation and nuclear waste management activities and facilities that the Secretary determines are best managed by other officials of the Department);

''(10) administration of contracts, including those for the management and operation of the nuclear weapons production facilities and the national security laboratories;

''(11) intelligence;

''(12) counterintelligence;

''(13) personnel, including their selection, appointment, distribution, supervision, fixing of compensation, and separation;

''(14) procurement of services of experts and consultants in accordance with section 3109 of Title 5, United States Code; and

''(15) legal matters.

''(g) There shall be within the Agency three Deputy Directors, each of whom shall be appointed by the President, by and with the advice and consent of the Senate; who shall be compensated at the rate provided for at level IV of the Executive Schedule under section 5315 of Title 5 (except the Deputy Director for Naval Reactors when an active duty naval officer). There shall be a Deputy Director for each of the following functions:

''(1) defense programs;

''(2) non-proliferation and fissile materials disposition; and

''(3) naval reactors.

''(h) The Deputy Director for Naval Reactors shall report to the Secretary of Energy through the Under Secretary for Nuclear Stewardship and have direct access to the Secretary and other senior officials of the Department; and shall be assigned the responsibilities, authorities, and accountability for all functions of the Office of Naval Reactors as described by the reference in section 1634 of Public Law 98–525. Except as specified in subsection (g) and this subsection, all other provisions described by the reference in section 1634 of Public Law 98–525 remain in full force until changed by law.

''(i) There shall be within the Agency three offices, each of which shall be administered by a Chief appointed by the Under Secretary for Nuclear Stewardship. There shall be a:

''(1) Chief of Nuclear Stewardship Counterintelligence, who shall report to the Under Secretary and implement the counterintelligence policies directed by the Secretary and Under Secretary. The Chief of Nuclear Stewardship Counterintelligence shall have direct access to the Secretary and all other officials of the Department and its contractors concerning counterintelligence matters and shall be responsible for—

''(A) the development and implementation of the Agency's counterintelligence programs to prevent the disclosure or loss of classified or other sensitive information; and

''(B) the development and administration of personnel assurance programs within the Agency for Nuclear Stewardship.

''(2) Chief of Nuclear Stewardship Security, who shall report to the Under Secretary and shall implement the security policies directed by the Secretary and Under Secretary. The Chief of Nuclear Stewardship Security shall have direct access to the Secretary and all other officials of the Department and its contractors concerning security matters and shall be responsible for the development and implementation of security programs for the Agency including the protection, control and accounting of materials, and the physical and cybersecurity for all facilities in the Agency.

''(3) Chief of Nuclear Stewardship Intelligence, who shall be a senior executive service employee of the Agency or an agency of the intelligence community who shall report to the Under Secretary and shall have direct access to the Secretary and all other officials of the Department and its contractors concerning intelligence matters and shall be responsible for all programs and activities of the Agency relating to the analysis and assessment of intelligence with respect to foreign nuclear weapons, materials, and other nuclear matters in foreign nations.

''(j)(1) The Under Secretary shall, with the approval of the Secretary and the Director of the Federal Bureau of Investigation, designate the Chief of Counterintelligence who shall have special expertise in counterintelligence.

''(2) If such person is a federal employee of an entity other than the Agency, the service of such employee as Chief shall not result in any loss of employment status, right, or privilege by such employee.

''(k) All personnel of the Agency for Nuclear Stewardship, in carrying out any function of the Agency, shall be responsible to, and subject to the supervision and direction of, the Secretary and the Under Secretary for Nuclear Stewardship or his designee within the Agency, and shall not be responsible to, or subject to the supervision or direction of, any other officer, employee, or agent of any other part of the Department.

''Such supervision and direction of any Director or contract employee of a national security laboratory or of a nuclear weapons production facility shall not interfere with communication to the Department, the President, or Congress, of technical findings or technical assessments derived from, and in accord with, duly authorized activities. The Under Secretary for Nuclear Stewardship shall have responsibility and authority for, and may use, an appropriate field structure for the programs and activities of the Agency.

''(l) The Under Secretary for Nuclear Stewardship shall delegate responsibilities to the Deputy Directors except that the responsibilities, authorities and accountability of the Deputy Director for Naval Reactors are as described in subsection (h).

''(m) The Directors of the national security laboratories and the heads of the nuclear weapons production facilities and the Nevada Test Site shall report consistent with their contractual obligation directly to the Deputy Director for Defense Programs.

''(n) The Under Secretary for Nuclear Stewardship shall maintain within the Agency staff sufficient to implement the policies of the Secretary and Under Secretary for Nuclear Stewardship for the Agency. At a minimum these staff shall be responsible for:

''(1) personnel;

''(2) legal services, and;

''(3) financial management.

''(o)(1) The Secretary shall ensure that other programs of the Department, other federal agencies, and other appropriate entities continue to use the capabilities of the national security laboratories.

''(2) The Under Secretary under the direction, authority, and control of the Secretary, shall, consistent with the effective discharge of the Agency's responsibilities, make the capabilities of the national security laboratories available to the entities in paragraph (1) in a manner that continues to provide direct programmatic control by such entities.

''(p)(1) Not later than March 1 of each year the Under Secretary for Nuclear Stewardship shall submit through the Secretary to the Director of Central Intelligence, the Director of the Federal Bureau of Investigation, the Senate and the House of Representatives, a report on the status and effectiveness of the security and counterintelligence programs of the Agency for Nuclear Stewardship during the preceding year.

''(2) The report shall provide information on:

''(A) the status and effectiveness of security and counterintelligence programs at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(B) the adequacy of procedures and policies for protecting national security information at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(C) whether each nuclear weapons production facility, national security laboratory, or other facility or institution at which classified nuclear weapons work is performed is in full compliance with all security and counterintelligence requirements, and if not what measures are being taken or are in place to bring such facility, laboratory, or institution into compliance;

''(D) any significant violation of law, rule, regulation, or other requirement relating to security or counterintelligence at each nuclear weapons production facility, national security laboratory, or any other facility or institution at which classified nuclear weapons work is performed;

''(E) each foreign visitor or assignee; the national security laboratory, nuclear weapons production facility, or other facility or institution at which classified nuclear weapons work is performed visited, the purpose and justification for the visit, the duration of the visit, whether the visitor or assignee had access to classified or sensitive information or facilities, and whether a background check was performed on such visitor prior to such visit; and

''(F) such other matters and recommendations to Congress as the Under Secretary deems appropriate.

''(3) Each report required by this subsection shall be submitted in unclassified form, but may include a classified annex.

''(4) Thirty days prior to the submission of the report required by subsection p(1), but in any event no later than February 1 of each year, the director of each Department of Energy national security laboratory and nuclear weapons production facility shall certify in writing to the Under Secretary for Nuclear Stewardship whether that laboratory or facility is in full compliance with all national security information protection requirements. If the laboratory or facility is not in full compliance, the director of the laboratory or facility shall report on why it is not in compliance, what measures are being taken to bring it into compliance, and when it will be in compliance.

''(q) The Under Secretary for Nuclear Stewardship shall keep the Secretary, the Committees on Armed Services of the Senate and House of Representatives, the Committee on Energy and Natural Resources of the Senate, the Committee on Governmental Affairs of the Senate, the Committee on Commerce of the House of Representatives, the Select Committee on Intelligence of the Senate, and the Permanent Select Committee on Intelligence of the House of Representatives fully and currently informed regarding any actual or potential significant threat to, or loss of, national security information, unless such information has already been reported to the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence pursuant to the National Security Act of 1947, as amended.

''(r) Personnel of the Agency for Nuclear Stewardship who have reason to believe that there is a problem, abuse, violation of law or executive order, or deficiency relating to the management of classified information shall promptly report such problem, abuse, violation, or deficiency to the Under Secretary for Nuclear Stewardship.

''(s)(1) The Under Secretary for Nuclear Stewardship shall not be required to obtain the approval of any officer or employee of the Department of Energy, except the Secretary, or any officer or employee of any other Federal agency or department for the preparation or delivery of any report required by this section.

''(2) No officer or employee of the Department of Energy or any other Federal agency or department may delay, deny, obstruct or otherwise interfere with the preparation of any report required by this section.

''(t) For purposes of this section—

''(1) the term ''personnel of the Agency for Nuclear Stewardship'' means each officer or employee within the Department of Energy, and any officer or employee of any contractor of the Department (pursuant to the terms of the contract), whose—

''(A) responsibilities include carrying out a function of the Agency for Nuclear Stewardship; or

''(B) employment is funded primarily under the;

''(i) Weapons Activities, or;

''(ii) Non-proliferation, Fissile Materials Disposition or Naval Reactors portions of the Other Defense Activities budget functions of the Department;

''(2) the term 'nuclear weapons production facility' means the following facilities:

''(A) the Kansas City Plant, Kansas City, Missouri;

''(B) the Pantex Plant, Amarillo, Texas;

''(C) the Y–12 Plant, Oak Ridge, Tennessee;

''(D) the tritium operations facilities at the Savannah River Site, Aiken, South Carolina;

''(E) the Nevada Test Site, Nevada, and;

''(F) any other facility the Secretary designates.

''(3) the term 'national security laboratory' means the following laboratories:

''(A) the Los Alamos National Laboratory, Los Alamos, New Mexico;

''(B) the Lawrence Livermore National Laboratory, Livermore, California; and

''(C) the Sandia National Laboratories, Albuquerque, New Mexico, and Livermore, California.

''(u) The Agency for Nuclear Stewardship shall comply with all applicable environmental, safety, and health statutes and substantive requirements. The Under Secretary for Nuclear Stewardship shall develop procedures for meeting such requirements. Nothing in this section shall diminish the authority of the Secretary to ascertain and ensure that such compliance occurs.

''(v) The Secretary shall be responsible for developing and promulgating Departmental security, counterintelligence and intelligence policies, and may use his immediate staff to assist him in developing and promulgating such policies. The Under Secretary for Nuclear Stewardship is responsible for implementation of all security, counterintelligence and intelligence policies within the Agency for Nuclear Stewardship. The Under Secretary for Nuclear Stewardship may establish agency-specific policies unless disapproved by the Secretary.

''(w) In addition to any personnel occupying senior-level positions in the Department on the date of enactment of this section, there shall be within the Agency not more than 25 additional employees in senior-level positions, as defined by title 5, U.S.C. who shall be employed by the Agency for Nuclear Stewardship and who shall perform such functions as the Under Secretary for N.S. shall prescribe from time to time.''.

(d) Within 180 days of the date of enactment of this Act, the Secretary shall report to the Senate and the House of Representatives on the adequacy of the Department's procedures and policies for protecting national security information, including national security information at the Department's laboratories, nuclear weapons facilities and other facilities, making such recommendations to Congress as may be appropriate.

(e) The following technical and conforming amendments are made:

(1) Section 5314 of title 5, United States Code is amended by striking ''Under Secretary, Department of Energy'' and inserting ''Under Secretaries of Energy (2), one of whom serves as the Director, Agency for Nuclear Stewardship.''

(2) Section 202(b) of the Act is amended in the third sentence by striking ''Under Secretary'' and inserting ''Under Secretaries''.

(3) Section 212 of the Act is amended by striking subsection 212(b) and redesignating subsection 212(c) as subsection 212(b).

(4) Section 309 of the Act is amended by striking ''Assistant Secretary to whom the Secretary has assigned the functions listed in section 203(a)(2)(E)'' and inserting ''Under Secretary for Nuclear Stewardship''.

(5) The Table of Contents of the Act is amended by inserting after the item relating to section 212 the following new item:

''Sec. 213. Agency for Nuclear Stewardship.''

2000 DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

GREGG (AND HOLLINGS) AMENDMENT NO. 1271

Mr. GREGG (for himself and Mr. HOLLINGS) proposed an amendment to the bill (S. 1217) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related

agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 6, line 14, strike ''any other provision of law'' and insert ''31 U.S.C. 3302 (b)''.

On page 6, line 18, strike ''(15 U.S.C. 18(a))'' and insert ''(15 U.S.C. 18a)''

On page 25, line 23, insert after ''(106 Stat. 3524)'', ''of which $5,000,000 shall be available to the National Institute of Justice for a national evaluation of the Byrne program,''.

On page 30, line 17, strike after ''1999''; ''of which $12,000,000 shall be available for the Office of Justice Programs' Global Information Integration Initiative;''.

On page 50, line 6, insert before the period: ''to be made available until expended''.

On page 73, between lines 12 and 13, insert the following:

''SEC. 306. Section 604(a)(5) of title 28, United States Code, is amended by adding before the semicolon at the end thereof the following: ', and, notwithstanding any other provision of law, pay on behalf of justices and judges of the United States appointed to hold office during good behavior, aged 65 or over, any increases in the cost of Federal Employees' Group Life Insurance imposed after April 24, 1999, including any expenses generated by such payments, as authorized by the Judicial Conference of the United States.' ''.

On page 75, line 15, insert the following after ''period'': '', unless the Secretary of State determines that a detail for a period more than a total of 2 years during any 5 year period would further the interests of the Department of State''.

On page 75, line 21, insert the following after ''detail'': '', unless the Secretary of State determines that the extension of the detail would further the interests of the Department of State''.

On page 76, line 11, insert before the period: '': *Provided further,* That of the amount made available under this heading, not less than $11,000,000 shall be available for the Office of Defense Trade Controls''.

On page 110, strike lines 15 through 23 and insert in lieu thereof:

''(ii) Notwithstanding otherwise applicable law, for each license or construction permit issued by the Commission under the subsection for which a debt or other monetary obligation is owned to the Federal Communications Commission or to the United States, the Commission shall be deemed to have a pefected, first priority security interest in such license or permit, and in the proceeds of sale of such license or permit, to the extent of the outstanding balance of such a debt or other obligation.''

On page 111, insert after the end of Sec. 619:

''SEC. 620. (a) DEFINITION—For the purposes of this section—

(1) the term ''agency'' means the Federal Communications Commission.

(2) the term ''employee'' means an employee (as defined by section 2105 of title 5, United States Code) who is serving under an appointment without time limitation, and has been currently employed by such agency for a continuous period of at least 3 years; but does not include—

(A) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government.

(B) an employee having a disability on the basis of which such employee is or would be eligible for disability retirement under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government.

(C) an employee who has been duly notified that he or she is to be involuntarily separated for misconduct or unacceptable performance.

(D) an employee who has previously received any voluntary separation incentive payment from the Federal Government under this section or any other authority;

(E) an employee covered by statutory reemployment rights who is on transfer to another organization; or

(F) any employee who, during the twenty-four month period preceding the date of separation, has received a recruitment or relocation bonus under section 5753 of title 5, United States Code, or who, within the twelve month period preceding the date of separation, received a retention allowance under section 5754 of that title.

(3) The term ''Chairman'' means the Chairman of the Federal Communications Commission.

(b) AGENCY PLAN.—

(1) IN GENERAL.—The Chairman, prior to obligating any resources for voluntary separation incentive payments, shall submit to the Office of Management and Budget a strategic plan outlining the intended use of such incentive payments and a proposed organization chart for the agency once such incentive payments have been completed.

(2) CONTENTS.—The agency's plan shall include—

(A) the positions and functions to be reduced, eliminated, and increased, as appropriate, identified by organizational unit, geographic location, occupational category and grade level;

(B) the time period during which incentives may be paid;

(C) the number and amounts of voluntary separation incentives to be offered; and

(D) a description of how the agency will operate without the eliminated positions and functions and with any increased or changed occupational skill mix.

(3) CONSULTATION.—The Director of the Office of Management and Budget shall review the agency's plan and may make appropriate recommendations for the plan with respect to the coverage of incentives as described under paragraph (2)(A), and with respect to the matters described in paragraph (2)(B)–(C).

(c) AUTHORITY TO PROVIDE VOLUNTARY SEPARATION INCENTIVE PAYMENTS—

(1) IN GENERAL.—A voluntary separation incentive payment under this section may be paid by the Chairman to any employee only to the extent necessary to eliminate the positions and functions identified by the strategic plan.

(2) AMOUNT AND TREATMENT OF PAYMENTS.—A voluntary incentive payment—

(A) shall be paid in a lump sum, after the employee's separation

(B) shall be equal to the lesser of—

(i) an amount equal to the amount the employee would be entitled to receive under section 5595(c) of title 5, United States Code (without adjustment for any previous payments made) or

(ii) an amount determined by the Chairman, not to exceed $25,000;

(C) may not be made except in the case of any qualifying employee who voluntarily separates (whether by retirement or resignation) under the provision of this section by not later than September 30, 2001;

(D) shall not be a basis for payment, and shall not be included in the computation, of any other type of Government benefit; and

(E) shall not be taken into account in determining the amount of any severance pay to which the employee may be entitled under section 5595 of title 5, United States Code, based on any other separation.

(d) ADDITIONAL AGENCY CONTRIBUTIONS TO THE RETIREMENT FUND.—

(1) IN GENERAL.—in addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, the agency shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final base pay of each employee of the agency who is covered under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, to whom a voluntary separation incentive has been paid under this Act.

(2) DEFINITION.—for the purpose of paragraph (1), the term ''final basic pay,'' with respect to an employee, means the total amount of basic pay which would be payable for a year of service by such employee, computed using the employee's final rate of basic pay, and, if last serving on other than a full-time basis, with appropriate adjustment therefor.

(e) EFFECT OF SUBSEQUENT EMPLOYMENT WITH THE GOVERNMENT.—

(1) An individual who has received a voluntary separation incentive payment from the agency under this section and accepts any employment for compensation with the Government of the United States, or who works for any agency of the United States Government through a personal services contract, within 5 years after the date of the separation on which the payment is based shall be required to pay, prior to the individual's first day of employment, the entire amount of the lump sum incentive payment to the agency.

(2) If the employment under paragraph (1) is with an Executive agency (as defined by section 105 of title 5, United States Code),the United States Postal service, or the Postal Rate Commission, the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(3) If the employment under paragraph (1) is with an entity in the legislative branch, the head of the entity or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(4) If the employment under paragraph (1) is with the judicial branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant for this position.

(f) INTENDED EFFECT ON AGENCY EMPLOYMENT LEVELS.—

(1) IN GENERAL.—Voluntary separations under this section are not intended to necessarily reduce the total number of full-time equivalent positions in the Federal Communications Commission. The agency may redeploy or use the full-time equivalent positions vacated by voluntary separations under this section to make other positions available to more critical locations or more critical occupations.

(2) ENFORCEMENT.—The president, through the office of Management and Budget, shall monitor the agency and take any action necessary to ensure that the requirements of this subsection are met.

(g) REGULATIONS.—The Office of Personnel Management may prescribe such regulations as may be necessary to implement this section.

(h) EFFECTIVE DATE.—This section shall take effect on the date of enactment. (Departments of Commerce, Justice, and State, the Judiciary and Related Agencies of Appropriations Act, 1999, as included in Public Law 105–277, section 101(b)).''.

At the end of title VI, insert the following:

''SEC. 621. The Secretary of Commerce (hereinafter the ''Secretary'') is hereby authorized and directed to create an ''Interagency Task Force on Indian Arts and Crafts Enforcement'' to be composed of representatives of the U.S. Trade Representative, the Department of Commerce, the Department of Interior, the Department of Justice, the Department of Treasury, the International Trade Administration, and representatives of other agencies and departments in the discretion of the Secretary to devise and implement a coordinated enforcement response to prevent the sale or distribution of any product or goods sold in or shipped to the United States that is not in compliance with the Indian Arts and Crafts Act of 1935, as amended.''.

GREGG AMENDMENT NO. 1272

Mr. GREGG proposed an amendment to the bill, S. 1217, supra; as follows:

At the end of title I, insert the following:

(a) IN GENERAL.—Section 310001(b) of the violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211) is amended by striking paragraphs (1) through (5) and inserting the following:

(1) for fiscal year 2001, $6,025,000,000;
(2) for fiscal year 2002, $6,169,000,000;
(3) for fiscal year 2003, $6,316,000,000;
(4) for fiscal year 2004, $6,458,000,000; and
(5) for fiscal year 2005, $6,616,000,000.

(b) DISCRETIONARY LIMITS.—Title XXXI of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211 et seq.) is amended by inserting after section 310001 the following:

SEC. 310002. DISCRETIONARY LIMITS.

For the purposes of allocations made for the discretionary category pursuant to section 302(a) of the Congressional Budget Act of 1974 (2 U.S.C. 633(a)), the term ''discretionary spending limit'' means—

(1) with respect to fiscal year 2001—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,025,000,000 in new budget authority and $5,718,000,000 in outlays;

(2) with respect to fiscal year 2002—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,169,000,000 in new budget authority and $6,020,000,000 in outlays; and

(3) with respect to fiscal year 2003—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,316,000,000 in new budget authority and $6,161,000,000 in outlays;

(4) with respect to fiscal year 2004—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,458,000,000 in new budget authority and $6,303,000,000 in outlays; and

(5) with respect to fiscal year 2005—

(A) for the discretionary category, amounts of budget authority and outlays necessary to adjust the discretionary spending limits to reflect the changes in subparagraph (B) as determined by the Chairman of the Budget Committee; and

(B) for the violent crime reduction category: $6,616,000 in new budget authority and $6,452,000,000 in outlays:

as adjusted in accordance with section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)) and section 314 of the Congressional Budget Act of 1974.'.

NOTICE OF HEARING

Mr. SMITH of Oregon. Mr. President, I would like to announce for the information of the Senate and the public that S. 1377, To amend the Central Utah Project Completion Act regarding the use of funds for water development for the Bonneville Unit, and for other purposes, S. 986, To direct the Secretary of the Interior to convey the Griffith Project to the Southern Nevada Water Authority, have been added to the agenda of the hearing that is scheduled for Wednesday, July 28, 1999 at 2:30 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on Water and Power, Committee on Energy and Natural Resources, United States Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please call Kristin Phillips, Staff Assistant, or Colleen Deegan, Counsel, at (202) 224–8115.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. DOMENICI. Mr. President, I ask unanimous consent that the committee on Agriculture, Nutrition, and Forestry, be allowed to meet during the session of the Senate on Wednesday July 21, 1999. The purpose of this meeting will be to consider the committee budget resolution and to possibily consider the nomination of William Rainer for Commissioner and Chairman of the Commodity Futures Trading Commission.

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

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. SHELBY. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry, be allowed to meet during the session of the Senate on Wednesday, July 21, 1999. The purpose of this meeting will be to consider the nomination of William Rainer to become Chairman of the Commodity Futures Trading Commission and to conduct and oversight review of the Farmland Protection Program.

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

COMMITTEE ON ARMED SERVICES

Mr. SHELBY. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 9:30 a.m. on Wednesday, July 21, 1999, in open session, to consider the nominations of F. Whitten Peters to be Secretary of the Air Force; and Arthur L. Money to be Assistant Secretary of Defense for Command, Control, Communications and Intelligence.

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

COMMITTEE ON FINANCE

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Committee on Finance be permitted to meet Wednesday July 21, 1999 beginning at 10:00 a.m. in room SD–106, to conduct a markup.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. SHELBY. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 21, 1999 at 3:30 p.m. to hold a hearing.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. SHELBY. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 21, 1999 at 4:30 p.m. to hold a hearing.

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

COMMITTEE ON GOVERNMENT AFFAIRS

Mr. SHELBY. Mr. President, I ask unanimous consent that the Governmental Affairs Committee Subcommittee on International Security, Proliferation, and Federal Services be permitted to meet on Wednesday, July 21, 1999, at 2:00 p.m. for a hearing to examine whether the Russian commercial space launch quota has achieved it purpose.

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

COMMITTEE ON INDIAN AFFAIRS

Mr. SHELBY. Mr. President, I ask unanimous consent that the Senate

Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, July 21, 1999 at 9:30 a.m. to conduct a hearing on S. 985, the Intergovernmental Gaming Agreement Act of 1999. The hearing will be held in room 106, Dirksen Senate Office Building.

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

COMMITTEE ON THE JUDICIARY

Mr. SHELBY. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet for a hearing re Oversight of Federal Asset Forfeiture: Its Role in Fighting Crime, during the session of the Senate on Wednesday, July 21, 1999, at 2:00 p.m., in SD628.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. SHELBY. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, July 21, 1999 at 2:00 p.m. to hold a closed hearing on intelligence matters.

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

SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS

Mr. SHELBY. Mr. President, I ask unanimous consent that the Subcommittee on East Asian and Pacific Affairs be authorized to meet during the session of the Senate on Wednesday, July 21, 1999 at 10:00 a.m. to hold a hearing.

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

SUBCOMMITTEE ON FISHERIES, WILDLIFE, AND DRINKING WATER

Mr. SHELBY. Mr. President, I ask unanimous consent that the Subcommittee on Fisheries, Wildlife, and Drinking Water be granted permission to conduct a hearing Wednesday, July 21, 9:30 a.m., Hearing Room (SD–406), on the science of habitat conservation plans.

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

SUBCOMMITTEE ON FOREST AND PUBLIC LAND MANAGEMENT

Mr. SHELBY. Mr. President, I ask unanimous consent that the Subcommittee on Forests & Public Land Management of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, July 21, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:00 p.m. The purpose of this hearing is to receive testimony on S. 1184, a bill to authorize the Secretary to dispose of land for recreation or other public purposes; S. 1129, a bill to facilitate the acquisition of inholdings in Federal land management units and the disposal of surplus public land, and for other purposes; and H.R. 150, a bill to amend the Act popularly known as the Recreation and Public Purposes Act to authorize disposal of certain public lands or national forest lands to local education agencies for use for elementary or secondary schools, including public charter schools, and for other purposes.

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

ADDITIONAL STATEMENTS

INTERNATIONAL MUSEUM OF WOMEN

• Mrs. FEINSTEIN. Mr. President, today I want to call my colleagues attention to a new effort in California, the International Museum of Women. Elizabeth Colton, the president of the Board of Directors of the International Museum of Women is building broad support among community leaders and public officials. The museum will be built in San Francisco, since this city has roots which reach virtually every corner of the globe. The museum will start construction in 2003, and the total cost of the museum is $50 million.

Women have made important contributions and this museum can help us to better explore the role of women in history. This museum will seek to not simply bring recognition to women and their contributions, but it will re-examine history to more accurately incorporate the effects and implications of women's actions and ideas. The museum's educational programs can play a significant role in shaping how society views women and girls.

In addition, International Museum of Women can provide role models for women and girls, furnish a new context for historical interpretations, and portray the importance and existence of the historic, ongoing fight for equal rights. This museum can open the doors to endless possibilities and limitless opportunities for females.

I call on my colleagues to join me in saluting the International Museum of Women, as one way to eradicate inequality and open doors to opportunity.•

300TH ANNIVERSARY OF THE MISSION SAN JOSE DE LA LAGUNA

Mr. DOMENICI. Mr. President, Our Independence Day, July 4th is also a significant day at the Laguna Pueblo in New Mexico. On July 4, 1699, seventy-seven years before the famous American Independence day, the Spanish Governor of the New Mexico Territory sanctioned the ground-breaking for the Mission San Jose de la Laguna.

Laguna Pueblo has six villages—Laguna, Mesita, Paguate, Encinal, Paraje, and Seama. The Mission San Jose is the Mother Church for all the villages. To celebrate this important milestone, a feast day was declared for the Laguna Pueblo. Events started with a fund raising dinner on Friday, July 2. On Saturday, July 3, traditional dances were held at the main plaza and a beautiful fireworks display and community dance closed the first full day of celebration.

On Sunday, July 4, at 8 o'clock in the morning, an open air mass was celebrated by Bishop Donald Pelotte of the Archdiocese of Gallup. Laguna Pueblo drummers and singers in traditional dress participated in the mass. Pottery vessels by Laguna artists were made for the Eucharist.

Special guests included former U.S. Interior Secretary Manuel Lujan, the Blessed Sacrament Sisters, Sisters of St. Agnes, and Sisters of the Immaculate Conception. Father Antonio Trujillo of the San Jose Mission was a key participant in the mass. He spoke of the importance of continuing to embrace two religious traditions in mutual respect.

Gratitude to all who organized this very special Independence Day event for Laguna Pueblo was generously given. Laguna Pueblo Governor Harry Early and the Pueblo Council were present and active throughout the activities. Special guests were introduced.

Traditional Indian dances such as the Hunter's Dance and the Eagle Dance were held throughout the day on the same plaza where the mass was celebrated.

The formal mass of the Mission San Jose and the Laguna Pueblo traditional dances emphasized the beauty in which these two cultures have overcome past difficulties and now flourish in grace and common respect. As Father Mark Joseph noted, we are reminded today to ''take care of your family as St. Joseph took care of his family.'' The Catholic Church and the Laguna Pueblo families have clearly taken this message to heart.

A Spirit Garden was organized and planted to honor all those who farmed these arid lands over the past centuries. A procession to the Rio San Jose was held on Saturday afternoon. Statues of St. Joseph, St. Mary, Jesus Christ, and other saints were brought in from all the villages for this procession.

A new niche about four feet high and a couple of feet deep for a shrine to St. Joseph was carved out of the sandstone between the church and the San Jose River. The niche was hand chiseled by the Siow brothers of Laguna Pueblo, Gaylord, Virgil, and Delbert. A stone carving of St. Joseph holding baby Jesus was placed in the shrine. The statue was made by Robert Dale Tsosie.

This new shrine to St. Joseph was dedicated and blessed with water from the Rio San Jose. This river water was also used to bless the personal and village saints that were carried to the

river by about two hundred participants. Governor Harry Early led the procession as he carried a statue of St. Joseph down to the river and then back up the hill to the Mission San Jose. A blessing ceremony for the saints, the mission, and the Pueblo was held at the river on Saturday, July 3, 1999.

In preparation for this 300th anniversary celebration, many traditional practices like gardening, belt weaving, drum making, and pottery making were undertaken with special pride by young and old alike.

I am pleased to be able to share this special event with my colleagues who will be intrigued by the added significance of the 4th of July to the Laguna Pueblo of New Mexico and to Americans in general.

Mr. President, an article by Debra Haaland Toya further explains the significance of this important anniversary to Laguna Pueblo. This article was published in the June, 1999, edition of New Mexico Magazine. Debra is an enrolled member of Laguna Pueblo and a member of the San Jose 300th Anniversary Committee. I ask that her article be printed in the CONGRESSIONAL RECORD.

The article follows:

MISSION SAN JOSE DE LA LAGUNA

(By Debra Haaland Toya)

The splendor of the San Jose Mission at the Village of Old Laguna goes much deeper than its three-century-old altar, dominated by hand-carved pine columns. A magnificent wooden altar screen, originally painted by a man known only as The Laguna Santero, depicts the guardians of the village. Brilliant red and green dominates the floor to ceiling adornment and prominently attests to the unification of traditional Native and Catholic Religions. This July 4th, Laguna's coexistence with the Catholic Church will enter its 300th year.

Built of sandstone, San Jose Mission sits on the highest rise in the village, watching over its caretakers. The church is revered for its magnificent art and architecture, and for its spiritual contributions. Laguna's church was built after the Pueblo Revolt of 1680; therefore, enjoyed a peaceful existence. It missed the fire and destruction exerted by other peoples, onto their churches, as a result of opposition to religious suppression.

Before the mission was built, a delegation of Lagunas traveled the dusty roads, by foot and with horses, to Santa Fe during the late-1600s, to ask Governor Pedro Rodriguez Cubero for a priest. The Governor sent the delegation away and told them that once they prepared a place of worship, a priest would be sent. On July 4, 1699, Mission San Jose was founded along with the recognition by the Spanish Government that Laguna Pueblo was a legitimate possession. The original document attesting to this shift states that Laguna ''swore its vassalage and obedience,'' to Spain.

Throughout the years the church has been a beacon, although its path has not always been a straight one. The Indians continued their traditional ceremonies even after Christianization. From time-to-time, this practice gathered ire from those non-Indians intent on making Lagunas single-minded in their worship. It is documented that during the mid-1800s most Lagunas attended church out of fear rather than desire. During Mexican rule, prior to 1848, part of the church's convent fell into ruins, and another part of the church was used as a kiva, where sacred ceremonies were prepared for.

In spite of the changes that occur with time, the care the church receives remains constant. In August of 1998 a meeting, of the San Jose 300th Anniversary Committee and the elder women, highlighted plans of replastering the floor. Lifetime resident, Julia Herrera, who has plastered since she was a girl, stressed the importance of youth involvement.

Father Antonio Trujillo, committee chairman, widely announced plans for the 2-week-long project. No fewer than 30 people per day, including teenagers, arrived daily to give their share of toil. The job included removing five inches of old floor, hauling dirt, cutting straw, and mixing mud using a wooden block like a mano. The entire 2300 square feet were plastered on hands and knees. ''This is good,'' Julia says approvingly, '' if the kids don't learn how, who'll take care of the church when we're gone?''

The people plan to completely resurface the outside of the church in the near future. During the mid-sixties, in an effort to protect the church, a cement coating instead of plaster was applied. Over the years, the cement has cracked, allowing water to enter but not escape. Upon inspection, Cornerstone Foundation, an organization that helps communities rebuild traditional structures, discovered that the water caused enormous damage to the large rocks at the base of the walls, particularly on the north side.

To undertake this project the people will have to carve away the current coating using special saws, chisels, and hammers. The disintegrated rocks will be replaced and the 30-foot-high-walls will be replastered. Upon surveying the damage, Julia looks up and recalls a time when her relatives hoisted her up with a pulley, and a rope tied around her waist, in order to cover the highest portion of the walls. ''Not anymore, I'm too old now,'' she remarks.

In years past, plastering would occur prior to feast days and neighboring tribal members would offer help. During the work, they were given room and board in village homes and feasted when the work was done. This forthcoming project will be undertaken by the community alone, with no professional help, and this time Julia will be on the ground supervising.

The committee planned a number of cultural events leading up to July 4th when a traditional feast day will take place. Through the years, and due to increased outside influences, such as 30 years of uranium mining, off-reservation employment, and the affects of technology, some cultural activities have not been as strongly exercised as others.

In December 1998, committee member, Ann Ray, organized a day which focused on the almost forgotten practice of making of clay figurines. It was common at Christmas time to send children below the village to get clay from the San Jose River. The family would sit near the wood stove, while a kerosene lamp cast shadows of working hands or the grandfather beating a steady drum, and singing. The family shaped moist earth into animals, houses, vegetables, or other forms, depending upon the wishes of the individuals. Domesticated animals were often popular, as Lagunas have raised cattle and sheep since the seventeenth century. Shapes of corn and melons also defined many people's wishes for rainfall and successful crops the following year.

The people would take the figures to the church altar on Christmas eve and leave them for four days. Upon their return home, the clay cows were, perhaps, buried in the corral, and the corn was laid deep in the field. The symbol of one's wish for the time and endurance to build a home for a loved one might be buried in a vacant plot of land. This past Christmas the altar was graced by figurines, which had not been present for years. Clay figures in 1998 included symbols for good grades in school, money for college, computers, and wishes for athletic ability, in the forms of basketballs and footballs.

A ceremony to bless the saints with water will also be reintroduced on the evening of July 3rd. When the original saint statues came to Laguna, they were taken to the river and dipped in the rushing waters to obtain the earth's blessings, before they were placed in the church. The saints were also believed to hold power. One story tells of a severe drought in the earlier part of this century, wherein the people prayed for rain to no avail. The spiritual leaders of the time entreated the priest to take the saints back to the river and dip them in the water as the ancestors had done in 1699. The drought passed, and the people's faith continued strong. This year, the people will be encouraged to bring their saints from home, and a blessing will take place near the shrine, which was recently erected in honor of San Jose and the 300th Anniversary.

In times past, the San Jose river was also the location on which Lagunas planted their irrigated fields of corn, beans, and squash. Today an irrigation system runs the length of the pueblo and people can successfully plant and harvest miles from the river. Although this system is in place, with the men and boys cleaning the ditches seasonally, many fields lay dormant. One main reason for this absence of agriculture is the 30-year interruption of the Jackpile Mines near the village of Paguate. With the mine's beginning in 1953, Laguna eventually relied primarily on money, rather than bartering, as they had for centuries.

The 300th Anniversary Committee wished to bring back an interest in the ancient art of farming by planting The Spirit Garden, also near the river. Attention to our role as agriculturists has had positive effects, and a new interest in farming will, hopefully, persist. As a girl, I used to go with my grandfather to his field below the village of Mesita, where we would hoe weeds, pick worms off corn, and sit in the shade of his peach trees eating the sweet fruit on hot, breezeless days. I was especially proud at taking the fruits of our harvest home for my grandmother to cook. In planting the Spirit Garden, this appreciation for the land will have the opportunity to grow strong again.

The love of agriculture, the people's coexistence with the church, and other events crucial to our purpose on this earth are present in those who are gifted with the ability to recall the stories of our ancestors. A project to document an oral history of Laguna has also been set in motion in a principal effort to teach our young people. Before electricity was available to Laguna households in the late 60s, the absence of television, radio, and video games was filled by the elders telling stories or singing songs. My grandmother was our primary story-teller, once my grandfather died in 1968, and to this day, her knowledge of the past holds our family together.

The public is welcome to visit Laguna and the San Jose Mission on most days. Tours of the Spirit Garden, San Jose Shrine, and the

church are conducted daily, and more frequently as the 300th celebration nears. A traditional feast day will be held on July 4th, with mass in the plaza at 8 AM, arts and crafts, and all-day dancing.

Upon approaching the carved doors of the church, a well-preserved image of the Franciscan Seal, with the crossed arms of Jesus and St. Francis will tell you that the structure was built by the Franciscans. When entering the church, the elaborate decoration will tell you that a people's wish to embrace their God in a Christian way, yet maintain their respect and worship of nature is unwavering. Pax et bonum—Peace and all good.

TRIBUTE TO JACK WARNER

• Mr. SHELBY. Mr. President, I rise today to pay tribute to Mr. Jack Warner, a pillar of the Tuscaloosa business community and a man of deep passion both in his business and personal pursuits. The former Chairman and CEO of Gulf States Paper Corporation, I would like to recognize him for the work that he and his wife, Elizabeth, have contributed to Tuscaloosa in the form of time, expertise and money to many local causes.

The pragmatic approach that he has brought to his life combines old-fashioned common sense with a flexible philosophy. This philosophy has evolved over time, through two world wars, numerous labor strikes, and tough financial circumstances. Through it all, Jack Warner has remained steadfast in his beliefs and a pioneer from which others might draw inspiration. He has made tough business decisions throughout the years, and through it all kept Gulf States Paper privately owned, when so many other companies have gone public. His gritty determination has led to financial success, which has helped him to pursue his personal interests and also allowed him to give back to the Tuscaloosa community.

Jack Warner truly represents an era when a man presented his best effort to any obstacle in his path. As an officer in the Army's last horse-mounted unit, his cavalry unit was sent to India to pack supplies along the Burma trail during World War II. Once there, his unit was issued mules instead of horses, which would be enough to take the wind out of any proud soldier's sails. Jack Warner persevered however, and his regiment ended up making a significant contribution to the War effort when a traditional cavalry unit would have had little to offer. This story encapsulates the life of Jack Warner, demonstrating persistence through adversity, and a humble focus to get the job done right.

Jack Warner has made a tremendous impact on Tuscaloosa and the surrounding area. In fact, he has recently completed the redecoration of the University of Alabama President's Mansion at his own expense. Perhaps almost as importantly, Jack followed through with the renovation to the last small detail, going so far as to choose the drapery as well as replacing a smaller chandelier with an immense late 18th century Waterford crystal chandelier. Again, this typifies the man which has been so integral to the Tuscaloosa community, not only providing the money for the project, but following through and making sure everything turned out right. His commitment to Tuscaloosa and the State of Alabama is greatly appreciated.•

NATIONAL YOUTH SCIENCE FOUNDATION

• Mrs. HUTCHISON. Mr. President, I rise today to recognize the National Youth Science Foundation and the 99 outstanding high school students who have been chosen to represent their states in the sciences. The National Youth Science Foundation honors and encourages excellence in science education. Since its inception in 1963, the National Youth Science Camp has brought together thousands of outstanding high school students who excel in the sciences. I want to congratulate the two students chosen from my state for this high honor, Melissa Corley from Dallas and Jason Simon from Highland Village. These students are selected from the program through a competitive process in each state that stresses scholastic excellence, scientific curiosity, and leadership in their schools and communities. These students will participate in a four-week summer forum where delegates exchange ideas with leading scientists and other professionals from academic and corporate worlds. Lectures and hands-on research projects are presented by scientists from across the nation who work on some of the most provocative topics in science today—topics such as fractal geometry, the human genome project, global climate change, the history of the universe, the fate of our rain forests, and robotics. Delegates to the Science Camp are challenged to explore new areas in the biological and physical sciences, arts, and music with resident staff members.

This week my constituent Bill Conner, of Nortel Networks, and an alumnus of the National Youth Science program, will speak at a luncheon in the Senate honoring this year's National Youth Science Camp participants. Bill Conner is an excellent role model for the young scientists who will be honored this week.

The National Youth Science Foundation, Nortel Networks and Bill Conner have like-minded visions. America has much to lose if we do not nurture young scientists and engineers who have the skills, vision and enthusiasm to lead us into the twenty-first century. It gives me great pleasure to recognize the National Youth Science Foundation and thank all those who support America's educational system.•

DESIGNATING MEMORIAL DOOR

Mr. GREGG. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H. Con. Res. 158, which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

A concurrent resolution (H. Con. Res. 158) designating the Document Door of the United States Capitol as the ''Memorial Door.''

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

Mr. GREGG. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be printed in the RECORD.

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

The concurrent resolution (H. Con. Res. 158) was agreed to.

The preamble was agreed to.

ORDERS FOR THURSDAY, JULY 22, 1999

Mr. GREGG. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:30 a.m. on Thursday, July 22. I further ask unanimous consent that on Thursday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period for morning business until 10:30 a.m., with Senators speaking for up to 5 minutes each, with the following exceptions: Senator COVERDELL, 10 minutes; Senator COLLINS, 10 minutes; Senator VOINOVICH, 10 minutes; Senator DURBIN, or his designee, 30 minutes.

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

Mr. GREGG. Mr. President, I further ask unanimous consent that following morning business, the Senate resume consideration of S. 1217, the Commerce-Justice-State appropriations bill.

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

PROGRAM

Mr. GREGG. Mr. President, for the information of all Senators, the Senate will convene at 9:30 a.m. and will be in a period of morning business for 1 hour. Following morning business, the Senate will resume debate on the Commerce-Justice-State appropriations bill. Amendments to the bill will be offered, debated, and voted on throughout the day tomorrow. The majority

leader announces that there will be no breaks in action on the bill. Therefore, Senators should be prepared for votes and adjust their schedules accordingly.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. GREGG. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:49 p.m., adjourned until Thursday, July 22, 1999, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 21, 1999:

DEPARTMENT OF STATE

JEFFREY A. BADER, OF FLORIDA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF NAMIBIA.

DEPARTMENT OF JUSTICE

JACKIE N. WILLIAMS, OF KANSAS, TO BE UNITED STATES ATTORNEY FOR THE DISTRICT OF KANSAS FOR THE TERM OF FOUR YEARS VICE RANDALL K. RATHBUN, RESIGNED.

IN THE NAVY

THE FOLLOWING NAMED OFFICERS FOR TEMPORARY APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 5721:

To be Lieutenant commander

SCOTT R. BARRY, 0000
TIMOTHY A. DERNBACH, 0000
ROBERT C. JAGUSCH, 0000
PAUL W. MARQUIS, 0000
STEVEN D. NORTON, 0000
RICHARD D. RADICE, 0000
RICHARD C. RIGGS, 0000
JAMES B. RYAN, 0000
CHARLES L. TAYLOR, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADES INDICATED IN UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

LLOYD B.J.CALLIS, 0000
EDMOND C. CAVINESS II 0000
JUAN L. CHAVEZ, 0000
BERNARD R. DOWNS, 0000
GERALD E. HART, 0000
NORMAN T. HO, 0000
JAMES L. KURIGER, 0000
LAWRENCE L. MUSTO, JR., 0000

To be commander

JERRY R. ANDERSON, 0000
ANNIE B. ANDREWS, 0000
DORA J. T. AZMUS, 0000
JANE A. BARCLIFT, 0000
JANE E. BENTLEY, 0000
DIANE T. BIZZELL, 0000
THOMAS H. BOND, JR., 0000
LAYNE R. BOONE, 0000
JUDITH BROCKMACK, 0000
DIANE C. BROOKS, 0000
DENISE C. CARRAWAY, 0000
REX COBB, 0000
ROBIN L. CSUTI, 0000
SUSAN V. DENEALE, 0000
KAY L. DINOVA, 0000
LISA C. DOMBROSKIE, 0000
EVELYN J. DYER, 0000
WILLIAM A. ELAM, 0000
ROBERT J. GAINES, 0000
PAMELA J. GALLUP, 0000
SUZANNE R. GIESEMANN, 0000
ROGER P. GUSEMAN, II 0000
CAROLINE M. HILLEN, 0000
MILLIE M. KING, 0000
JAMES E. KNAPP, JR., 0000
CAROLYN M. KRESEK, 0000
ELIZABETH O. LAPE, 0000
CAROL L. LARSON, 0000
DESIREE D. LINSON, 0000
GERRIT L. MAYER, 0000
ALICE L. RAND, 0000
THERESA M. REA, 0000
YOLANDA Y. REAGANS, 0000
TERESIA A. ROBINSON, 0000
KATHRYN G. RUSH, 0000
THEODORE V. SMITS, 0000
EDITH A. SPENCER, 0000
SUSAN G. TALLEY, 0000
KATIE P. THURMAN, 0000
ROBBIE G. TURNER, 0000
DONNA S. VAUGHT, 0000
GREGORY VICKERS, 0000
CARL R. WALLSTEDT, 0000
CHRISTINA C. WARD, 0000
JACKLYN D. WEBB, 0000
AILEEN E. WHITAKER, 0000
CHERYL K. WORLEIN, 0000
MICHELLE L. WULFF, 0000

HOUSE OF REPRESENTATIVES—*Wednesday, July 21, 1999*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. BURR of North Carolina).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 21, 1999.

I hereby appoint the Honorable RICHARD BURR to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

PRAYER

The Reverend Richard A. Lord, Rector, Church of the Holy Comforter, Vienna, Virginia, offered the following prayer:

Most gracious and ever-living God, You have brought us in safety to the beginning of this new day. In this quiet moment we humbly acknowledge Your presence in our lives and in our world. O God, we are thankful for the sheer wonder and mystery of human life, for the gifts of memory, reason and skill that shape our common work, and for the hope that our deliberations and decisions on this day will unfold against the background of Your loving design. Give us forbearance and mutual respect for one another. Help us to perceive what is noble and good, and grant us both the courage to pursue it and the grace to accomplish it to the glory of Your name and the welfare of all people.

Through Jesus Christ our Lord. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Tennessee (Mr. DUNCAN) come forward and lead the House in the Pledge of Allegiance.

Mr. DUNCAN led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 46. Concurrent resolution expressing the sense of Congress that the July 20, 1999, 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain 15 1-minutes on each side.

WELCOME TO REVEREND RICHARD A. LORD

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

Mr. DAVIS of Virginia. Mr. Speaker, it gives me pleasure today to welcome the Reverend Richard A. Lord to the House of Representatives. We all heard the prayer from the Reverend this morning.

Reverend Richard A. Lord is Rector of the Church of the Holy Comforter in Vienna, Virginia. The Church of the Holy Comforter was established in 1895 and is one of the five largest Episcopal churches in the Diocese of Virginia, with over 1,700 families. Holy Comforter is a church active in youth ministry, mission outreach programs and spiritual formation for people living active and busy Northern Virginia lives.

Reverend Lord grew up in Potomac, Maryland, where his father was rector of an Episcopal church for many years. He received a masters of Divinity from Virginia Theological Seminary and a masters of Sacred Theology from Yale Divinity School. Father Lord served as associate rector and interim rector of the Church of the Apostles in Fairfax, Virginia, and as the rector of churches in Monroeville, Pennsylvania, and East Haven, Connecticut. He returned to the Washington area and accepted the call to be rector of the Church of the Holy Comforter.

Reverend Lord has a strong ministry of worship, education and mission, and he is also an accomplished musician. He and his wife, Debbie, have three children, Rebecca, David, and Julia. Under Father Lord's leadership, the Church of the Holy Comforter has grown dramatically and continues to be a source of spiritual and community growth in Fairfax County. We are pleased to have him offer the opening prayer today.

PROTECTING AMERICA'S CHILDREN

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

Mr. GIBBONS. Mr. Speaker, each year more than 1,000 of America's children are abducted and taken out of the United States to foreign countries by noncustodial parents. One such child, Mikey Kale from Nevada, was abducted by his biological father and taken to war-torn Croatia. Mikey was just 6 years old at the time and his parents were recently divorced.

Their divorce decree gave sole legal custody to Mikey's mom, but his father, who had visitation but no custodial rights, was able to obtain a passport for Mikey and subsequently and successfully abduct him, kidnapping him to Croatia.

Fortunately, Mikey Kale made it back to his mom. Yet, it is an inconceivable but irrefutable fact that once a child is taken from the U.S., it is nearly impossible to get that child returned. Clearly, prevention is the key for protecting our children from international parental child abduction.

I have an amendment today on the floor to help safeguard against these family tragedies, an amendment to make it more difficult for would-be child abductors to obtain passports for children by ensuring certain requirements are met before the issuance of a passport for a child under the age of 14. I urge all of my colleagues to support passage of this amendment, an amendment to protect America's children.

GOP TAX PLAN

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

Mr. CROWLEY. Mr. Speaker, the massive tax cut of the Republican Party nearly three-quarters of $1 trillion is totally irresponsible. It stands in the way of strengthening Medicare and Social Security, and threatens the progress we have made in eliminating

the deficit and reducing the national debt. Republican tax breaks means higher deficits, higher interest rates, and lower economic growth.

The Republican bill also declares class warfare against middle-class families. Citizens for Tax Justice finds the GOP tax plan unfairly targets its benefits towards the richest. The wealthiest 1 percent of taxpayers would receive 45 percent of the benefits from this tax break. It ultimately would receive an annual average tax cut of $48,000 in 1999 dollars, Mr. Speaker, 384 times as much as the bottom three-fifths of taxpayers.

In addition, by failing to include a reasonable and effective school construction initiative in the tax bill, the Republican Congress proves they are more concerned about big tax breaks for the wealthy than providing relief for American school districts. The single focus by Republicans on a big tax break for the rich senselessly blocks common sense tax incentives that would provide crucial aid to America's school.

Republican priorities put wealthy Americans above the needs of our children.

DEATH TAX DESERVES TO DIE

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

Mr. KNOLLENBERG. Mr. Chairman, the death tax deserves to die. This unfair tax discourages savings and investment, destroys family-owned businesses and has a chilling effect on capital formation and job creation.

Even more disturbing is the fact that the death tax is imposed on income that has already been taxed once and maybe twice. While every American has a duty to pay their taxes, it is simply wrong for the Federal Government to tax the same money again and again.

Mr. Speaker, the Republican majority is committed to eliminating the death tax. Over the next decade, our tack relief plan would reduce the death tax until it is entirely phased out.

I implore my colleagues on both sides of the aisle to stand up for the average American, small business owners, family farmers, and other over-taxed Americans by supporting this common sense tax cut.

THE RICH GET RICHER

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

Mr. OLVER. Mr. Speaker, today this people's House is going to vote on a tax cut: the rich get richer.

The Republican leadership says their tax cut is for the middle class, but that is clearly not true. Under their plan, 100 million taxpayers whose income falls below $65,000 a year, added together, get less than half the tax relief given to 1.25 million taxpayers whose incomes starts at $300,000 a year and ends at Bill Gates.

In fact, under the rich-get-very-much-richer-plan that the Republicans will pass today, the richest 1 percent of Americans will get more in tax cuts than the 95 percent of taxpayers, all 120 million of them put together whose income falls below the income of a Member of Congress. It is pure propaganda to assert that this plan is for working Americans, the middle class, that needs a tax cut.

In a Congress where cynicism is the norm, this is the most cynical action I have seen in more than 8 years in Congress. But, it is written in the scriptures: as you sow, so shall you reap.

SHARE OF TAX PAYMENTS REMAINS UNCHANGED UNDER GOP PLAN

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

Mr. STEARNS. Mr. Speaker, I would like my colleagues to look at this graph. The folks on this side of the aisle say the tax cut is for the wealthy, but let me show my colleagues: the yellow line is before tax cuts, the red is after tax cuts. If one is making $10,000 to $20,000, one is only paying 2 percent of the overall taxes for this country and that is the same before or after our tax cuts, and if one is making $100,000 and above, one is paying 46 percent of the tax burden of this Nation, before tax cuts or after tax cuts.

So our proposal that these folks are saying are for the wealthy makes no difference in how much these folks pay after or before our tax cuts. So in the main, one has to realize that the burden of this tax is going to those folks that are very wealthy, who are making between $100 and $200,000. So when we hear on that side of the aisle that this is tax cuts for the wealthy, I say that the wealthy are going to continue to pay 46 percent of the tax burden before our tax cut or after our tax cut.

Mr. Speaker, I ask the Democrats, can someone on this side of the aisle tell us what part of the tax burden they should pay?

BUREAUCRATIC NINCOMPOOPS DRAFTING FOREIGN POLICY

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

Mr. TRAFICANT. Mr. Speaker, reports say that Russia is helping Iran to build a missile capable of hitting America. Let us check this out. America spends billions on Star Wars to protect us from a missile attack. Then America, out of the goodness of our heart, helps the Russian space program by giving them billions that they cannot raise for themselves.

In addition, America gives billions of dollars in foreign aid to Russia. Think about it. Then Russia turns around and gives American foreign aid money to Iran to build missiles targeted at American cities. Beam me up. I ask, I ask, what bureaucratic nincompoop is drafting these foreign policies? It must be Boris Yeltsin.

I yield back the madness of this stupid foreign policy.

COMMEMORATING THE LIFE OF CINCINNATI'S JOHN ROMANO

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

Mr. CHABOT. Mr. Speaker, I want to take a moment this morning to note the tragic and untimely passing last week of a good friend and a good man, John Romano, of Cincinnati, Ohio, a victim of Hodgkins Disease at the young age of 41 years.

John was a small businessman, a true entrepreneur. He was active in his community, giving much of his time. He served as a member of the North College Hill city council for over 10 years. John was instrumental in my being in Congress here today, or even speaking this morning, and he was an important part of the career of the Secretary of State of Ohio, Ken Blackwell.

But most importantly, John was a family man who will be sadly missed by his wife, Christine, and his parents and brothers and sisters and nieces and nephews.

To Christine and the Romano family, our prayers are with you. You have lost a good man, and I have lost a good friend. And our community has lost a leader.

God bless you, John. We all know you are in a better place.

THE TRUTH ABOUT THE GOP TAX BILL—WHAT IS IN AND WHAT IS OUT

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

Mr. DOGGETT. Mr. Speaker, I call on the Republican leadership to pull down the tax bill that they have scheduled for today, an irresponsible piece of legislation that accelerates the $5.6 trillion of national debt we already have, and jeopardizes the future of Social Security and Medicare.

Those of us who are genuinely concerned with more tax fairness for middle-class taxpayers will not find any help in this bill; but, should the Republicans proceed with the bill, it is important to know what is in and what is out.

Tax relief with a credit for those who have children and seek child care, that is out. Tax relief for the two-martini business luncheon, that is in. Tax relief for the wealthiest people in this country to send their children to private, elite academies, that is, of course, in.

□ 1015

Tax relief to repair dilapidated overcrowded public schools, that, of course, is out. Tax relief that assures one-third of the benefits of this bill go to those that earn over $200,000, that is in. Relief for the public debt and security for Social Security, that is out.

TEN-YEAR TAX CUT

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

Mr. DUNCAN. Mr. Speaker, the tax cut we will take up today is spread over 10 years. Some people say it is too big. Well, during the first 5 years, the cuts amount to about 1½ percent of total Federal revenues over that period, and the bill has about $2 billion of debt reduction, more than double the amount of tax cuts.

Just this morning, I read a quote that is very appropriate as we take up our tax cut debt reduction bill today. In a book called the Coming Charitable Revolution are these words, quote, ''Governments afflict the people of the world with heavy taxation. With seeming generosity, they return to the subdued masses some of that money in social aid for which the populous will be humbly grateful, and by so doing will submit and conform, giving up a little at a time what little may be left of their freedom. Are we fools? Did our fathers fight in vain?'' The words of Claude Morency.

Mr. Speaker, let us give the American people back a very small portion of their own money.

FOR THE FIRST TIME IN RECENT HISTORY WE CAN START TO PAY DOWN THE DEBT

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

Mr. MOORE. Mr. Speaker, there is a request for a $790 billion tax cut, which I call totally irresponsible. We have an opportunity for the first time in recent history to start to pay down the debt, and if we spend $790 billion on a tax cut the money will not be there to pay down that debt.

I had lunch recently with the chairman of the Federal Reserve Bank in Kansas City and two of his top economists and asked them what would be the effect if we were able to pay down a substantial portion of the national debt? The economist told me that if that were to happen, he would expect interest rates to drop dramatically, as much as 2 to 3 percent.

When I talk to Chamber groups back home they nod their heads and understand the consequence of an interest rate drop as being the ultimate tax cut. This will do more for us than any tax cut in the magnitude of $790 billion. We have a chance to do the right thing, the responsible thing, to start to pay down the debt, and not to pass this massive, irresponsible tax cut.

GOVERNMENT TAXATION IS A FREEDOM ISSUE

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

Mr. PITTS. Mr. Speaker, George Washington, the Father of our Country, spoke constantly about the importance of the American character. Indeed, his farewell address to the Nation focused on just that issue.

George Washington wanted to leave behind a people that believed in the experiment of self-government that existed nowhere else in the world, and he believed that the American experiment in self-government could easily slide into tyranny if Americans were not jealous of their liberties and ever vigilant against abuses of government power.

Our Nation was born in rebellion, after all, against taxes which people thought were unjust, and tax revolts have been a part of our history from the Whiskey Rebellion in 1794 to Proposition 13 in California in 1978.

In recent years, more and more of my liberal friends have taken to labeling calls for lower taxes as greed and irresponsible. But to Republicans, government taxation is a freedom issue. The question, the critical question, is who decides what to do with the fruits of people's labor, our government masters or the people who labor to produce them?

Constituents, it is your money, not Washington's. Return it before they spend it.

A LARGE ''D'' FOR DEFICIT

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I think it is important this morning to say what the Republican tax plan actually means. It means deficit, a large ''D,'' and finish it out: Deficit. The Republican tax cut is $864 billion. Add that to the interest loss of $179 billion and there is a whopping deficit, deficit, no money, minus of $47 million.

It is my commitment to say that the economy that has been strong in America has been based upon investment in human capital. That is why we see the return on our investment dollars, our stocks and our bonds, because we have the American people working. I would much rather invest in education, Social Security, Medicare, tax cuts on family farms and small businesses, to enhance human capital.

I do not want to enhance a deficit. Let us get real and vote for investment in human capital, the people of the United States of America. Let us not support a tax cut that simply means deficit with a big ''D.''

THE THIRD BALANCED BUDGET IN 3 YEARS

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

Mr. WELLER. Mr. Speaker, 2 years ago, this House and this Congress and the President joined with us in enacting the first balanced budget in 28 years, a balanced budget which contained key middle class tax cuts. Thanks to that middle class tax cut we are enjoying a booming economy and a $3 trillion projected budget surplus.

Of course, under the Republican budget, we set aside two-thirds of the surplus for Medicare and Social Security; one-third we use, of course, for tax relief. I would also point out under this Republican budget this year, the third balanced budget in 3 years, we are going to set aside $6 for debt retirement for every dollar in tax relief.

I also want to point out in this tax relief package that we are working on right now, that we are addressing a question that I have raised in this House, and that is is it right, is it fair, that under our Tax Code today, married working couples pay more in taxes just because they are married?

A key provision of the Financial Freedom Act, of course, is efforts to eliminate the marriage tax penalty for almost 28 million married working couples, who will receive $243 in marriage tax relief, and it is time. Think about it; $243, that is a month's car payment for a lot of families. This legislation deserves bipartisan support.

USING BUDGET SURPLUS FOR SAVING SOCIAL SECURITY, NOT FOR RECKLESS TAX CUTS

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

Mr. SHOWS. Mr. Speaker, having been a farmer in Mississippi, I know firsthand that we are not always going to have good weather come planting and harvest time. No matter what the weatherman says, sometimes it rains when they are predicting sunshine. And sometimes a simple shower becomes a

storm; and before we know it, the fields are flooded; and the crops are ruined.

Mr. Speaker, the leadership is attempting to predict the future of the American economy by squandering away America's great budget surplus on an irresponsible tax cut when the responsible thing to do is use our budget surplus to save Social Security and Medicare first, and reduce the national debt.

We can target tax cuts for folks that really need them, like the estate tax cuts for family farmers and businesses or for small businesses to help their workers get health insurance. Saving Social Security and Medicare should be our top priority for today and tomorrow's seniors, and we must reduce the national debt and continue on the path of fiscal discipline because we have no idea what tomorrow will bring.

We should call their sunshine promises what they really are, a strong chance of thunderstorms that will rain on America's seniors and let Social Security and Medicare go down the drain.

THE AMERICAN FAMILY NEEDS TAX RELIEF

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

Mr. RYUN of Kansas. Mr. Speaker, today Americans are feeling the heavy burden of very high tax rates. Federal taxes have grown faster in this economy since the 1990s. At the start of the 20th century, Federal, State and local taxes cost only 8 percent of America's income. Today that figure has grown to 35 percent. Americans are paying a record share of their income to the Federal Government.

Mr. Speaker, the American family needs tax relief. Reducing taxes will encourage the economy to grow by providing American families with an incentive to work, save, and invest. And these are qualities that should be promoted, not held back or punished by high tax rates. That is why it is time to seriously support the tax relief and support that will be offered during the Financial Freedom Act of 1999.

Not only will this bill allow Americans to receive the largest tax reduction in history, over $860 billion, it contains several provisions that will relieve heavy financial drains upon the families caused as a result of tax pressures. In particular, this bill will help make health care more affordable. It will eliminate the death tax. It will provide a 10 percent across the board tax reduction. It will grant marriage penalty relief.

Mr. Speaker, let us give these hard tax-earned dollars back to the American families who have paid their fair share.

THERE IS NO BUDGET SURPLUS

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

Mr. HILL of Indiana. Mr. Speaker, as of this moment, there is no budget surplus. According to the Congressional Budget Office, we have an on budget deficit of $4 billion in the fiscal year of 1999. If we take away the surplus in Social Security, our budget is running a deficit. If we read the fine print of the CBO print, we will not have a real budget surplus next year either.

CBO estimates that we will have a $3 billion deficit for fiscal year 2000. I do not believe that it is fiscally responsible to spend money that we do not have and that we may not have in the future. After 30 years of budget deficits, this Congress has still not learned that it cannot spend money it does not have.

As we stand on the brink of finally balancing our budget and beginning to pay down our $5 trillion debt, the leadership of this House has put forward a bill that could blow a giant hole in our budget and create trillions of dollars of new debt that our children and grandchildren will have to pay. I urge this body to set aside whatever real surpluses we have over the next 3 years to pay down our God-awful debt and to protect Social Security and Medicare. This is the responsible thing to do.

TRIBUTE TO SANDY PRAEGER

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

Mr. TIAHRT. Mr. Speaker, last night at the Dr. Nathan Davis Awards Banquet here in Washington, D.C., Kansas State Senator Sandy Praeger was acknowledged for her outstanding contribution to promote the art and science of medicine and the betterment of public health. State Senator Praeger was nominated by the executive director of the Kansas Medical Society, Jerry Slaughter, based on her leadership and commitment to the delivery and availability of health services at all levels.

Under her direction, a model patient protection bill was drafted. It passed the Kansas legislature and was subsequently used in 8 other states.

In 1998, as chair of the Senate Public Health and Welfare Committee, she helped develop the Kansas children health program, giving 60,000 formerly uninsured children health care benefits.

In addition to her efforts in Kansas, she is actively involved with numerous national organizations dedicated to the improvement of health care policy.

Mr. Speaker, too often our national media only criticizes the effort of people in public service. So today I want to add my voice to those who appreciate the dedication and sacrifice of my friend, State Senator Sandy Praeger.

WHICH FORK IN THE ROAD WILL WE TAKE?

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

Mr. CUMMINGS. Mr. Speaker, throughout this Congress we have reached many forks in the road, and once again the Republicans have irresponsibly led us in the wrong direction. This time it is under the belief that we should approve what is nearly an $800 billion tax cut that would cut veterans, education, and defense.

I believe in responsible navigation and direction to our common destination, which will truly uplift the American people.

It is not responsible to spend all non-Social Security surpluses for the next 10 years while sacrificing debt reduction.

It is not responsible to jeopardize the future of Social Security and Medicare. It is not responsible to give tax breaks to the wealthiest 10 percent at the expense of our Nation's schools. It is obvious that the Democrats of this Congress must once again force a U-turn and reroute us toward a more responsible and direct path.

Mr. Speaker, I urge my colleagues to vote no on H.R. 2488.

IT IS TIME TO END THE OVERTAXATION IN AMERICA

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

Mr. ROYCE. Mr. Speaker, President Clinton recently announced that we have $1 trillion in non-Social Security surpluses. Now, these surpluses are not the creation of Washington. They came from the hard-working Americans who have created a thriving economy and have been overtaxed.

Americans pay more in taxes than at any time since World War II. Americans deserve some of the surplus back. They earned it. It is their money. They deserve one-third of that surplus, at least, back.

If we do not return a portion of the surplus to the taxpayers, I guarantee that very soon special interests here will spend it, or they will waste it.

Americans should be allowed to take care of their own needs first before being asked to finance more government. With tax relief, individuals will be able to obtain better health care, invest in education, save for retirement, or do any number of things they are currently prohibited from doing because of the heavy tax burden. It is time to end the overtaxation in America. Support the Financial Freedom Act.

□ 1030

REPUBLICAN BUDGET RESULTS

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

Mr. HASTINGS of Florida. Mr. Speaker, a colleague of mine, the gentleman from Massachusetts (Mr. OLVER) and I were sitting, listening to the debate this morning, and the gentleman from Massachusetts commented to me what I believe to be true, and that is that it is a good thing Republicans are not under oath.

I heard three of them say things in part that were true, but they did not tell the whole truth. The reality is that the Republican budget will do nothing to assist Social Security. It will do nothing to assist Medicare.

If there is a Member of this House of Representatives who has not heard from a constituent regarding Medicare, I would like for he or she to come forward and discuss matters with me, for it is the single biggest item in my office that constituents are concerned about.

How dare my Republican colleagues not be prepared to support the military in a time of desperate need. Their budget results would allow for a $198 billion cut in military readiness, a $583 billion cut in domestic investment, 425,000 children denied access to Head Start. They would eliminate all funding for all new Federally funded Superfund cleanups. There would be 306,000 fewer summer jobs.

I urge my colleagues to reject this tax plan of the Republicans.

BUDGET SURPLUS CHOICES: GIVE IT BACK TO THE TAXPAYERS OR SEND IT TO WASHINGTON

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

Mr. WELDON of Florida. Mr. Speaker, all the liberals who now claim to be so concerned that the budget surplus not go back to the taxpayers and instead go towards debt reduction, a national debt many of them helped create, do have an option.

They are perfectly free to take the money that they get back in tax relief in the years ahead and return it back to Washington. Yes, send it to Washington and trust the politicians to use it for debt reduction.

Yes, I am sure that is exactly what they will do, all those liberals who say that they are upset that people could get back a little bit of what they have earned, a little bit of what belongs to them.

Why is it that all those middle-class families whom the Democrats call rich will feel quite qualified to spend it right, as the President so famously said? The choice is send the budget surplus to Washington or give it back to the people who labored long and hard to earn it in the first place. That is our choice.

Washington versus the people. It is no surprise which side the majority of Democrats are on.

DEFEAT THE IRRESPONSIBLE TAX CUT

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

Mr. SHERMAN. Mr. Speaker, those who forget history are doomed to repeat it. I was in private practice as a CPA back in 1981 when this Congress passed the irresponsible ERTA tax bill. The result was high inflation, unemployment, high interest rates, and now we are about to do it all over again. This tax bill is ERTA on steroids.

A few moderate Republicans could vote against this bill and stop it. Let me bring to them a few facts. One-third of the tax relief in this bill goes to the 90 percent of Americans who are middle class or of modest means. The next one-third goes to the next 9 percent toward the top. And one-third of the benefits goes to the top 1 percent of the income earners.

This is not just an $800 billion tax cut for ten years. In the second 10 years, it is over $3 trillion. So as the baby boomers retire, as Social Security is at risk, this bill is at its most irresponsible.

I urge the defeat of this irresponsible tax cut.

GIVE HARD-WORKING AMERICANS THEIR MONEY BACK

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

Mr. KINGSTON. Mr. Speaker, is it not ironic that the party who, for 40 years, ran up the national debt to the tune of $5.4 trillion is now hiding behind the national debt and wanting to reduce it as an excuse not to vote for tax reduction for working America?

Is it not ironic that the party who only wanted to preserve 62 percent of the Social Security surplus is now saying that Republicans who wanted to preserve 100 percent of Social Security, now they are saying, no, we cannot vote for a tax cut?

Is it not typical that the party whose President's budget cut Medicare $9 billion now is pretending to be the protector of Medicare?

The fact is they want to repeat their performance of 1993 when they passed the largest tax increase in the history of America. They want to grow government.

Let us just think about it this way: if one went into Wal-Mart and one bought a pair of flip-flops for $2.50, gave the cashier $5, one deserve one's change, right? But if it is a Democrat cashier, they are going to keep the money, and they are going to spend it on their friends.

Give working America their money back, and quit holding it and paying it out to your Washington bureaucrat buddies.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BURR of North Carolina). The Chair would remind Members that the wearing of badges or buttons is forbidden on the House floor during debate.

TAX BILL

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

Mr. NEAL of Massachusetts. Mr. Speaker, a Member of the Republican Party yesterday called the vote on the tax bill today a defining moment; and, by goodness, was he right.

The position of the majority party can be best summarized in a paraphrase of the old, ''Extremism in the pursuit of a tax cut is no vice.'' That is the position they are taking today as a party.

The tax bill they are proposing is the largest since 1981 when supply-side economics gave us an additional $3 trillion in debt. Both bills are based on economic assumptions which are notoriously chancy, and on budget projections that are just plain wrong.

Democrats want a modest tax cut that the Nation can afford. We want to reserve the surplus until the issues of Social Security and Medicare, I repeat, Social Security and Medicare are dealt with, and until how we see this budget process in the end goes. We do not want to go back to an era of deep deficit spending, which is exactly where the Republican Party will take us today.

Democrats cannot and will not vote for this bill, but it is only moderate elements within Republican Party today who can save us from it. We hope they will.

AMERICANS WANT, NEED, AND DESERVE TAX RELIEF TODAY

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

Mr. SAM JOHNSON of Texas. Mr. Speaker, some of these liberal Democrats are attacking the Republican tax proposal as risky. They think it is risky, because they do not trust the taxpayer. Who do my colleagues think the money belongs to in the first place? The taxpayer.

Over in the Senate, Senator BOB KERREY said, ''Cutting $800 billion,'' cutting $800 billion, giving it back to the people, ''when you've got $3 trillion coming in is hardly an outrageous, irresponsible move.''

Two-thirds of the surplus should go for retirement security and Medicare, and that is what we have done, and one-third for tax relief. It is a balanced and sensible plan. Americans want, need, and deserve tax relief today.

VOTE FOR DEMOCRATIC ALTERNATIVE TAX BILL

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

Mr. WISE. Mr. Speaker, today financial irresponsibility does not just tiptoe through this Chamber. It does not walk softly; it gallops. It runs amok.

Because what is going to happen is, this House is going to take up a tax bill that is the height of fiscal and financial irresponsibility.

I support paying down the national debt. I support saving Social Security. I support saving Medicare and making sure that it is secure. Then and only then, giving targeted tax cuts, tax cuts to working people, tax cuts for child care, tax cuts that are strictly targeted to accomplish certain ends. But, unfortunately, this is not the proposal before us. This is a large tax bill that ignores all of that.

I would just say to those who say we can do this safely over a 10- or 15-year period, when their investment broker tells them they know what the employment is going to be in 2004, do they take that seriously? That is about how seriously I take this tax proposal.

Vote instead for the Democratic alternative that saves Social Security, pays down the national debt, and has targeted tax cuts and targeted only.

TAX AND SPEND DEMOCRATS WILL NOT BE HAPPY UNTIL EVERY AMERICAN IS POOR

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

Mr. SCHAFFER. Mr. Speaker, I have been listening to my Democrat colleagues repeat one after another ''tax cuts for the wealthy, tax cuts for the wealthy,'' so many times over the past few days that I have come to a few conclusions. These conclusions are based on what they themselves say about what is in our tax relief package.

One might be rich if one wants to save for one's child's education. One might be rich if one wants to have health insurance. One might be rich if one's company or union contributes to a pension fund. One might be rich if one wants to save for one's retirement. One might be rich if one wears a wedding ring on one's finger. One might be rich if one is a senior who wants to work. One might be rich if one cares for a senior at home. One might be rich if one has a child in day care. And one just might be rich if one pays even 1 penny in Federal income taxes.

In other words, the tax and spend Democrats in Washington will never be happy until every American is poor.

OUR MONEY IS WHERE OUR VALUES ARE

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, for the first time in 3 decades, the Federal Government projects a surplus. Congress is faced with using this surplus in a way that reflects our values as a Nation.

Democrats propose that we strengthen Social Security, strengthen Medicare, pay down the national debt, and provide targeted tax cuts to middle-class families.

Republicans want to use this surplus for a one-time tax break that mostly benefits the wealthy and jeopardizes our economic health.

Our money is where our values are. The Republican tax plan will force deep cuts in crime, education, national defense, and risks returning our Nation to an era of big deficits. Medicare is a pillar of retirement security that provides our parents with independence and dignity in their later years. It says that I am willing to work for my mother and father and that my children are ready to work for me and for my husband.

The Republican tax scheme saves not 1 penny for Medicare. It lets it slowly twist in the wind. This surplus should be used in a way that reinforces and bolsters our values. Anything less is irresponsible.

HOUR OF MEETING ON THURSDAY, JULY 22, 1999

Mr. HOBSON. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 11 a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mr. HOBSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER pro tempore. The Chair is not prepared to appoint conferees at this time. Those conferees will be appointed later in the day.

GENERAL LEAVE

Mr. HOBSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2465, making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes, and that I may be allowed to include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2490, TREASURY AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 2000

Mr. KOLBE. Mr. Speaker I ask unanimous consent to take from the Speaker's table the bill H.R. 2490, making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 2000, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

□ 1045

The SPEAKER pro tempore (Mr. BURR of North Carolina). Is there objection to the request of the gentleman from Arizona?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. OLVER

Mr. OLVER. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. OLVER moves that in resolving the differences between the House and Senate, the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 2490, be instructed to restore $50 million in funding for the IRS to complete its Year 2000 compliance work to ensure that taxpayers receive their refunds in the year 2000.

The SPEAKER pro tempore. Under the rule, the gentleman from Massachusetts (Mr. OLVER) will be recognized for 30 minutes, and the gentleman from

Arizona (Mr. KOLBE) will be recognized for 30 minutes.

Mr. OLVER. Mr. Speaker, as my colleagues can see, I have been filling in here. So I ask unanimous consent to hand the time over to the gentleman from Maryland (Mr. HOYER), my distinguished ranking member.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. HOYER) will control the 30 minutes.

The Chair recognizes the gentleman from Maryland (Mr. HOYER).

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

Mr. Speaker, we have offered this motion to instruct conferees on the basis that the Y2K issue has been an ongoing issue government-wide as well as with the Treasury Department. We are very concerned.

I want to make it clear that I believe that we need more than this restored; but at minimum, we need this money restored. That is why this motion to instruct has been offered.

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

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

Mr. Speaker, I do not oppose this motion to instruct conferees. Obviously, at this moment we do not have an allocation that is sufficient to permit us to easily restore these Y2K funds without having to take it from some other place that might be even more detrimental. But I am certainly hopeful that it will be possible for us to restore at least this amount of the Y2K funding to the Internal Revenue Service and other Federal agencies.

So, I have no objection to this motion to instruct. But I say that with the understanding that I can give no absolute assurances to my colleagues in this body that we can accomplish this in the conference, although I am hopeful that we would be able to.

Mr. SANDERS. Madam Chairman, I yield myself the balance of my time.

I would urge the Members to have the courage to stand up to the pharmaceutical industry and support this amendment cosponsored by the gentleman from Illinois (Mr. JACKSON), the gentleman from California (Mr. STARK), the gentleman from California (Mr. ROHRABACHER), the gentlewoman from Georgia (Ms. MCKINNEY), the gentleman from Ohio (Mr. KUCINICH), the gentleman from Alabama (Mr. HILLIARD), the gentleman from California (Mr. GEORGE MILLER), the gentlewoman from Illinois (Ms. SCHAKOWSKY) and the gentleman from Arkansas (Mr. BERRY).

Let us win this fight.

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

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct.

The motion was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. KOLBE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and that I may include tabular and extraneous material on H.R. 2490.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The SPEAKER pro tempore. The Chair will appoint conferees later today.

AMERICAN EMBASSY SECURITY ACT OF 1999

The SPEAKER pro tempore (Mr. BURR of North Carolina). Pursuant to House Resolution 247 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2415.

□ 1050

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes, with Mr. KOLBE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, July 20, 1999, amendment No. 8 printed in House Report 106–235 offered by the gentleman from Texas (Mr. PAUL) had been disposed of.

It is now in order to consider amendment No. 15 printed in Part B of House report 106–235.

AMENDMENT NO. 15 OFFERED BY MR. SANDERS

Mr. SANDERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B Amendment No. 15 offered by Mr. SANDERS:

Page 35, after line 9, insert the following (and conform the table of contents accordingly):

SEC. 211. PROHIBITION ON INTERFERENCE WITH INTELLECTUAL PROPERTY LAW RELATING TO PHARMACEUTICALS OF CERTAIN FOREIGN COUNTRIES.

No employee of the Department of State shall take any action to deter or to otherwise interfere with any intellectual property law or policy of any country in Africa or Asia (including Israel) that is designed to make pharmaceuticals more affordable if such law or policy, as the case may be, complies with the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)).

The CHAIRMAN. Pursuant to House resolution 247, the gentleman from Vermont (Mr. SANDERS) and the gentleman from Connecticut (Mr. GEJDENSON) each will control 5 minutes.

The Chair recognizes the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Chairman, I yield myself 1¼ minutes.

Mr. Chairman, this amendment, cosponsored by the gentleman from Illinois (Mr. JACKSON), the gentleman from California (Mr. STARK), the gentleman from California (Mr. ROHRABACHER), the gentlewoman from Georgia (Ms. MCKINNEY), the gentleman from Ohio (Mr. KUCINICH), the gentleman from Alabama (Mr. HILLIARD), the gentleman from California (Mr. MILLER), the gentlewoman from Illinois (Ms. SCHAKOWSKY), and the gentleman from Arkansas (Mr. BERRY) deals with one of the great moral challenges of this century.

Millions of people in Africa and Asia are suffering from the horrible AIDS epidemic decimating their countries. Because of poverty, they are unable to afford the very expensive prescription drugs needed to combat this killer disease.

Sadly, the major pharmaceutical companies are using their enormous wealth and influence to fight legislation passed in South Africa, Israel, and Thailand which allows those countries to purchase and manufacture anti-AIDS drugs at far lower prices than those charged by the major drug companies.

These laws are consistent with international trade and copyright law. Once again, these laws are consistent with international trade and copyright laws.

Tragically, the U.S. State Department is currently working with the drug companies to punish South Africa because their government has committed the terrible crime of trying to get affordable drugs to treat their AIDS patients.

What South Africa is doing is legal under international law. And it is morally right.

Please support this amendment. Get the U.S. Government on the right side of this issue and help save millions of lives.

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

Mr. GEJDENSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the case of the gentleman from Vermont (Mr. SANDERS) frankly is completely flawed. And though while his motives may be noble,

the final result of his action will be reduction in new drugs that will save lives.

We have tested the theory here in this Chamber and elsewhere to see if governments will come up with the research dollars to invent new medicines. Frankly, we cannot get our Government to provide medicine for its own citizens let alone citizens of other countries.

Fully 45 percent of all new drugs are developed in the United States; and the next closest country, the U.K., develops but 14 percent. American taxpayers, through its Congress, will not provide the research dollars to find the cures for cancer and AIDS like the new $4 pill that will be able to protect the children of mothers with AIDS by one pill given one time at the cost of $4 instead of AZT at the cost of hundreds of dollars.

What the bill does, it will give the opportunity for wealthier nations to try to evade our intellectual property laws. The United States already loses one out of three dollars when it comes to the opportunity of sales overseas for intellectual property. But we are not talking about corporate profits here. We are talking about countries being able to avoid intellectual property laws, and we are talking about denying the resources from wealthier countries, not from the poorest countries, they already have the ability to control prices.

The poorest countries in this world make agreements with pharmaceutical companies that limit the price of those products in those countries. Frankly, the only country in the world that does not limit prices is the United States.

What the amendment of the gentleman will do is allow wealthy countries like Israel, frankly, that has a per capita income of almost $16,000, to avoid our intellectual property laws. He will thereby undermine the basic flow of funds to research and may reverse what we see here today.

Forty-five percent of all the new drugs come from the United States. Accept the Sanders amendment and we will not be helping the poor, we will be hurting every one of us in this process as we do not develop the new drugs for AIDS and breast cancer and other illnesses around the world.

The poorest countries already get a lower price for those products. The legislation of the gentleman from Vermont (Mr. SANDERS) would prevent the U.S. Government from protecting intellectual property that is made here in the United States and give wealthier countries the ability to purchase these products through poorer countries. We are not helping poor African countries. We are not helping Bangladesh. These countries can already control prices in agreements with these pharmaceutical companies.

What his legislation would allow is American countries can see their intellectual property transferred to other countries. This is simple theft. It seems to me, if we stand by the Sanders amendment, we will only have ourselves to blame in injuring what has been one of the most productive sectors in the American economy in creating new drugs for all our citizens.

Madam Chairman, I reserve the balance of my time.

Mr. SANDERS. Madam Chairman, I yield 1 minute to the gentlewoman from Georgia (Ms. MCKINNEY).

Ms. MCKINNEY. Madam Chairman, have my colleagues ever seen a bully on the playground and they knew it was not right? Well, that is exactly what our own State Department is doing right now to South Africa.

We can tell a lot about a country the way they act when they think no one is watching. The State Department of the world's indispensable Nation has decided that poor Africans dying of preventable and treatable diseases is okay.

In South Africa, thousands of people are dying every week because they cannot afford to treat deadly but preventable and treatable diseases like malaria, tuberculosis, and typhoid.

In South Africa, it costs more to get a prescription filled than to go to the doctor's office. Therefore, they can go to the doctor to find out what is wrong, but they cannot treat it; they cannot treat the illness.

Accordingly, South Africa decided to fight back. South Africa went to the free market to buy its prescription drugs rather than to the pharmaceutical cartel and the State Department objects to that. Once again, seems to prefer corporate profits over healthy people.

It looks to me like the State Department is the bully on the playground and they think no one is watching. Well, let them see that the Congress is watching by supporting the Sanders amendment.

Mr. GEJDENSON. Madam Chairman, may I inquire how much time I have remaining?

The CHAIRMAN pro tempore (Mrs. EMERSON). The gentleman from Connecticut (Mr. GEJDENSON) has 2 minutes remaining. The gentleman from Vermont (Mr. SANDERS) has 2–3/4 minutes remaining.

Mr. GEJDENSON. Madam Chairman, I yield 1 minute to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Madam Chairman, I thank the gentleman for yielding me the time.

□ 1100

Mr. GILMAN. Madam Chairman, I thank the gentleman for yielding me this time. I rise in opposition to the amendment being offered by the gentleman from Vermont.

I share the concerns of the gentleman from Vermont and all those who want to combat the spread of AIDS in Africa and I very much welcome Monday's announcement that the administration is joining our House Republicans in calling for a $127 million spending program to meet this growing health crisis. I will note the Republicans have ensured funding for this for some time. I have also held the only hearings on this subject last year. I intend to work to ensure that this program continues to receive strong support.

The White House AIDS policy director, Sandra Thurman, has reported that the disease is turning millions of children into orphans, reducing life expectancy by more than 20 years and undermining economic development in large parts of Africa. More than 12 million people have died of AIDS in sub-Saharan Africa over the past decade.

However, I believe that the amendment before us is not the way to address this important issue. It threatens patent protection rights and will create new impediments to future AIDS research efforts. Furthermore, its implementation would put the U.S. in violation of our obligations under the Uruguay Round Implementation Act to seek the strengthening of intellectual property laws.

The CHAIRMAN pro tempore (Mrs. EMERSON). The time of the gentleman from New York (Mr. GILMAN) has expired.

Mr. GEJDENSON. Madam Chairman, I ask unanimous consent that debate on this amendment be extended for 2 minutes equally divided and controlled by me and the gentleman from Vermont (Mr. SANDERS).

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GEJDENSON. Madam Chairman, I yield 1 minute to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Madam Chairman, I thank the gentleman for yielding me this additional time.

This amendment would use policies such as compulsory licensing and parallel trade to make pharmaceuticals more affordable. Compulsory licensing would allow generic manufacturers to produce and sell a patented pharmaceutical product before the patent expires, without protecting the rights of the patentholder in the importing country. This approach will discourage research efforts and will not address the underlying problems confronting AIDS patients.

Parallel trade involves purchasing a product at a low price in one market and reselling it in another market at a higher price, outside of normal distribution channels. This proposal has been tried and found wanting in Kenya where it resulted in a flood of counterfeit medicine imports.

Accordingly, I join the gentleman from Connecticut in urging the defeat of the Sanders amendment.

Mr. SANDERS. Madam Chairman, I yield 30 seconds to the gentleman from Arkansas (Mr. BERRY), a former pharmacist.

Mr. BERRY. Madam Chairman, I rise this morning to support this amendment. I commend the gentleman from Vermont for introducing this amendment.

It is critical that our State Department allow countries the tools they need to fight health epidemics such as AIDS as long as they play by the international rules. WTO agreements and fairness should be the driving force behind U.S. policy relating to this issue, not a few very profitable international pharmaceutical companies. We do not have to do things that inappropriately protect their markets like we do in this country and allow them to take advantage of other people.

Mr. SANDERS. Madam Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Madam Chairman, I believe this amendment is a good amendment. This amendment will prevent the State Department from punishing countries that use legal means to procure low-cost lifesaving drugs for their citizens. This practice, called parallel importing, is allowed by the World Trade Organization. Many of the poorest nations on earth are experiencing some of the highest death rates because there is not enough money to pay for the high cost of lifesaving drugs. Some countries are even experiencing a return of age-old illnesses such as tuberculosis.

The AIDS epidemic is causing a health care crisis worldwide. What good are lifesaving drugs if they are not affordable for people who need them? We should not punish countries for trying to save their citizens' lives. We should not punish countries for being concerned about their own citizens. We should not punish countries for using perfectly legal means to procure low-cost pharmaceuticals.

Help to save millions of lives by ending a counterproductive State Department practice. Put human life above profit. I urge my colleagues to support this amendment.

Mr. SANDERS. Madam Chairman, I yield myself such time as I may consume. This amendment deals with one of the great moral challenges of our time. While the pharmaceutical industry, which makes wide campaign contributions, spends more money on lobbying and campaign contributions than any other industry in this country, while they are enjoying record-breaking profits, millions of people, poor people throughout the world, are dying of AIDS. Meanwhile, the pharmaceutical companies are down in South Africa trying to do away with legislation in the courts, trying to do away with legislation passed by the South African government because the South African government is trying to get inexpensive drugs to deal with the epidemic of AIDS.

What this legislation says very clearly is get the State Department off the backs of South Africa when South Africa is operating legally, legally under international law. If the pharmaceutical companies think they are operating illegally, if the U.S. State Department thinks they are operating illegally, go to the World Trade Organization. But the State Department does not want to go to the World Trade Organization. They want to put unilateral action against South Africa. The drug companies want to use their muscle against South Africa. What South Africa is doing is legal. The State Department does not want to challenge them in the World Trade Organization because they will lose.

It is a shame and an embarrassment that the government of the United States of America is working with the multi-billion dollar drug companies to push around South Africa because that country is trying to do the right thing for its people with AIDS.

Madam Chairman, I reserve the balance of my time.

Mr. GEJDENSON. Madam Chairman, I yield the balance of my time to the gentleman from New Jersey (Mr. MENENDEZ).

The CHAIRMAN pro tempore. The gentleman from New Jersey is recognized for 1 minute.

Mr. MENENDEZ. Madam Chairman, I share the gentleman from Vermont's concerns, but I think this amendment is the wrong way to go about it. We do not seek to hurt South Africa, but we also do not seek to hurt American companies and their international intellectual property rights. When you go down the road of saying to American companies, forget about all of the research, all of the intellectual property rights that you possess, you go down a road that is going to hurt South Africa and Africa ultimately, because you want investment to take place and that investment is going to take place if people believe that their intellectual property rights are going to be observed.

This amendment would restrict the ability of the administration to protect the intellectual property rights of American pharmaceutical companies in foreign countries. The State Department plays a crucial role in assisting U.S. companies whose intellectual property rights are violated by foreign governments. In fact, the law says we should defend intellectual property rights.

Now, in the context of AIDS, we share that concern. That is why the U.S. Global Strategy on AIDS, released in March of 1999, cites health care infrastructure problems, including shortage of doctors, clinics and laboratories. That is our biggest obstacle. That is what we should be doing with the Vice President, $100 million more, but not violating the intellectual property rights of our companies.

IMPACT OF AMENDMENT

The amendment would restrict the ability of the Administration to protect the intellectual property rights of American pharmaceutical companies in foreign countries. The State Department plays a crucial role in assisting U.S. companies whose intellectual property rights are violated by foreign governments. The State Department has been successful in negotiating acceptable resolutions to these international trade conflicts, protecting both American interests and jobs.

In fact, the law says that we should defend intellectual property rights. Section 315 of Uruguay Round Implementation Act states that it is the policy of the U.S. to seek enactment and implementation of foreign intellectual property laws that "strengthen and supplement" TRIPs. This amendment contradicts the law and would inhibit the pharmaceutical industry from seeking assistance from their own government to resolve intellectual property rights issue with foreign governments.

While the author of the amendment contends that the restrictions would not apply if the bill was in compliance with TRIPs, I'm not sure how such a determination of a violation can be made without going to WTO. Unless, we decide that the State Department can make legal determinations about the legality or illegality of intellectual property rights actions, this amendment would allow the Administration to prejudge the outcome of a WTO case.

The amendment is broadly drafted and could prohibit the Administration from acting even when there is a clear violation of TRIPs, as in the case of South Africa. The South African Medicines Act, which is under litigation in South Africa, not only permits parallel importation which is not permitted under Article 28 of the TRIPs agreements, it also contains a provision which allows the complete abrogation of patient rights at the discretion of the Minister of Health.

Specifically, Section 15c of the South African Medicines Act says that, the Health Minister may determine "that the rights with regard to any medicine under a patent granted in the Republic shall not extend to acts in respect of such medicine which has been put on the market by the owner of the medicine, or with his or her consent."

Conceivably the amendment could compel the State Department to refrain from action if the government in question—in this case South Africa—claims that their actions are in compliance with TRIPs, since the amendment does not establish how to determine if an action is compliant with TRIPs.

Members need to know the facts, Article 28 of TRIPs—the WTO Agreement on Trade-Related Aspects of Intellectual Property obligates countries to prohibit parallel importation of patented products.

Pharmaceutical companies spend millions of dollars annually for the research and development of pharmaceutical products—patents protect their intellectual property. If those rights can be arbitrarily violated what incentive remains to pursue R&D for new and more effective drugs.

It is irresponsible to forbid our State Department from acting on behalf of companies and citizens and that is what this amendment would do.

AIDS CRISIS

It is important to note that the amendment is not specific to AIDS drugs and as such, would affect imports of all medicines.

This amendment is not about the AIDS crisis. We do need to address the AIDS crisis in Africa. Last Friday this Chamber passed two amendments which recognize the need for the public and private sector to expand efforts, including legislation to address the AIDS crisis in Africa.

We should address the AIDS crisis by adopting appropriate policies and programs. We should not adopt a policy which abrogates property rights and international agreements.

The U.S. Global Strategy on HIV/AIDS, released in March 1999, cites health care infrastructure problems, including shortage of doctors, clinics and laboratories, as the biggest obstacles to the delivery of effective HIV/AIDS care. These are issues which we need to consider. On Monday, Vice President GORE announced a $100 million initiative to fight the growing AIDS epidemic in Africa, this is the type of action that we need to take and I intend to advocate for the authorization and appropriations of those funds.

I urge Members to vote against the Sanders amendment and to look for real, meaningful solutions to the AIDS crisis.

Mr. SANDERS. Madam Chairman, I yield myself the balance of my time.

I would urge the Members to have the courage to stand up to the pharmaceutical industry and support this amendment cosponsored by the gentleman from Illinois (Mr. JACKSON), the gentleman from California (Mr. STARK), the gentleman from California (Mr. ROHRABACHER), the gentlewoman from Georgia (Ms. MCKINNEY), the gentleman from Ohio (Mr. KUCINICH), the gentleman from Alabama (Mr. HILLIARD), the gentleman from California (Mr. GEORGE MILLER), the gentlewoman from Illinois (Ms. SCHAKOWSKY) and the gentleman from Arkansas (Mr. BERRY).

Let us win this fight.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Vermont (Mr. SANDERS).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. GEJDENSON. Madam Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from Vermont (Mr. SANDERS) will be postponed.

It is now in order to consider amendment No. 18 printed in part B of House Report 106–235.

AMENDMENT NO. 18 OFFERED BY MR. GIBBONS

Mr. GIBBONS. Madam Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 18 offered by Mr. GIBBONS:

Page 46, after line 22, insert the following:

SEC. 257. ISSUANCE OF PASSPORTS FOR THE FIRST TIME TO CHILDREN UNDER AGE 14.

(a) IN GENERAL.—

(1) REGULATIONS.—Not later than 1 year after the date of the enactment of this Act, the Secretary of State shall issue regulations providing that before a child under the age of 14 years is issued a passport for the first time, the requirements under paragraph (2) shall apply under penalty of perjury.

(2) REQUIREMENTS.—

(A) Both parents, or the child's legal guardian, must execute the application and provide documentary evidence demonstrating that they are the parents or guardian; or

(B) the person executing the application must provide documentary evidence that such person—

(i) has sole custody of the child;

(ii) has the consent of the other parent to the issuance of the passport; or

(iii) is in loco parentis and has the consent of both parents, of a parent with sole custody over the child, or of the child's legal guardian, to the issuance of the passport.

(b) EXCEPTIONS.—The regulations required by subsection (a) may provide for exceptions in exigent circumstances, such as, those involving the health or welfare of the child.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from Nevada (Mr. GIBBONS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Nevada (Mr. GIBBONS).

Mr. GIBBONS. Madam Chairman, I yield myself such time as I may consume.

Simply put, this amendment will help protect our American children from international parental child abduction. It is an inconceivable but irrefutable fact that once a child is taken from the United States, it is nearly impossible to get that child returned.

One of the most difficult and frustrating experiences for parents of internationally abducted children is that U.S. laws and court orders are not usually recognized in foreign countries and therefore are not entitled or enforceable actions abroad.

Even when criminal charges have been filed against the abducting parent in the United States, many foreign nations will not honor a U.S. request for extradition. It is therefore imperative that any measure we take must be preventive, for once these children are taken out of the country, they are often gone forever.

The aim of this amendment is prevention, prevention of anguish to families, prevention of the violation of parental rights, prevention of international child abduction.

These children are often abducted during or shortly after a contentious divorce, sometimes by an abusive parent. At a time when these children are most vulnerable and most uncertain about their future, they are snatched and taken away to a foreign country.

Let me tell a story, Madam Chairman, of Mikey Kale from my home State of Nevada for whom this amendment is named. On Valentine's Day in 1993, then 6-year-old Mikey was abducted by his biological father and kidnapped to war-torn Croatia.

Mikey's father and mother were divorced at this time. His mother had sole legal custody of Mikey. His father did not. But Mikey's father was still able to get a passport for his son even though he did not have any legal custodial rights. Thankfully, after a number of weeks and months and tremendous emotional and financial effort, Mikey's mother was able to get Mikey returned home.

Mikey's mother, Barbara, had this to say about her family's ordeal:

> I learned through the State Department in Washington that my ex-husband had obtained a passport and birth certificate for Mikey within weeks of the divorce. I didn't think a person could get a passport for their child unless they had legal custody. I was wrong.

Mikey's mother goes on to say that this one law needs to be revised to help protect American children.

Madam Chairman, I am here to say that Mikey's mom is right. This law needs to be revised. It needs to be changed to protect our American children. We need to make it more difficult for would-be parental child abductors to obtain passports for children to prevent their further goal of taking young children out of this country. My amendment is a simple legislative solution which will implement a system of checks and safeguards prior to the issuance of a passport for the first time issuance to a child under the age of 14.

We who are parents and grandparents know that we are the ones who are looked upon as protectors by our children. This is a common-sense legislative solution to a devastating and tragic problem. And this problem is more common than you would think. Each year, more than 1,000 children are abducted and then taken out of the United States to foreign countries.

Here in the United States where our missing and abducted children are counted meticulously inside our borders, it is still hard to track the number of children who are taken overseas because only 45 nations have signed a Hague treaty designed to resolve international child custody disputes.

Mikey Kale is one of the fortunate ones. Most children are not. Regardless of the number of cases, whether it is 10 or 10,000, one case of international child abduction is too many, and my amendment seeks to prevent that tragedy from occurring.

I ask my colleagues to help me join in this effort to protect the Mikey

Kales out there. Until more can be done, I believe this is the simplest, most cost-effective legislative solution to protect our children's rights and their lives. I would ask all my colleagues to join with me.

Madam Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore. Does any Member seek time in opposition to the amendment?

Mr. GILMAN. Madam Chairman, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Madam Chairman, I yield myself such time as I may consume.

I appreciate the efforts by the gentleman from Nevada on this amendment and the efforts of the Bureau of Consular Affairs at the State Department. We are willing to accept this amendment. Stopping child abduction is extremely important and the right thing to do.

I commend the gentleman for proposing this matter. We accept the amendment.

Mr. SMITH of New Jersey. Madam Chairman. I rise to support the amendment of my colleague from Nevada, Mr. GIBBONS, which adds safeguards to the issuance of first-time passports to children. By requiring the consent of both parents, or proof that the person executing the application has legal custody of the child, it will be an important weapon in the fight against international child abduction by noncustodial parents.

The problem is very real. In numerous cases, estranged parents who are foreign residents have abducted their children to foreign countries, flagrantly violating the orders of courts in the United States. The problem is serious enough that the United States has become a party to the Hague Convention on the Civil Aspects of International Child Abduction. That Convention establishes an international standard according to which children abducted to foreign countries will be returned to the country of their habitual residence.

Unfortunately, the problem persists, even under the Convention. there are continuing, credible allegations that some countries have become havens for child abductors, and ignore return orders issued pursuant to the Hague Convention. For that reason, Section 203 of the underlying bill extends and expands the State Department's annual reporting on the compliance of signatories to the Convention.

The Gibbons amendment is an additional safeguard that will help ensure that children are not wrongfully removed from the United States in the first place. I hope it receives wide support from my colleagues on both sides of the aisle.

Mr. GILMAN. Madam Chairman, I yield back the balance of my time.

Mr. GIBBONS. Madam Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Nevada (Mr. GIBBONS).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. GEJDENSON. Madam Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from Nevada (Mr. GIBBONS) will be postponed.

It is now in order to consider amendment No. 22 printed in part B of House Report 106–235.

AMENDMENT NO. 22 OFFERED BY MR. GILMAN

Mr. GILMAN. Madam Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 22 offered by Mr. GILMAN:

Page 84, after line 16, insert the following (and make such technical and conforming changes as may be necessary):

SEC. 703 RESTRICTIONS ON NUCLEAR COOPERATION WITH NORTH KOREA.

(a) IN GENERAL.—Notwithstanding any other provision of law or any international agreement, no agreement for cooperation (as defined in sec. 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014 b.)) between the United States and North Korea may become effective, no license may be issued for export directly or indirectly to North Korea of any nuclear material, facilities, components, or other goods, services, or technology that would be subject to such agreement, and no approval may be given for the transfer or retransfer directly or indirectly to North Korea of any nuclear material, facilities, components, or other goods, services, or technology that would be subject to such agreement, until—

(1) the President determines and reports to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate that—

(A) North Korea has come into full compliance with its safeguards agreement with the IAEA (INFCIRC/403) and has taken all steps that have been deemed necessary by the IAEA in this regard;

(B) North Korea has permitted the IAEA full access to all additional sites and all information (including historical records) deemed necessary by the IAEA to verify the accuracy and completeness of North Korea's initial report of May 4, 1992, to the IAEA on all nuclear sites and material in North Korea;

(C) North Korea is in full compliance with its obligations under the Agreed Framework;

(D) North Korea is in full compliance with its obligations under the Joint Declaration on Denuclearization;

(E) North Korea does not have the capability to enrich uranium, and is not seeking to acquire or develop such capability, or any additional capability to reprocess spent nuclear fuel;

(F) North Korea has terminated its nuclear weapons program, including all efforts to acquire, develop, test, produce, or deploy such weapons; and

(G) the transfer to North Korea of key nuclear components, under the proposed agreement for cooperation with North Korea and in accordance with the Agreed Framework, is in the national interest of the United States; and

(2) there is enacted a joint resolution stating in substance that the Congress concurs in the determination and report of the President submitted pursuant to paragraph (1).

(b) CONSTRUCTION.—The restrictions contained in subsection (a) shall apply in addition to all other applicable procedures, requirements, and restrictions contained in the Atomic Energy Act of 1954 and other laws.

AMENDMENT NO. 22, AS MODIFIED, OFFERED BY MR. GILMAN

Mr. GILMAN. Madam Chairman, I ask unanimous consent that my amendment be modified with the modification that I have placed at the desk.

The CHAIRMAN pro tempore. The Clerk will report the modification.

The Clerk read as follows:

Part B amendment No. 22, as modified, offered by Mr. GILMAN:

Page 84, after line 16, insert the following (and make such technical and conforming changes as may be necessary):

SEC. 703. RESTRICTIONS ON NUCLEAR COOPERATION WITH NORTH KOREA.

(a) IN GENERAL.—Notwithstanding any other provision of law or any international agreement, no agreement for cooperation (as defined in sec. 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014 b.)) between the United States and North Korea may become effective, no license may be issued for export directly or indirectly to North Korea of any nuclear material, facilities, components, or other goods, services, or technology that would be subject to such agreement, and no approval may be given for the transfer or retransfer directly or indirectly to North Korea of any nuclear material, facilities, components, or other goods, services, or technology that would be subject to such agreement, until—

(1) the President determines and reports to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate that—

(A) North Korea has come into full compliance with its safeguards agreement with the IAEA (INFCIRC/403), and has taken all steps that have been deemed necessary by the IAEA in this regard;

(B) North Korea has permitted the IAEA full access to all additional sites and all information (including historical records) deemed necessary by the IAEA to verify the accuracy and completeness of North Korea's initial report of May 4, 1992, to the IAEA on all nuclear sites and material in North Korea;

(C) North Korea is in full compliance with its obligations under the Agreed Framework;

(D) North Korea is in full compliance with its obligations under the Joint Declaration on Denuclearization;

(E) North Korea does not have the capability to enrich uranium, and is not seeking to acquire or develop such capability, or any additional capability to reprocess spent nuclear fuel;

(F) North Korea has terminated its nuclear weapons program, including all efforts to acquire, develop, test, produce, or deploy such weapons; and

(G) the transfer to North Korea of key nuclear components, under the proposed agreement for cooperation with North Korea and in accordance with the Agreed Framework, is in the national interest of the United States; and

(2) there is enacted a joint resolution stating in substance that the Congress concurs in the determination and report of the President submitted pursuant to paragraph (1).

(b) CONSTRUCTION.—The restrictions contained in subsection (a) shall apply in addition to all other applicable procedures, requirements, and restrictions contained in the Atomic Energy Act of 1954 and other laws.

(c) DEFINITIONS.—In this section:

(1) AGREED FRAMEWORK.—The term ''Agreed Framework'' means the ''Agreed Framework Between the United States of America and the Democratic People's Republic of Korea'', signed in Geneva on October 21, 1994, and the Confidential Minute to that Agreement.

(2) IAEA.—The term ''IAEA'' means the International Atomic Energy Agency.

(3) NORTH KOREA.—The term ''North Korea'' means the Democratic People's Republic of Korea.

(4) JOINT DECLARATION ON DENUCLEARIZATION.—The term ''Joint Declaration on Denuclearization'' means the Joint Declaration on the Denuclearization of the Korean Peninsula, signed by the Republic of Korea and the Democratic People's Republic of Korea on January 1, 1992.

Mr. GILMAN (during the reading). Madam Chairman, I ask unanimous consent that the amendment, as modified, be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. Without objection, the modification is agreed to.

There was no objection.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from New York (Mr. GILMAN) and the gentleman from Connecticut (Mr. GEJDENSON) each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. GILMAN).

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Mr. GILMAN. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I am pleased to be joined today in offering this amendment by the distinguished gentleman from Massachusetts (Mr. MARKEY) who has been a preeminent leader in this body in our fight against proliferation of nuclear weapons and other weapons of mass destruction. I know that we were on the right track when this amendment was agreed to by Mr. MARKEY in his cosponsoring this measure.

Our amendment deals with North Korea. There is a debate among experts about the definition of a rogue regime, but so far as I know, everyone agrees that North Korea meets that definition. It is a Nation that has remained in a state of war with our Nation for some 49 years. North Korea has been listed by the State Department as a state sponsor of terrorism. If the State Department had an official list of state sponsors of drug trafficking today, they would probably be on that list as well. And they are probably the leading proliferator in the world today.

Our amendment deals with the so-called agreed framework which is a 1994 agreement between our Nation and North Korea designed to induce the North Koreans to end their nuclear weapons program. The bargain contained in the agreed framework is very simple. In exchange for some very large benefits from our Nation, the North Koreans promised to freeze or shut down their existing nuclear program and eventually to stop violating the nuclear nonproliferation treaty, the NPT.

The principle benefit that we have to give them is two advanced light water nuclear reactors worth about $5 billion. Until the first of these reactors is completed, we are obliged to give them about $50 million worth of heavy fuel oil each and every year. Technically, we promised to organize an international consortium to deliver these things to the North Koreans; but as part of the deal, President Clinton signed a letter obligating our Nation to deliver these things to North Korea in the event such an international consortium failed to do its part.

The critical stage for implementation of the agreed framework will come a few years down the road when a significant portion of the nuclear reactor project has been completed. At this point, North Korea is required under the agreed framework to satisfy the International Atomic Energy Agency, the IAEA, that it has fully accounted for the history of its nuclear program.

Essentially what this amendment does is to require North Korea to meet all of its obligations under the agreed framework including satisfying the IAEA before the key components of the two nuclear reactors can be delivered. We are not trying to re-write the agreed framework, we are not trying to impose any new obligations on North Korea. All that this amendment states is they have to live up to the obligations they accepted before they receive the $5 billion worth of nuclear power plants from our Nation and our allies.

Now why is it necessary to revise U.S. law to make it clear that the North Koreans should be living up to their end of the bargain if they want us to live up to our end of the bargain? Their answer is that the North Koreans seem to be operating under the misapprehension that at the end of the day the agreed framework is more important to us than it is to them and that our Nation is going to let them get away with less than full compliance with their obligations. This seems to be the only explanation for some of their actions. They have not been cooperating very well with the IAEA. They have been withholding key operating records of their nuclear reactor for the IAEA. Their relations with the IAEA could hardly be worse.

Then there have been many news stories about the North Koreans cheating on the agreed framework. Most of those reports are sourced to U.S. intelligence reports, so obviously I do not want to discuss that issue in detail during today's debate. But allow me merely to point out that until last year, the administration repeatedly informed us in testimony and in public statements that the agreed framework has ended North Korea's nuclear program. Beginning about this time last year, they stopped making those statements. Now what they tell us, that the agreed framework has ended North Korea's nuclear program at Yongbyon which is the location of the nuclear facilities they publicly acknowledge under the NPT.

Obviously there seems to be a world of difference between saying they have ended their nuclear program period and saying that they have ended it at one location in their country. But that is all that the administration is now stating, and I invite our colleagues to carefully review the administration's statements and reflect on the implications of what the administration is no longer stating to us.

Now I know that some will claim that our amendment could kill the agreed framework, but anyone who states that must believe that North Korea is not going to live up to its obligations under the agreed framework. Either that or they do not believe that the Congress can be expected to use its good judgment in evaluating a certification that they have lived up to those obligations.

The bottom line here, Madam Chairman, is that Congress should not abdicate to the Executive Branch all of our responsibility for judging whether North Korea is actually living up to its obligations.

For those reasons, Madam Chairman, I urge our colleagues to support the Gilman-Markey amendment.

Madam Chairman, I reserve the balance of my time.

Mr. GEJDENSON. Madam Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. MURTHA).

Mr. MURTHA. Madam Chairman, I appreciate what the gentleman from New York (Mr. GILMAN) and the gentleman from Massachusetts (Mr. MARKEY) are trying to do. I understand the thrust of their amendment. I remember 5 years ago Dr. Perry was Secretary of Defense. He asked me to go to Korea because the crisis was to the point where he now in retrospect calls it the greatest crisis in his tenure as Secretary of Defense. He felt we were on the verge of nuclear war.

I went to Korea with a number of members of the Subcommittee on Defense. We looked at our defenses. We

felt they were inadequate. We came back and made a number of recommendations to the administration. We think these recommendations played a part in diffusing this very, very delicate situation between North and South Korea. General Luck was very vigorous in his concern about the possibility of the North Koreans coming south.

Now I think all of us appreciate the difficulty for an administration when it is negotiating with any foreign country to be completely frank and public about what is going on. North Korea being completely ruled by a dictator, being one of the most unstable countries in the world, and yet they have responded to our overtures. From everything I can tell, this crisis has been diffused.

Now Dr. Perry, as all of us know, is heading up a research or a committee that is trying to resolve these difficulties between North Korea and South Korea. They are trying to make sure there is no nonproliferation. He tells me in a phone call that I received just the other day that this would undercut his effort to secure an agreement to continue the progress that they have made.

I got a call from Dr. Hamre today, Undersecretary of Defense. He contends the same thing, that this amendment would be harmful for the progress that they have made.

I understand the nuances of what the gentleman from New York has said, I understand what he is saying about the administration not saying the same thing they were saying before. I do not know why they have said that. In the intelligence that I have read, intelligence reports, the threat is no longer as severe as it was 5 years ago. It is substantially less, and it is less because this administration, working with the Congress, has made North Korea believe that they would pay a heavy price if they were to invade South Korea. One of our most important allies in the world today is Korea.

I enlisted in the Marine Corps in 1952 at the height of the Korean War. We have had troops deployed there since that time, since the end of the Korean war.

There is no question about our obligation to South Korea and the fact that we are trying to prevent any invasion by North Korea, but there is also no question about our obligation to stop proliferation by North Korea. Dr. Perry tells me they are making progress, and he feels that this amendment would not be helpful to man. I do not know that the administration would veto the bill. I know this is a long ways off, but I think it would cause them great concern, and certainly it is something that all of us have to think about.

So I would request and suggest strongly that the Members vote against this. It sounds good on the face, it sounds like we are doing something that is marvelous, it sounds like we are stopping proliferation. But one thing I found over the years, passing an amendment like this in the Congress of the United States does not always do what we think it is going to do. Sometimes it backfires, sometimes it has the opposite impact, and I think in this particular case, this amendment, although everything sounds good, the thrust of the amendment sounds good, it could have the opposite impact about what we hope.

So I would hope that the Gilman-Markey amendment is defeated and that we send a message to Dr. Perry that we support him in trying to stop proliferation of nuclear weapons.

Mr. GILMAN. Madam Chairman, I yield 6 minutes to the gentleman from Massachusetts (Mr. MARKEY), the former chairman of the Committee on Commerce's Subcommittee on Energy and Power.

Mr. MARKEY. Madam Chairman, I thank the gentleman from New York for yielding this time to me, and I rise obviously with great respect for the gentleman from Connecticut (Mr. GEJDENSON) and the gentleman from Pennsylvania (Mr. MURTHA) and obviously with some ambivalence since I am opposing their position and the position of an administration that is headed by a party of which I am a member. So this is not an easy issue, and without question this administration has done much good work on the subject of nonproliferation, but here I think it is important for us to clearly differentiate North Korea from other areas of the world where progress is definable, where progress is being made.

Let us suppose a country spent decades and vast amounts of money to develop nuclear weapons while its people starved. Let us suppose that it signed a series of international agreements and then broke them and that it threatened our allies. Let us suppose that while signing and breaking nuclear agreements it went on developing ballistic missiles that could reach U.S. territory and went on transferring missile technology to other countries.

□ 1130

Would we agree to provide that country with nuclear materials and technology? Surprisingly, the answer is yes.

North Korea has signed a nuclear nonproliferation treaty and then refused to carry out its treaty obligations and threatened to withdraw from the agreement. It has signed an agreement with South Korea not to develop nuclear weapons or reprocessing and then continued to make plutonium.

It has signed a safeguards accord with the International Atomic Energy Agency and then blocked the IAEA inspections of its facilities. And, after agreeing not to develop nuclear weapons, North Korea has ramped up its ballistic missile program. It is expected soon to test a missile that might be able to reach the West Coast of the United States. These missiles have only one purpose: to be able to deliver nuclear weapons. And, North Korea is spreading this technology around.

In the last few weeks, 177 crates of equipment for making missiles were intercepted on route from North Korea to Pakistan. Yet, in 1994, the United States signed an agreement with North Korea to provide them advanced nuclear technology and to assist them in the building of two nuclear power plants.

This action was intended to provide incentives to North Korea to abandon their nuclear weapons program. But what if they again do not live up to their commitments? What do we do then?

Madam Chairman, this bipartisan amendment has a simple premise. The United States should not help North Korea to develop nuclear weapons. We should assist North Korea in obtaining nuclear power plants only if they actually implement their side of the bargain.

Specifically, they must give the International Atomic Energy Agency full on-site access to verify that they are not using nuclear plants to assist a nuclear weapons program, as they agreed to do in 1992.

Second, they must comply with nuclear treaties they have signed with South Korea in 1991 and with the United States in 1994. And finally, they must end their nuclear weapons program.

This amendment does not raise the bar set by the agreement with North Korea, but just ensures that it stays in place. This amendment also would require the active consent of Congress before the U.S. ships nuclear technology to North Korea.

Too often the executive branch decisions on nuclear exports have been heavily influenced by commercial or extraneous diplomatic issues. Under current law, nuclear cooperation agreements must be submitted to Congress, but they automatically take effect unless both parties pass a joint resolution within 90 days. Congress has never voted to disapprove a nuclear cooperation agreement. Indeed, most of the time Congress has never even cast a vote before the clock runs out.

Recently, the administration brought into effect an agreement allowing nuclear exports to China, despite evidence of continued covert Chinese nuclear assistance to Pakistan and Iran. Despite efforts of opponents of this agreement to block it, supporters were able to run out the congressional clock.

We think that Congress should actively consider the wisdom of giving

nuclear technology to North Korea, not simply allow an agreement to slip by. We should have a vote in this body and in the Senate before we send sensitive nuclear technology to North Korea; and before we vote, we should assure ourselves that North Korea is meeting the requirements of its agreements with the United States, and of the United States nonproliferation laws.

It would certainly be better to have foreign light-water nuclear reactors producing electricity in North Korea than indigenous graphite reactors that produce more weapons material and are not even hooked up to the electricity grid. But it makes absolutely no sense to provide North Korea with any nuclear technologies if they will use our assistance to make nuclear weapons, or if they accept the assistance and then proceed to thumb their noses at international nonproliferation norms.

We should not help a country get weapons that could explode in our face. We should send a strong message to North Korea that we will not provide nuclear assistance unless they live up to their commitments to end their nuclear weapons program.

Madam Chairman, I urge a strong ''aye'' vote for the Gilman-Markey amendment to limit the spread of nuclear materials on this planet.

Mr. GEJDENSON. Madam Chairman, I yield such time as he may consume to the gentleman from New York (Mr. ACKERMAN).

Mr. ACKERMAN. Madam Chairman, I rise in opposition to the amendment, and I do so reluctantly only because of the great respect that I have for the sponsors of the amendment, both the gentleman from New York (Mr. GILMAN) and the gentleman from Massachusetts (Mr. MARKEY).

Let me start for a moment at the beginning, if I may, to just give the framework of what this is really all about. North Korea is a rather isolated country, probably the most isolated country on the planet Earth. It is a country that the very few of us who have been there have come to realize is almost like a country in a bubble. They are absolutely paranoid.

Madam Chairman, 99.9 percent of the people have never been outside of their country, including the leadership of the country. The people have no idea what is going on in the real world, and they have all been indoctrinated and brainwashed into believing that the entire world is lined up against them and the United States and South Korea at any moment about to invade their country and usurp their way of life.

It is very difficult to deal and to negotiate with the North Koreans who have very, very little experience in the field of dealing with the outside world, let alone the ability to negotiate the way most societies can.

There came a time, Madam Chairman, when we and others were very fearful of the very fact that North Korea had nuclear capability; that it had nuclear reactors; that it was producing nuclear energy; that these were heavy-water nuclear reactors; and that these reactors were producing weapons-grade plutonium that could be used in weapons of mass destruction.

At around that time, Madam Chairman, discussions were held with Kim Il Sung, the then leader of North Korea, in which he and others within his government were persuaded that it would be in their best interests if they were allowed because of their financial need and because of their great desire to get assistance, to be able to do away with their very dangerous heavy-water reactors and exchange those heavy-water reactors for light-water reactors.

The difference between those two kinds of reactors, Madam Chair, is that the light-water reactors make it very difficult, if not impossible, to produce nuclear weapons-grade materiel. The world would be much safer if they had light-water reactors rather than the heavy-water reactors which were, indeed, already producing this fissionable material.

The North Koreans entered into an agreement only on certain terms. They said, if we turn off our heavy-water reactors in order to substitute light-water reactors during the interregnum, we will have no power for our poor country, after making tremendous investment in the heavy-water reactors, albeit for reasons of energy as well as producing weapons of mass destruction. So they had a mixed reason.

But they were willing at that time and signed an agreement that said they were willing to swap. But what happens to us, they asked realistically, in the meantime, when we have no power to run our plants and to meet the energy needs of our country?

We led an international consortium that was put together, mainly funded by our friends in Japan and South Korea, in which they said, those other countries said, we will put up the billions of dollars to build the reactor. The North Koreans want the prestige of U.S. leadership and participation, and the U.S. at that time agreed that we would supply them with the money for oil and other alternative sources of energy other than nuclear while they closed down one reactor system and substituted it for another. That is good common sense. This is a very small investment on our part financially, and especially compared to the huge commitment being made by our other international partners in what is known as KEDO. We have been working on that.

What this amendment would do is this amendment would take away our ability to participate in the project that switches the heavy- to the light-water reactors.

Madam Chairman, if the goal today is to see North Korea resume its nuclear weapons program, using their heavy-water reactors, then we should vote for the amendment with the gentleman from New York, because that is the likely outcome of adopting that amendment. By unilaterally adding new criteria to this agreed framework, the amendment sets out conditions that the President cannot possibly certify. It guarantees failure. The amendment requires the President to certify North Korean intentions instead of actions.

Who in their right mind would certify anybody else's intentions, let alone the intentions of North Korea? It is their actions that we should be asking the President to certify.

In addition, the amendment requires the President to certify North Korean adherence to the joint declaration on denuclearization, an agreement that the U.S. is not even a party to. The adoption of this amendment will tell our allies in Seoul and Tokyo that we are not prepared to follow through on our commitments. It will also confirm, unfortunately, the worst distorted suspicions of the North Koreans who already believe that we never intended to uphold our portion of the agreement.

Madam Chairman, the underlying assumptions of this amendment is that the administration has not been tough with North Korea in demanding that they adhere to the agreed framework. In fact, as the inspection of the suspected site at Kamchang-Ri indicated, where everybody thought they were rebuilding their original nuclear facilities and which proved to be a vast, empty, cavernous system of caves, we found that the administration is holding North Korea to its commitments.

The purpose of the agreed framework was to freeze the North Korean nuclear program and it has done so. That is an inconvenient fact for my friends on the other side of this issue; but nonetheless, it is the fact. The fastest way to unfreeze that program is to abandon the agreed framework as this amendment would do.

Madam Chairman, I ask my colleagues to seriously consider whether the world is more secure if North Korea has nuclear weapons. I think not, Madam Chairman; and therefore, I urge all of my colleagues in the House to oppose this amendment.

Mr. GILMAN. Madam Chairman, I yield 4 minutes to the gentleman from New Jersey (Mr. SMITH), the distinguished chairman of our Subcommittee on International Operations and Human Rights of our Committee on International Relations.

Mr. SMITH of New Jersey. Madam Chairman, let me just make a couple of points. First of all, let me respond briefly to my friend from New York on one of the points that he raised. He talked about the visit to Kamchang-Ri by inspectors and they found nothing in that hole. Well, we had a hearing,

and the gentleman, I am sure, remembers when Ambassador Lilley, our former ambassador to the People's Republic of China, came and testified and said, as matter of factly as he possibly could have, that we are not going to find anything. They have had about a year to clean it out; there are other caves and caverns and holes where they could put this material.

So this is a Potemkin village, if ever there was one, to have a preannouncement that yes, we are going to come here. We had to buy our way to get into that site to begin with, and wonder of wonders, as predicted, as Ambassador Lilley pointed out so clearly, we know we are not going to find anything.

□ 1145

So I think it is very, very disingenuous to raise that somehow North Korea is complying. We were told in advance by the former ambassador to the People's Republic of China, Ambassador Lilley, that we were not going to find anything. And wonder of wonders, we did not find anything. They had plenty of time to move it to one of their other sites, and there are perhaps 11 other sites that have not been checked out where they could have done so.

So, again, that is why I think the language in here where we talk about the IAEA, full access to all additional sites and all information, including historical records deemed necessary by the IAEA to verify accuracy and completeness and so on, that is the kind of unfettered access that is needed. Otherwise we engage in a diplomatic fiction. We buy into a potential big lie of which this regime in North Korea is certainly highly capable.

Let me just say, Madam Chairman, I do rise in strong support of the Gilman-Markey amendment.

The CIA recently reported that, and I quote, ''North Korea has no constraints on its sales of ballistic missiles and related technology,'' close quote.

As we know, that is alarming; but it is not surprising. In 1992, the IAEA concluded that Pyongyang had violated the nuclear nonproliferation treaty that it signed in 1985. Furthermore, the North Korean government has avoided cooperating with monitoring efforts by the International Atomic Energy Agency as required by its subsequent 1994 agreement with the United States.

Thus, until Pyongyang reverses its practices and abides by the nuclear nonproliferation treaty, any country that sends nuclear reactors and technology to North Korea should assume that it is exporting these most dangerous technologies to other dangerous regimes around the world.

Madam Chairman, the government of North Korea has egregiously violated the human rights of countless of its own citizens, and I know that Members are aware of that. They may not be aware that food is being used, regrettably, as a weapon, against some of their own people.

There are children—estimated to be somewhere on the order of 500,000 kids—arrested, often incarcerated, because they are poor.

We have these children who are just being arrested. The government is so contemptuous of its own people that these kids are dying; and when they escape, sometimes they even escape to China to try to get a meal, they are brought back and arrested. The international community has no access to them, and that includes UNICEF, which has tried.

So that is the kind of government we are dealing with. I just put that in as a parenthetical because I think it gives a backdrop to what we are talking about here.

Let me just say also, Madam Chairman, before we have any U.S. exports of nuclear reactors, technology and the like to North Korea, we believe—I believe and the chairman believes and the gentleman from Massachusetts (Mr. MARKEY) believes—the President should be required to certify that North Korea is fully complying with its obligations under NPT.

The Congress must shoulder its responsibility to ensure that the North Korean government has kept its agreement not to develop or to export nuclear technology and weapons. When dealing with a country whose record on so many issues has been so poor as North Korea's and with such weighty issues as nuclear technology transfers, we have a responsibility to do no less.

Mr. GEJDENSON. Madam Chairman, I would inquire as to how much time each side has remaining.

The CHAIRMAN pro tempore (Mrs. EMERSON). The gentleman from Connecticut (Mr. GEJDENSON) has 17 minutes remaining and the gentleman from New York (Mr. GILMAN) has 12 minutes.

Mr. GEJDENSON. Madam Chairman, I yield 2 minutes to the gentleman from New York (Mr. ACKERMAN).

Mr. ACKERMAN. Madam Chairman, the gentleman from New Jersey (Mr. SMITH) is correct in his recollection that we all remember the discussion that we had. We did have that discussion and his recollection of it is correct, but also if the gentleman recalls, that cave and the discovery thereof was hyped to the highest degree I have ever seen around here, with accusations that this is where the new nuclear activity was taking place in North Korea. We insisted, and rightfully so, that the IAEA gain admission. It was hyped, I think, more than was hyped Geraldo's insistence that he was going to find great evidence when they opened Al Capone's safe.

When, indeed, the IAEA was allowed in, they found several things. First, they found the cavernous structure was certainly one that could not permit the kind of reactor to be built there.

Scientific tests by the IAEA revealed two things, that there was no evidence that anything of which we are talking about had ever been put there, let alone removed. There was no evidence of a nuclear reactor being taken out and nor was there any evidence that Al Capone had ever visited there.

Mr. GILMAN. Madam Chairman, I yield 30 seconds to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Madam Chairman, just to respond again, it is a very unuseful fiction. The diplomatic fiction sometimes has a place. I do not like it. I like absolute honesty, transparency, everything on the table when dealing with something.

That is why Ambassador Lilley's testimony was so compelling. He said, you are going to go to Kamchang-Ri and you are not going to see anything. They have had sufficient time to move everything out.

For the gentleman from New York (Mr. ACKERMAN), my good friend, to raise it as an example of some kind of compliance, I think misleads, however unintentionally he is doing that.

Mr. GILMAN. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Madam Chairman, in brief response to my colleague from New York, who invoked the name of Al Capone and Geraldo Rivera's opening of the safe, I think it is fair to say that Al Capone was never said to have been involved in the manufacture of nuclear weapons and that Al Capone was eventually put away when someone checked his books.

What we are saying here is, we ought to check their books in North Korea. If we verify, then maybe the world can be a peaceful place.

Now, in the agreed framework, North Korea agreed to take steps to implement, and that is, quote, the denuclearization agreement, and agreed to, quote, remain a party to, unquote, and, quote, allow implementation of its safeguards agreement, unquote, under the nonproliferation treaty, and agreed to allow the IAEA inspections and account for any current plutonium stockpile before nuclear plant components are delivered.

Now, if North Korea follows through on these promises, meeting the requirements in this amendment, there should be no problem. This amendment is not meant to renegotiate the agreed framework but to ensure that it is implemented, to ensure that we help build nuclear power plants in North Korea only if North Korea keeps to its commitments to end its nuclear arms program.

I have a great deal of concern, as the gentleman from New York (Mr. ACKERMAN) and others have spoke, that we

not exclude North Korea from the world community; but as we seek to embrace them, we need to share with them our principles about truth and about verification.

Support the amendment.

Mr. GEJDENSON. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I think there is not a general disagreement on our goals here. As a matter of fact, the gentleman from Ohio (Mr. KUCINICH) actually restates the existing policy. We do have to check their books. The administration's agreement is to certify that there is no enriched uranium there, that they are not seeking to get additional uranium there.

The problem with the proposed legislation is that if only a handful of United States senators, more so than the House, decide they do not like something about the agreement, they can stop it with a filibuster.

What troubles me about the proposal before us is that it mandates that both Houses of Congress take an affirmative action once the administration has made these certifications.

Well, the problem, of course, with that, is that the Congress may not be in session; there may be a political squabble in the Senate that has nothing to do with North Korea but may engender the actions of senators, as we watch them hold up nominees because of unrelated issues, decide they are going to hold up the agreement.

Now, the fundamental question is, are we better off today than we were before the agreement?

I do not think there is anybody in this Chamber who thinks it would have been preferable to have the North Koreans continue the development of their own unhindered nuclear program with heavy water reactors.

Dr. Perry, who has the broadest support in this Chamber, says the present approach is right. There is agreement that none of us have any fondness for the policies or the actions of the North Korean government.

To stand here today and say that we are offended by the starvation and the horrors committed to their own people by the North Koreans, there is not an argument over that. The argument on this amendment is should the Congress create a process that allows a handful of senators to bottle up this agreement that has been so critical for reducing tensions on the Korean peninsula? The question is, what happens to South Korea in this process? What happens to the agreement that we have that has, for the first time, gotten real inspections in North Korea?

Prior to this agreement, there were not a handful of Americans or foreign nationals who had been to North Korea. As a result of this agreement, we have begun that process.

We have more contact with the North Koreans today than we had in the previous decade. Now, should we have more? Should we have a new government in North Korea? Everybody agrees with that.

The question is whether or not the Congress ought to set into law a process that will undermine the credibility we have with the South Koreans and that will allow a handful of United States senators to stop, for whatever reasons they may choose, the approval of the certification that the President has confidence that they do not have the enriched uranium they need to make nuclear weapons.

Now, it seems to me that it is irresponsible of us to move forward with legislation that will undermine what has been a stabilizing factor on the Korean peninsula.

Madam Chairman, I reserve the balance of my time.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore. The Chair would remind Members not to characterize the actions of the Senate.

Mr. GILMAN. Madam Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. KNOLLENBERG), the distinguished Member of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mr. KNOLLENBERG. Madam Chairman, I thank the gentleman from New York (Mr. GILMAN) for yielding me this time.

Madam Chairman, I rise in strong support of the Gilman-Markey amendment. I would like to thank the gentleman from New York (Mr. GILMAN) and the gentleman from Massachusetts (Mr. MARKEY) for their inspiration and leadership on this very important issue.

North Korea presents numerous risks to our national security and to the stability of East Asia. The dangerous regime in Pyongyang contributes to the proliferation of weapons of mass destruction and missile technology, engages in drug trafficking, and sponsors terrorist activities throughout the international community.

Given this rogue nation's hostility to American values over the last 50 years, I believe that it would be irresponsible for the Clinton administration to hand over $5 billion worth of nuclear reactors to North Korea until it honors its commitments under the 1994 agreed framework.

This agreement calls for the North Koreans to freeze their nuclear weapons program and to come into full compliance with the nuclear nonproliferation treaty. Compliance must be certified by the International Atomic Energy Agency, or the IAEA, but to date, to date, North Korea has denied the IAEA the access it needs to make this assessment.

Madam Chairman, before the United States provides sensitive nuclear technology to the North Koreans, we must ensure that Pyongyang is holding up its end of the bargain. To do anything less would undermine the credibility of the agreed framework and endanger our national security and that of our allies in Asia.

□ 1200

I urge my colleagues to support the Gilman-Markey amendment. This common sense proposal prohibits key components of the two nuclear reactors in question from being transferred to the North Koreans until the following two things happen: number one, the President certifies to Congress that North Korea has fully satisfied the IAEA that it is in compliance with the Nuclear Non-Proliferation Treaty; and, number two, Congress passes a resolution that it agrees with the President's certification.

Madam Chairman, when it comes to North Korea, we should verify before we trust. Instead of providing another carrot to this rogue nation, the United States must insist that the requirements of the Agreed Framework are met.

I urge the strongest support for the Gilman-Markey amendment.

Mr. GEJDENSON. Madam Chairman, it is my privilege to yield 3½ minutes to the gentleman from Ohio (Mr. HALL).

Mr. HALL of Ohio. Madam Chairman, I thank the gentleman from Connecticut (Mr. GEJDENSON) for yielding me the time.

Mr. Chairman, I rise in opposition to the Gilman-Markey amendment. Madam Speaker, like almost everything else having to do with North Korea, this amendment appears deceptively simple. In reality, the issues it raises are extremely complex. On its face, it makes sense to hold North Korea to its obligations under the 1994 agreement that it signed with the United States. But when we scratch the surface, it is clear that this amendment will not do that, and that in fact it may do just the opposite.

This amendment insists that North Korea keep the bargain it made in the 1994 Agreed Framework years before the United States is required to keep our end of the bargain. It is unreasonable to expect any country to follow the course this amendment suggests, and I urge my colleagues to reject the temptation this amendment represents. This is a highly sensitive time in relations between the United States and North Korea. Now is not the time to micromanage our policy.

Last year, Congress insisted that the President appoint a special envoy to evaluate U.S. policy towards North Korea. That man, former Secretary of Defense, William Perry, has painstakingly consulted with all of us who have expressed an interest in this issue. He has conferred at length with our allies in Japan and South Korea. He has met

with officials in China and North Korea. Dr. Perry brings to this work an unparalleled understanding of the military risks that a policy failure may bring, and he works without the constraints of bureaucracy and career concerns.

Dr. Perry's work is nearing completion. No matter what the House of Representatives thinks of the Agreed Framework, no matter what we think of the peace of the IAEA inspections, no matter what we think of North Korea's policies, now is not the time to undercut Mr. Perry or our national security team.

Nor is this the time to betray our allies. Japan and South Korea, who face a direct threat if North Korea's nuclear program is not frozen, do not just support the Agreed Framework in words, they also are bearing the entire $4 billion to $5 billion burden for constructing the light-water reactors that it promises North Korea if it freezes its nuclear weapons programs. Officials in both countries have expressed their concern to me and administration officials about Congressional meddling in U.S. relations with North Korea.

I believe we owe the safety and the wishes of the 175 million people who live in these democratic nations some consideration. This amendment serves neither our national interest nor those of our allies, and we should reject it.

In the months and years ahead, Congress will have many opportunities to ensure the goals of the Gilman-Markey amendment are met. Consideration of this amendment today is premature. Voting for it might make us feel good, but it is likely to do real damage to the serious efforts under way to ease the threat that North Korea still poses.

Our vote today and our rhetoric during this debate hinder the real progress the United States is making in northeast Asia. I urge my colleagues to act responsibly by voting against this amendment.

Madam Chairman, I rise today in opposition to the Gilman-Markey amendment to H.R. 2415, and ask that my full statement be inserted at the appropriate place in the RECORD.

Madam Chairman, like almost everything else having to do with North Korea, this amendment appears deceptively simple. In reality, the issues it raises are extremely complex. On its face, it makes sense to hold North Korea to its obligations under the 1994 agreement it signed with the United States. But when you scratch the surface, it is clear that this amendment will not do that—and that in fact, it may do just the opposite.

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Madam Chairman, I have visited North Korea on several occasions, focusing on the famine there but of necessity examining our broader policy. During the three years I have tried to help save the innocent people in North Korea from starvation, three things have become quite clear:

First, I am convinced that North Korea is changing. Change is not as fast or as dramatic as we all would like, but it is change nevertheless.

Its people, who for 50 years have known Americans only as an enemy, no longer run from me and the dozens of other Americans who now visit the countryside. They know we and others are helping them, but our faces and by the millions of bags of food we have provided—bags that now can be found in almost every corner of the country because they are used over and over, long after the food is gone.

Its government, which for 50 years has engaged in few constructive discussions with the United States, now is willing to talk about a range of issues of concern to both our countries—from its missile exports, to nuclear matters, to the fundamental issues of peace in Northeast Asia.

Even North Korea's military, which for 50 years has posed one of the world's greatest threats to America—and particularly to the 37,000 American servicemen who face North Korean soldiers across the tense DMZ—is changing.

North Korean soldiers' cooperation with efforts to recover the remains of American veterans of the Korean War is outstanding, according to our own military. This work is answering the questions of the families of missing servicemen at the same time it is giving our soldiers and theirs an opportunity to work side by side—something that, until very recently, had been unimaginable.

Second, it is clear to me that the 1994 agreement is one of the more imperfect deals the United States has ever made. It is focused more narrowly than Congress would like, on nuclear issues alone—instead of on the missile program that now poses an equal challenge to our country. and it undertakes an endeavor whose success is dubious: to assure changes in a country that has confounded all diplomatic and military efforts during the past 50 years.

In fairness, though, the Agreed Framework is a document that represents the best our negotiators could do under difficult circumstances. And if it succeeds, it could be a starting point for real progress on other issues.

Unfortunately, the Gilman-Markey amendment asks Congress to look at the Agreed Framework as if it is a snapshot; to judge an agreement that covers many more years not on the basis of its overall progress—but instead by how it appears on July 21, 1999.

Safeguards are written into the Agreed Framework that will ensure North Korea has (1) frozen its nuclear program, and (2) not reprocessed plutonium in violation of the nuclear Non-Proliferation Treaty just as this amendment insists. But these safeguards are not triggered until the light-water reactors are closer to completion, several years from now.

The IAEA's inspectors need every moment of the time between today's vote and the day the reactors receive their nuclear cores. They need that time to build relationships with their North Korean counterparts, relationships that will ensure they get the access they need to make the inspections required by the Agreed Framework. And, to persuade North Korea to keep its obligation to allow inspections, the IAEA needs the United States, South Korea, and Japan to keep their word.

This amendment will not help the IAEA's inspectors do their work—because it will convince North Korea that the United States plans to renege on our commitment. North Korea's leaders already suspect this is our intention, because we have made precious little progress on normalizing relations—as we promised in the Agreed Framework.

Third, it is clear to me that there is great suspicion among our colleagues about this Administration's policy toward North Korea. The amendment before us today would let many long-time opponents of the Agreed Framework wrest the tiller from the President and put Congress at the helm of our ship of state.

Madam Chairman, that is not what the Founding Fathers had in mind. Adopting this amendment would break new ground—an experiment we shouldn't try on a nation that remains a threat to our national security.

Last year, Congress insisted that the President appoint a special envoy to evaluate U.S. policy toward North Korea. That man, former Secretary of Defense William Perry, has painstakingly consulted with all of us who have expressed any interest in this issue. He has conferred at length with our allies in Japan and South Korea, and he has met with officials in China and North Korea. Dr. Perry brings to this work an unparalleled understanding of the military risks that a policy failure may bring; and he works without the constraints of bureaucracy and career concerns.

Dr. Perry's work is nearing completion. No matter what the House of Representatives thinks of the Agreed Framework, no matter what we think of the pace of IAEA inspections, no matter what we think of North Korea's policies—now is not the time to undercut Dr. Perry or our national security team.

Nor is this the time to betray our allies. Japan and South Korea—who face a direct threat if North Korea's nuclear program is not frozen—don't just support the Agreed Framework in words; they also are bearing the entire $4–5 billion burden for constructing the light-water reactors that it promises North Korea if it freezes its nuclear weapons program. Officials in both countries have expressed their concern to me and administration officials about Congressional meddling in U.S. relations with North Korea.

I believe we owe the safety and wishes of the 175 million people who live in these democratic nations some consideration. This amendment serves neither our national interests, nor those of our allies and we should reject it.

In the months and years ahead, Congress will have many opportunities to ensure the goals of the Gilman-Markey amendment are met. Consideration of this amendment today is premature. Voting for it might make us all feel good, but it is likely to do real damage to the serious efforts underway to ease the threat that North Korea still poses.

Our vote today, and our rhetoric during this debate, hinder the real progress the United States is making in northeast Asia. I urge my colleagues to act responsible by voting against the Gilman-Markey amendment to H.R. 2415.

Mr. GILMAN. Madam Chairman, I am pleased to yield 2 minutes to the distinguished gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Madam Chairman, I also would like to support the Gilman-Markey amendment. I know that both sides on this issue are trying to prevent nuclear proliferation by North Korea. But whatever efforts are taking place I do not believe are working.

We have all been concerned in the last few weeks about the conflict in Kashmir, because India and Pakistan both have nuclear weapons. India developed its nuclear weapons indigenously, but not so with Pakistan that continues to get help from North Korea, China, and other countries exporting nuclear weapons and equipment.

On June 25 of this year, a North Korean vessel, the M.V. *Kuwolsan*, docked at Kandia port, which is an India port in the state of Gujarat.

During the examination of the cargo on board, it was found to contain 148 boxes, declared as machines and water-refining equipment. Subsequent examination of these boxes established that equipment was, in fact, for production of tactical surface-to-surface missiles with a range in excess of 300 kilometers. It included special materials and equipment, components for guidance systems, blue prints, drawings, and instruction manuals for production of such missiles.

Subsequently, in what seems to establish North Korea's active role in Pakistan's missile program, Kuwolsan, the owner of the Korean ship that was impounded, admitted that the Malta-bound missile parts-manufacturing machinery were to be delivered at the Karachi port in Pakistan.

So we know that North Korea's continued support for the Pakistani nuclear program missile and missile development program continues at this time. Whatever efforts we are making are not working. North Korea continues to be a rogue state. There is no reason why the U.S. Government should allow their nuclear proliferation to continue.

I urge support for the Gilman-Markey amendment. I yield back the balance.

Mr. GEJDENSON. Madam Chairman, I reserve the balance of my time.

Mr. GILMAN. Madam Chairman, I am pleased to yield 5 minutes to the gentleman from Nebraska (Mr. BEREUTER), our distinguished vice chairman of our committee.

Mr. BEREUTER. Madam Chairman, I thank the gentleman from New York (Chairman GILMAN) for yielding me this time.

Madam Chairman, I have been involved in committee debate and have not prepared remarks for the amendment that is offered by the gentleman from New York. But I do think it is so important that we need to see if there is any common ground. I want to address some remarks particularly to the gentleman from Connecticut (Mr. GEJDENSON) and to the gentleman from New York (Mr. ACKERMAN).

As some of my colleagues know, I chair the Subcommittee on Asia and the Pacific. In each of the last three Congresses, I have made the hearing on North Korea the first held each Congress in the Subcommittee on Asia and the Pacific, because I feel it is potentially the most dangerous place in the world that, indeed, as the gentleman from New York (Mr. Ackerman) pointed out, this is a very isolated regime. I would go on to say a very paranoid regime that, all too apparently, cares very little about the welfare of their people.

Among the people I have known in the executive branch appointed to leadership positions, few, if any, would be up there in the ranks of Dr. Perry, a former Secretary of Defense. I have great respect for him. I do not want to do anything to undercut his effort in trying to find if North Korea is willing to take a different tack.

On the other hand, I have great suspicion that, in fact, North Korea is violating the Agreed Framework, that they are proceeding with nuclear development. They are the world's greatest tunnelers. The fact that we have examined one site where we have suspicion tells us really nothing definitive about what they may be doing.

I would say, as they approach what appears to be their intent to proceed with the launch of a Taepo Dong 2 missile, which has extraordinary range, I believe that, if in fact they launch this missile, they will have crossed the line; and we will have to conclude that they are irrevocably on a path that is dangerous for our interest and dangerous for our world and ultimately dangerous for the people living in the United States.

I am very familiar with what we are attempting to do, of course, with KEDO, the light-water reactors, two of them, which would be provided primarily at the expense of the Republic of Korea, South Korea, and Japan, but basically U.S.-licensed design. Of course we have been providing heavy fuel to assist during this period of time when North Koreans say they need the energy.

But we have fallen into a pattern of complying with extortion on the part of the North Koreans. Again and again, we have provided assistance, primarily indirectly through international organizations for food, to help the people of North Korea. They have become our largest recipient of humanitarian assistance in Asia. This is a country that continuously daily, day after day, condemns the United States in the most incredible language.

Now, the gentleman from New York (Mr. ACKERMAN), for whom I have great respect, who was a previous chairman of the Subcommittee on Asia and the Pacific, says he is concerned that none of the conditions for certification by the President could be really implemented, or at least some of them could not be implemented because they express intent. I read them to be action, not intent. So I am not quite sure I understand the gentleman's argument in that respect.

Mostly, however, I would like to say to the gentleman from Connecticut (Mr. GEJDENSON), the point that he has made about, I will refer to it indirectly, action that might take place to stall any kind of affirmative action by the Congress by resolution, joint resolution to approve. The House, of course, earlier, by a 300-plus margin, with the gentleman concurring, voted for such an affirmative action for the transfer of domestic nuclear power components to China. Now, that did not become law, but in fact we embraced that as a possibility.

I would say to the distinguished gentleman from Connecticut (Mr. GEJDENSON) that an expedited procedure, on a one-time basis only, would bridge the gap, would find common ground between those of us concerned about what may be happening there, the need for certification, that could be something that could be accomplished in conference, for example.

Would the gentleman from Connecticut care to comment to the reaction to an expedited procedure so that, in fact, there could be no delays which would make it impossible to have an affirmative action by a joint resolution?

Madam Chairman, I yield to the gentleman from Connecticut (Mr. GEJDENSON).

Mr. GEJDENSON. Madam Chairman, I certainly would find it far more acceptable for a process that provided for expedited procedure than allowing inaction to undermine the entire process.

Mr. BEREUTER. Madam Chairman, I thank the gentleman. I think that is something that we need to consider.

I would say to the gentleman, if Dr. Perry finds they are on a different track, the wrong track for us, clearly this kind of resolution will come to the floor, even if the amendment of the gentleman from New York (Mr. GILMAN) and the gentleman from Massachusetts (Mr. MARKEY) is not approved today. It is inevitable.

Mr. MARKEY. Madam Chairman, will the gentleman yield.

Mr. BEREUTER. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Madam Chairman, I agree with the gentleman that an expedited procedure is something that needs to be supported.

Mr. GEJDENSON. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I think that one of my hesitations in this legislation, of course, is both process and substance. The chairman of the committee was in the process of marking up a piece of legislation to address the situation in North Korea, and then we find ourselves without really having sat down, held hearings and the substantial kind of work that ought to happen with Dr. Perry, that we find ourselves presented with this amendment that has the potential of undermining the agreement on the Korean Peninsula.

I would say to my colleagues that I would venture there is not one Member of this Chamber that believes we were better off on the Korean Peninsula prior to the agreement that the administration worked out.

Frankly, if my colleagues looked at the facts seriously, they could not come to that conclusion. The North Koreans were in the process of developing sufficient fissionable material to make weapons. They have stopped that program. We have inspectors there. We have more contact than we have ever had before.

I, frankly, think wherever the Communist or totalitarian government is, the one element that constantly undermines authoritarian rule is contact with Americans and free societies.

I urge my colleagues to reject this. The chairman of the committee has an opportunity to bring a bill forward that could take a look at expedited procedures, that could set up a process that makes sense. It does not make sense to pass this here. I urge the defeat of this legislation.

Madam Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mrs. EMERSON). The question is on the amendment, as modified, offered by the gentleman from New York (Mr. GILMAN).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. GILMAN. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The Chairman pro tempore. This will be a 15-minute vote followed by a 5-minute vote on the Sanders amendment.

The vote was taken by electronic device, and there were—ayes 305, noes 120, not voting 8, as follows:

[Roll No. 321]

AYES—305

Abercrombie
Aderholt
Andrews
Archer
Armey
Bachus
Baird
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Bereuter
Berkley
Berry
Biggert
Bilbray
Bilirakis
Blagojevich
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boucher
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Carson
Castle
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeFazio
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Holt
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson-Lee (TX)
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kaptur
Kasich
Kelly
Kildee
Kind (WI)
King (NY)
Kingston
Knollenberg
Kolbe
Kucinich
Kuykendall
LaHood
Latham
LaTourette
Lazio
Leach
Lee
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Markey
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Menendez
Metcalf
Mica
Miller (FL)
Miller, Gary
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Myrick
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Regula
Reynolds
Riley
Rivers
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sanders
Sanford
Saxton
Scarborough
Schaffer
Schakowsky
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Sununu
Sweeney
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (NM)
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NOES—120

Ackerman
Allen
Baldacci
Baldwin
Becerra
Bentsen
Berman
Bishop
Blumenauer
Bonior
Borski
Boyd
Brady (PA)
Capuano
Cardin
Clay
Clayton
Clement
Clyburn
Conyers
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeGette
Delahunt
DeLauro
Deutsch
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Farr
Fattah
Filner
Frank (MA)
Gejdenson
Gephardt
Gonzalez
Green (TX)
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hoeffel
Holden
Hoyer
Jackson (IL)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kilpatrick
Kleczka
Klink
LaFalce
Lampson
Lantos
Larson
Levin
Lewis (GA)
Lofgren
Luther
Maloney (NY)
Martinez
Mascara
Matsui
McCarthy (MO)
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller, George
Minge
Mink
Mollohan
Murtha
Nadler
Napolitano
Oberstar
Obey
Olver
Owens
Pastor
Payne
Pelosi
Pickett
Pomeroy
Rahall
Reyes
Rodriguez
Roemer
Roybal-Allard
Rush
Sabo
Sandlin
Sawyer
Scott
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Stark
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Udall (CO)
Visclosky
Waters
Waxman
Weiner
Wexler
Woolsey

NOT VOTING—8

Chenoweth
Dicks
Hinchey
Kennedy
Largent
McDermott
Peterson (PA)
Talent

□ 1237

Messrs. HOLDEN, MASCARA, LEWIS of Georgia, LUTHER, BECERRA, NADLER, OWENS, OLVER, and Ms. McCARTHY of Missouri changed their vote from ''aye'' to ''no.''

Messrs. FROST, MALONEY of Connecticut, STRICKLAND, BARRETT of Wisconsin, Ms. CARSON, and Mrs. THURMAN changed their vote from ''no'' to ''aye.''

So the amendment, as modified, was agreed to.

The result of the vote was announced as above recorded.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore (Mrs. EMERSON). Pursuant to House Resolution 247, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 15 printed in Part B offered by the gentleman from Vermont (Mr. SANDERS), and amendment No. 18 printed in Part B offered by the gentleman from Nevada (Mr. GIBBONS).

AMENDMENT NO. 15 OFFERED BY MR. SANDERS

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 15 printed in Part B offered by the gentleman from Vermont (Mr. SANDERS) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 117, noes 307, not voting 9, as follows:

[Roll No. 322]

AYES—117

Abercrombie
Allen
Bachus
Baird
Baldacci
Baldwin
Barrett (WI)
Bartlett
Becerra
Berry
Blagojevich
Bonior
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capuano
Carson
Castle
Clay
Clyburn
Coburn
Condit
Conyers
Cox
Cummings
Davis (IL)
DeFazio
Delahunt
DeLauro
Dixon
Duncan
Emerson
Evans
Farr
Fattah
Filner
Frank (MA)
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hayworth
Hilliard
Hinojosa
Jackson (IL)
Johnson, E.B.
Jones (OH)
Kaptur
Kildee
Kilpatrick
Kucinich
Lantos
Lee
Lewis (GA)
Luther
Maloney (NY)
Markey
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Miller, George
Mink
Moakley
Nadler
Neal
Oberstar
Obey
Olver
Owens
Paul
Payne
Pelosi
Peterson (MN)
Rangel
Rivers
Rohrabacher
Ros-Lehtinen
Roybal-Allard
Rush
Sabo
Sanders
Sanford
Scarborough
Schakowsky
Scott
Serrano
Shays
Shimkus
Shows
Slaughter
Smith (NJ)
Snyder
Stabenow
Stark
Strickland
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (NM)
Velazquez
Vento
Wamp
Waters
Waxman
Weiner
Weldon (FL)
Wexler
Weygand
Woolsey
Wu
Wynn

NOES—307

Ackerman
Aderholt
Andrews
Archer
Armey
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Barton
Bass
Bateman
Bentsen
Bereuter
Berkley
Berman
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Boswell
Boucher
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Chabot
Chambliss
Clayton
Clement
Coble
Collins
Combest
Cook
Cooksey
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeGette
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Engel
English
Eshoo
Etheridge
Everett
Ewing
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kelly
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Levin
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Pease
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Regula
Reyes
Reynolds
Riley
Rodriguez
Roemer
Rogan
Rogers
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sandlin
Sawyer
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherman
Sherwood
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (TX)
Smith (WA)
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Stupak
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Toomey
Traficant
Turner
Udall (CO)
Upton
Visclosky
Vitter
Walden
Walsh
Watkins
Watt (NC)
Watts (OK)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOT VOTING—9

Chenoweth
Dicks
Hinchey
Kennedy
Lewis (CA)
McDermott
Mica
Peterson (PA)
Talent

□ 1247

Mrs. KELLY and Mr. RAHALL changed their vote from ''aye'' to ''no.''

Messrs. WU, TOWNS, GEORGE MILLER of California and BECERRA changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. MICA. Madam Chairman, on rollcall no. 322, I was unavoidably detained. Had I been present, I would have voted ''no.''

AMENDMENT NO. 18 OFFERED BY MR. GIBBONS

The CHAIRMAN pro tempore (Mrs. EMERSON). The pending business is the demand for a recorded vote on Part B amendment No. 18 offered by the gentleman from Nevada (Mr. GIBBONS) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 418, noes 3, not voting 12, as follows:

[Roll No. 323]

AYES—418

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
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Jackson (IL)
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Johnson, E.B.
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Kind (WI)
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Kuykendall
LaHood
Lampson
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Larson

Latham
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Lucas (KY)
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Maloney (CT)
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McCarthy (MO)
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McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
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Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
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Norwood
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Obey
Olver
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Owens
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Packard
Pallone
Pascrell
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Ros-Lehtinen
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Roybal-Allard
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Ryan (WI)
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Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
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Simpson
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Smith (MI)
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Smith (WA)
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Stump
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Udall (NM)
Upton
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Visclosky
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Watkins
Watt (NC)
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Weiner
Weldon (FL)
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Weller
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Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—3

Barr
McKinney
Paul

NOT VOTING—12

Becerra
Bishop
Chenoweth
DeLay
Hinchey
Johnson, Sam
Kennedy
LaFalce
McDermott
Peterson (PA)
Talent
Udall (CO)

□ 1256

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Stated for:

Mr. DELAY: Mr. Chairman, on rollcall No. 323, I was inadvertently detained. Had I been present, I would have voted "aye."

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). It is now in order to consider amendment No. 24 printed in part B of House Report 106–235.

AMENDMENT NO. 24 OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 24 offered by Mr. BEREUTER:

Page 84, after line 16, add the following (and make such technical and conforming changes as may be necessary):

SEC. 703. SELF-DETERMINATION IN EAST TIMOR.

(a) FINDINGS.—The Congress finds the following:

(1) On May 5, 1999, the Government of Indonesia and the Government of Portugal signed an agreement that provides for a vote on the political status of East Timor to be held on August 8, 1999, under the auspices of the United Nations.

(2) On June 22, 1999, the vote was rescheduled for August 21 or 22, 1999, because of concerns that the conditions necessary for a free and fair vote could not be established prior to August 8, 1999.

(3) On January 27, 1999, Indonesian President Habibie expressed a willingness to consider independence for East Timor if a majority of the East Timorese reject autonomy in the August 1999 vote.

(4) Under the agreement between the Governments of Indonesia and Portugal, the Government of Indonesia is responsible for ensuring that the August 1999 vote is carried out in a fair and peaceful way and in an atmosphere free of intimidation, violence, or interference.

(5) The inclusion of anti-independence militia members in Indonesian forces that are responsible for establishing security in East Timor violates this agreement because the agreement states that the absolute neutrality of the military and police is essential for holding a free and fair vote.

(6) The arming of anti-independence militias by members of the Indonesian military for the purpose of sabotaging the August 1999 ballot has resulted in hundreds of civilians killed, injured, or missing in separate attacks by these militias and these militias continue to act without restraint.

(7) The United Nations Secretary General has received credible reports of political violence, including intimidation and killing, by armed anti-independence militias against unarmed pro-independence civilians in East Timor.

(8) There have been killings of opponents of independence for East Timor, including civilians and militia members.

(9) The killings in East Timor should be fully investigated and the individuals responsible brought to justice.

(10) Access to East Timor by international human rights monitors and humanitarian organizations is limited and members of the press have been threatened.

(11) The presence of members of the United Nations Assistance Mission in East Timor has already resulted in an improved security environment in the East Timorese capital of Dili.

(12) A robust international observer mission and police force throughout East Timor is critical to creating a stable and secure environment necessary for a free and fair vote.

(13) The Administration should be commended for its support for the United Nations Assistance Mission in East Timor which will provide monitoring and support for the ballot and include international civilian police, military liaison officers, and election monitors.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the President and the Secretary of State should immediately intensify their efforts to prevail upon the Indonesian Government and military—

(A) to disarm and disband anti-independence militias in East Timor;

(B) to grant full access to East Timor by international human rights monitors, humanitarian organizations, and the press; and

(C) to allow Timorese who have been living in exile to return to East Timor to participate in the vote on the political status of East Timor to be held on August 1999 under the auspices of the United Nations; and

(2) not later than 21 days after the date of the enactment of this Act, the President should prepare and transmit to the Congress a report that contains a description of the efforts of the Administration, and an assessment of the steps taken by the Indonesian Government and military, to ensure a stable and secure environment in East Timor for the vote on the political status of East Timor, including an assessment of the steps taken in accordance with subparagraphs (A), (B), and (C) of paragraph (1).

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from Nebraska (Mr. BEREUTER) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

PARLIAMENTARY INQUIRY

Mr. GEJDENSON. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. BEREUTER. For purposes of a parliamentary inquiry, I yield to the gentleman from Connecticut.

Mr. GEJDENSON. Mr. Chairman, I would like to know the appropriate time to claim the time in opposition. I do not plan to oppose this amendment. I would ask unanimous consent at that point to have the time in opposition allotted to this Member.

When is the appropriate time to take that?

The CHAIRMAN pro tempore. Without objection, the Member may be recognized to control that time.

Mr. GEJDENSON. Mr. Chairman, I ask unanimous consent to get the time in opposition, to control that time, while I am not in opposition.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. BEREUTER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment concerns the upcoming U.N.-administered plebiscite in which the people of East Timor will choose between autonomy within Indonesia and independence. Formerly a Portuguese colony, East Timor was occupied in 1975 by Indonesia. Since that time, its status has been in dispute. The U.N. and most governments, including the United States, have never recognized the incorporation of East Timor into Indonesia.

Mr. Chairman, the human rights violations created by Indonesian security forces seeking to suppress the independence movement in East Timor have for a long time seriously affected U.S. relations with Indonesia and certainly it has been debated here on the House floor fairly often. Admittedly some of the actions by the Indonesians were reprisals for tragic provocations, but violence from any quarter must be condemned.

Indonesia is the world's fourth most populous Nation. It has the largest population of Muslims in the world, and plays a leading role in the important Southeast Asian region. Indonesia is currently embarked on what we certainly hope is a transition to democracy, following the resignation of its longtime ruler Soeharto in May of 1998.

As described in the ''findings'' portion of the amendment I offered, the Indonesian government has taken important steps toward a solution to the East Timor problem. Under a United Nations-brokered agreement between Indonesia and Portugal, the East Timorese people will choose between autonomy and independence in a vote tentatively scheduled for August 21 or 22 of this year. Unfortunately, repeated violent incidents in East Timor are threatening the ability of the United Nations to organize the vote in a climate free from intimidation.

Much of the violence has been carried out by armed, pro-Indonesian paramilitary organizations attempting to bully the population into supporting the autonomy option. Since last June, militias have also been targeting U.N. officials and non-government organization representatives seeking to aid the displaced local population.

□ 1300

There continues to be evidence that the militias are operating with the support or at least the acquiescence of the Indonesian forces. Although lesser in scope, pro-independence guerrillas have committed violent acts of their own.

Mr. Chairman, the amendment puts the Congress on record in support of a free and fair vote in East Timor. It also expresses the sense of Congress that the administration should redouble its efforts to prevail upon the Indonesian government to disarm the militias and allow the vote to proceed in a climate free of violence and intimidation. Certainly a peaceful outcome in East Timor is important for its own sake. At the same time, it would remove a long standing irritant in relations between the United States and Indonesia, and Indonesia can be and at times has been a very important ally in proceedings in southeast Asia and elsewhere in that region.

This Member urges, therefore, his colleagues to support this amendment.

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

Mr. GEJDENSON. Mr. Chairman, I yield myself 1 minute.

I want to join in support of this amendment. The outrage and attempted genocide by the Indonesians in East Timor over the last decade and more has been an outrageous act. We had initial optimism. We now see some sliding back. This resolution does the right thing. I hope we pass it unanimously.

Mr. Chairman, I ask unanimous consent that our time be controlled by the gentlewoman from Georgia (Ms. MCKINNEY).

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman from Connecticut for his support, and I yield 1 minute to the distinguished gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I commend the gentleman from Nebraska (Mr. BEREUTER) for this amendment. The upcoming August vote in East Timor on independence from Indonesia must take place in an atmosphere that is going to be free and fair. U.N. representatives have been intimidated and hundreds of pro-independence civilians have been killed by anti-independence militias armed by the Indonesian military. The Indonesian government should disarm and disband the anti-independence militias, grant full access to East Timor by international human rights organizations and monitors and allow East Timorese living abroad to return home for the August elections.

Accordingly I am pleased to be supportive of the proposal of the gentleman from Nebraska (Mr. BEREUTER) and I urge Members to support this amendment.

Ms. MCKINNEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on April 5 of this year, 25 men, women, and children were murdered in a church yard in Liquica, a town about 20 miles west of East Timor's capital. Two weeks later, militia members burst into the home of a prominent independence organizer and murdered his son as well as 14 other people. These attacks and others including attacks upon U.N. referendum monitors are being carried out by bands of paramilitary thugs with the backing of Indonesia's military who are intent on preserving Indonesia's illegal military occupation of East Timor.

They have chosen the tactics of terror over the ballot because it is clear that if the August U.N.-sponsored referendum on independence is free and fair, the people will choose freedom and independence. But the outcome of the referendum is very much in doubt. The people of East Timor know very well the brutality of Indonesia. Since Indonesia illegally invaded and occupied East Timor 24 years ago, 200,000 East Timorese have lost their lives to political violence. Those 200,000 deaths lend a haunting credence to the threats of the paramilitary bands.

Today we have an opportunity to send a very different message to the people of East Timor. Today we can join our colleagues in the Senate who voted unanimously last month to support disarming, the militia's release of political prisoners, and a free referendum on independence for the people of East Timor.

I urge all of my colleagues to support the Bereuter amendment.

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

Mr. BEREUTER. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey (Mr. SMITH), a subcommittee chairman of the Committee on International Relations.

Mr. SMITH of New Jersey. Mr. Chairman, I thank my good friend for yielding this time to me, and I want to commend the gentleman from Nebraska (Mr. BEREUTER) for his amendment regarding self-determination in East Timor. It does represent a modest, but much needed, congressional statement that deserves the overwhelming support of this body.

Mr. Chairman, for over 20 years international human rights advocates have been calling attention to abuses by the Indonesian government in the occupation of East Timor. Indonesia's armed forces invaded East Timor in 1975 only weeks after East Timor had obtained independence from Portugal. Since then, the Indonesian army has carried out a campaign of what amounts to ethnic cleansing against the Timorese through a program of forced migration. Persecution has been particularly harsh against the Christian majority.

More than 200,000 Timorese out of a total population of 700,000 have been killed directly or by starvation in forced migration from their villages since the Indonesian invasion. The upcoming August vote on the political status of East Timor is of critical importance to the people of that region and represents the first step toward a just and humane solution of their political status.

Of course, to be meaningful, that election must be carried out in a fair and peaceful atmosphere, free of violence and free of intimidation. Unfortunately, Mr. Chairman, members of the Indonesian military have been arming anti-independence militias which have been responsible for the intimidation and killing of unarmed pro-independence civilians in East Timor.

According to one estimate, more than 58,000 people are now internally

displaced as a result of paramilitary violence in East Timor. There has not been any independent investigation of recent atrocities including the atrocity at Liquica, the massacre in which over 50 civilians were killed in and around a church.

Notwithstanding the helpful presence of members of the United Nations Assistance Mission in East Timor's capital of Dili, the political atmosphere is far from fair and peaceful, especially in rural areas where there is no international presence. Much more must be done and the Congress must send an unequivocal message to the Indonesian military: Stop the violence.

I would like to at this point, Mr. Chairman, enter into a colloquy with my good friend, the gentleman from Nebraska (Mr. BEREUTER).

In addition to calling on the President and the Secretary of State to intensify their efforts to support self-determination, the original draft of the gentleman's amendment submitted to the Committee on Rules also mentioned the Secretary of Defense, the Secretary of the Treasury and U.S. executive directors to international financial institutions. I understand that those references were withdrawn for reasons of germaneness. However, given the close relationship between the U.S. and Indonesian militaries—I would just point out parenthetically that we have had hearings in my subcommittee on the JCET program in Indonesia. And I have also gone out there and met with them, and I am very, very unhappy with what is going on there in our collaboration with Kopassus. But because of this relationship and because of the obvious influence wielded by the Treasury Department and international financial institutions in Indonesia, those actors may well have more leverage with Indonesian authorities than the State Department does.

Does the gentleman believe, as I do, that although these officials are no longer mentioned in his amendment, it is just as important that they intensify their own efforts in support of self-determination in East Timor?

Mr. BEREUTER. Mr. Chairman, would the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I certainly do agree. I would say to the gentleman, as a matter of jurisdiction, that those particular high officials of our government were not mentioned.

Mr. SMITH of New Jersey. Mr. Chairman, I thank the gentleman, and I urge strong support for the Bereuter amendment.

Mr. BEREUTER. Mr. Chairman, I reserve the balance of my time.

Ms. MCKINNEY. Mr. Chairman, I yield 2 minutes to the gentleman from Guam (Mr. UNDERWOOD).

Mr. UNDERWOOD. Mr. Chairman, I thank the gentlewoman for yielding this time to me, and, Mr. Chairman, I thank the gentleman from Nebraska (Mr. BEREUTER) for offering this amendment on East Timor. I would also like to take the opportunity to commend the efforts of one of our colleagues who is not here, the gentleman from Rhode Island (Mr. KENNEDY) for his dedication and work on this issue.

As the closest Member to East Timor and Indonesia, all the activities in East Timor is taken with a very strong sense of interest and concern in Guam. And at a time when the people of East Timor have a window of opportunity to decide the future of their political status, we must do all that we can to ensure that this process is unhindered and reflective of the true desires of the East Timorese.

Although the language in this amendment is not as forceful as some of us would like, I believe it is an important step in demonstrating to the Indonesian government and the East Timorese that the United States, the American people, is committed to ensuring a free and fair vote in East Timor. As the August vote nears, we may see yet a further escalation of the intimidation tactics and violence employed by the anti independence forces.

The passage of this amendment will send a strong message to the Indonesian government that these activities cannot and will not be tolerated and must cease. I am hopeful that the democratic principles will prevail in East Timor and that at the beginning of the 21st century, we will witness the establishment of East Timorese leadership which is in line with the will of the people of East Timor. It is my earnest hope that the August elections will go on without intimidation and that we stand not only for the elections, fair elections, free and fair elections without intimidation but for the principle of self-determination in East Timor and around the world.

Ms. MCKINNEY. Mr. Chairman I yield 2 minutes to the gentleman from Rhode Island (Mr. WEYGAND).

Mr. WEYGAND. Mr. Chairman, I want to thank the gentlewoman for yielding this time to me as well as I want to thank my colleague on the Committee on Banking and Financial Services the gentleman from Nebraska (Mr. BEREUTER) and also, as mentioned before, my good colleague from the State of Rhode Island (Mr. KENNEDY). Both of them have done enormous work to bring this resolution to the floor.

I want to thank them particularly. The gentleman from Rhode Island (Mr. KENNEDY) has done an awful lot of work not only for the East Timorese, but the Portuguese community throughout our State. He has been not only a hard worker, but a hero on these causes, and unfortunately, due to circumstances he is not able to be here, but I want to congratulate him for bringing this to the floor.

Mr. Chairman, in my first term in Congress, I was visited by Constancio Pinto, who many of my colleagues may know him as a well-known leader in the fight for liberty in East Timor. At the time, Mr. Pinto was studying at Brown University in Providence, Rhode Island he came to the Hill to talk about the atrocities in the situation that has occurred in East Timor.

His experiences, he told us about the horrors not only done upon himself but also upon his family and members of his neighborhood and his community. The butchering, the slaughtering, and the kind of intimidation that was going on in East Timor would shock most any person. He was, indeed, arrested and tortured himself in 1991 and into 1992, but he came back to talk about these atrocities and asked for assistance and help.

His meeting with us, he always asked for us to allow for the East Timorese to have the opportunity to vote on independence or autonomy. This resolution does that but goes even a step further. It requires and requests that there be a disarmament of the militia which are the ones that are truly intimidating the East Timorese people. This is an atrocity that cannot occur in a democratic government. We ask them to cease and desist in this effort so that there can be a fair and open vote.

Mr. Chairman, I want to applaud the Member who brought this to the floor, the gentleman from Nebraska (Mr. BEREUTER) as well as the gentleman from Rhode Island (Mr. KENNEDY). This is an important vote for democracy and freedom, and I ask all Members to support it.

Ms. MCKINNEY. Mr. Chairman, I have no more speakers, and I yield back the balance of my time.

Mr. BEREUTER. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I thank the gentleman for yielding this time to me.

The Indonesian invasion and occupation of East Timor has claimed over 200,000 lives. One-third of the total population has perished as Indonesia continues to violate international law and act in defiance of the U.N. Security Council. We must not turn our backs.

□ 1315

This amendment makes it the sense of Congress to seek democracy and peace in East Timor. The amendment calls for the disarmament of anti-independence militias, full access for human rights monitors, and the right of Timorese who have lived in exile to return to their homes to vote. The provisions set out in this amendment are necessary if we are to set this region down a road towards peace and justice. This amendment lays the groundwork for ending the human rights atrocities that are committed daily in East

Timor. We cannot turn our backs on this region. The time to act is now and the killing must stop, the injustice must end and peace must come to the people of East Timor.

Mr. Chairman, I urge support for the Bereuter amendment. Promote democracy, and let us start down that road to lasting peace and justice.

Mr. BEREUTER. Mr. Chairman, I am pleased to yield the remaining time to the gentleman from Virginia (Mr. WOLF).

Mr. WOLF. Mr. Chairman, I want to thank the gentleman from Nebraska (Mr. BEREUTER) for his leadership on this, and all of the Members. There are so many, their names cannot be mentioned, but for the faithful necessary.

I visited East Timor about 2 years ago, the sites, the scenes, the stories of slaughter and death which apparently is still taking place, even in a greater amount. This resolution will help, and I would hope, and I call on the administration, Assistant Secretary Roth to take a high-level official from our DOD to go to Jakarta and also to go to East Timor to tell the Indonesian military that if the violence continues, there will be no support at all from the United States for their military. The gentleman's language I think sets up a good system whereby we can send that message.

Mr. Chairman, I thank the gentleman from Nebraska (Mr. BEREUTER) and all of the Members, the gentleman from New Jersey (Mr. SMITH) and the gentleman from Ohio (Mr. HALL) and may others for their faithfulness.

Mr. Chairman, I rise in support of the amendment being offered by Representative DOUG BEREUTER condemning ongoing violence in East Timor.

I visited East Timor in 1997 and found the island to be in a state of siege. The people with whom I spoke were afraid to look me in the eye. I heard stories of young people being dragged away from their homes at night and could sense the massive military presence that had kept the aspirations of the East Timorese in check since 1974. I met with one young man whose ear had been cut by security officials and heard story after story of violence.

This year brought signs of hope when President Habibie announced in January of his intention of allow for a referendum on the status of east Timor. For the first time, the people of East Timor would be able to make their views known in a legitimate process monitored by the United Nations and a secret ballot. This was a very positive step forward and I personally wrote President Habibie commending this action.

But once again, forces of darkness are conspiring to prevent a referendum from taking place. Paramilitaries, widely believed to be armed and financed by the Indonesian military, are roaming the island, threatening leaders who are calling for independence and terrorizing the population. Tens of thousands of East Timorese have been forced to flee their homes and are hiding out in the hills and forests. Many people continue to die. I enclose for the record a recent article from the Washington Post describing this situation. It is terrifying.

The United Nations mission has been attacked. U.N. monitors are restricted to the capital city of Dili and have not been allowed into the countryside where much of the violence is taking place.

Several months ago, Congress heard the testimony of one young man who survived a massacre in the village of Liquiça on April 5–6. He spoke of the violence, intimidation, terror and abuse that was taking place at the hands of the pro-integration paramilitary units in Timor. More than 200 people died. He barely survived after being beaten over the head with a concrete block by his attackers. The police and plain clothes members of the Indonesian government stood by and watched this attack take place. I enclose a copy of his testimony for the record.

The Bereuter amendment condemns paramilitary violence in East Timor, urges the immediate disarmament of all paramilitary units and urges that international human rights monitors be given free and open access in order to prevent violence in the weeks leading up to the United Nations sponsored referendum.

This amendment is very, very important. Indonesia must get the message that its relationship with the United States will not be fully restored until a free and fair referendum takes place in East Timor.

For Jakarta, this could be a win/win situation. The recent elections in Indonesia showed tremendous progress and signs of hope. The international community, and the American people, are ready to move forward into a new era of U.S.-Indonesian cooperation.

But, the United States should not fully embrace Indonesia until it does everything possible to comply with the terms of the United Nations agreement set forth earlier this year and cooperate with the United Nations mission in East Timor (UNAMET).

The military leaders in Indonesia must recognize that the people of East Timor have a legitimate right to peacefully make their views known about their political future. The Indonesian military must become a force for peace, rather than violence.

Personally, I strongly oppose the resumption of a cooperative military relationship between the U.S. and Indonesia until there is a free, fair and bloodless referendum in East Timor. Congress has denied Indonesia the right to participate in the International Military Exchange Training Program (IMET) and the Joint Combined Exchange Training Program (JCET) because of its concern about ABRI's role in East Timor. We did this over the objections of the administration. I, and I know many of my colleagues share this view, do not support resuming either of these programs until after the referendum takes place.

This message must be relayed regularly and forcefully by high-ranking administration officials. I enclose for the record a copy of my recent letter to Stanley Roth urging him to visit East Timor before the referendum. I have suggested that he take with him a high-ranking military officer, such as Commander in Chief of the Pacific Fleet Admiral Blair, so that there is no doubt in the mind of the General Wiranto and the rest of the Indonesian military about our intentions. The message must be clear: there will be military cooperation between the U.S. and Indonesia until a free and fair referendum takes place in East Timor.

This amendment is a step in that direction. I support the Bereuter amendment and urge my colleagues to vote in favor of it.

[From the Washington Post, July 20, 1999]

THOUSANDS FLEE HOMES IN E. TIMOR

(By Keith B. Richburg)

FAULARA, INDONESIA.—Army-backed militias have forced tens of thousands of East Timorese villagers from their homes—shoving some over the border into other parts of Indonesia—in a campaign apparently aimed at influencing the outcome of next month's United Nations-sponsored referendum on independence for the territory.

The United Nations, human rights groups and aid agencies have estimated that between 40,000 and 60,000 people have been driven from their homes, with thousands being held in town centers as virtual hostages to the militias, who hold indoctrination classes instructing them to vote against independence. The militias have confiscated radios to ensure that the villagers have no access to outside information about the ballot, say U.N. officials, aid workers and some of the displaced people.

Some of the people have fled into the surrounding hills and forests where they are suffering from lack of food and medicine and outside the reach of aid agencies. Many of those in the forests and camped along roadsides said they fled after being told they would be killed if they did not join the militia, known in this area as the Besi Merah Putih (BMP), which means Red and White Iron, after the colors of the Indonesian flag.

''They came and said you all have to become Besi Merah Putih or you die,'' said Laurendo, 28, interviewed along the road in the Sarai area in the western portion of the territory, which is now home to about 3,500 displaced people.''Some joined, because they didn't want to die. Some ran into the hills. Others were killed. They just killed them right there, and left the bodies for others to collect.''

Ian Martin, head of the U.N. mission in East Timor, known as UNAMET, said the issue of displaced people is one of the biggest hurdles to overcome in ensuring a free and fair vote next month.

He said they numbered ''ten of thousands. The nature of the problem is such that you can't hope to put a number on it.''

Another relief agency, whose officials asked that their names and organizations not be published, put the number of displaced at ''58,000 or more,'' including 11,000 who have sought refuge in the territory's capital, Dili.

The three western districts where the BMP holds sway are East Timor's most populous provinces. The militias rule with virtual impunity here, and U.N. workers have been attacked and threatened. And it is here that the anti-independence militias have threatened to carve off the western provinces and partition the territory, if East Timor votes for independence.

Last May, Indonesia signed an agreement at the United Nations setting up the August referendum that most analysts say is likely to lead to approval of independence, almost 24 years after Indonesian troops invaded the territory and began a violent occupation that has killed about 200,000 people. But even

while agreeing to hold the ballot, the Indonesian military since the beginning of the year has been arming and supporting as many as 13 militia groups like the Red and White Iron, which have been terrorizing and trying to intimidate people into voting to remain a part of Indonesia.

''On the face of it, it seems they want to force people to vote for autonomy [and against independence], so they use violence, terror, even money,'' said Aniceto Gutteres Lopes, a Timorese lawyer who heads the Legal Aid, Human Rights and Justice Foundation in Dili.

Gutteres said his group has data putting the number of displaced people as high as 60,000. ''People are unable to stay in one location,'' he said. He also said his office has received consistent reports of displaced people, mostly women, children and the elderly, who have been forced out of East Timor, across the border to the town of Atambua, in West Timor, which is part of Indonesia. The men, he said, ''are left behind and forced to join the militia.''

Villagers appeared to confirm reports of a campaign to prevent large numbers of East Timorese from voting. Santiago, 20, wearing a ripped white T-shirt, shorts and a herded-band, and armed with a machete, recalls how 30 people from his village were headed away—including his mother and father.

''They took them away in an army truck,'' he said. ''All the men were killed. Only the women and old people were spared.'' He said the militiamen told them their relatives were being moved across the border. And now Santiago and his friend, Maumeta, where standing along the road, on watch for any sign of militamen approaching.

Dan Murphy, an American doctor working in Dili, was on the only aid convoy that went into the area to find displaced people. The convoy, including several U.N. vehicles, was attacked by a militia outside Likisia on the return trip. ''The militias destroy any radio,'' he said. ''You've killed or punished if you listen to a radio. The only information they want you to have is what they tell you.''

''Western [East] Timor is decimated,'' Murphy said. ''The entire population has just spread, running through the jungles . . . You can argue about the numbers, but the fact is, the population has been decimated.''

A trip to the region by three journalists confirmed the extent of the depopulation. Dozens of houses have been burned to ruin along a 30-mile stretch of road between the towns of Likisia and Sarai. The area now seems largely empty of people.

One village, called Guico, appeared especially hard hit; all that remained from a militia attack were the frames of buildings and a few collapsed corrugated tin roofs. On the wall of one burned-out shell of what may have been a guard shack, a scrawled line of graffiti reads: ''Goodbye, Guico—you are a village that will always be in my memory.''

Some who fled have become so hungry and weak after months in hiding that they have begun the trek back home, despite the risk of encountering the militia. This reverse movement is what aid groups and others say has made a precise count of displaced people difficult.

The journalists last week encountered a group of 11 families making the return trip, after hiding in the forest since February. They came along the road with their belongings tied to their backs, piled in wheelbarrows, and strapped on horseback—plastic containers and wicker mats, machetes for cutting wood and a few burlap sacks.

Among the group was a 28-year-old woman named Akalina, traveling with her husband, and a 1-month old baby who was listless and underweight.

''If we stayed in the forest any longer, we wouldn't have enough to eat,'' she said.

U.N. Secretary General Kofi Annan decided to allow voter registration to begin July 16 despite the problem of the displaced people. Even taking the lowest estimates, they represent more than 10 percent of the voting population of around 400,000.

To make sure the displaced are not left out, the world body is considering mobile voting registration teams that will seek them out. If they have lost their identity cards or other documents, the refugees will be able to sign an affidavit when they register.

In addition, the Japanese government has given 2,000 portable radios to UNAMET, and David Wimhurst, the U.N. spokesman in Dili, said some of those will be allocated to the displaced people.

For the moment, the displaced people here at Faulara are interested mainly in survival, and that means staying alert, being ready to move when necessary, and keeping one step ahead of the militias.

MASS KILLING IN LIQUICA

INTRODUCTION

First I would like to express my sincere gratitude to the people and government of the US for this invaluable opportunity to give a testimony about the suffering experienced by the people of Timor Leste.

My name is Francisco de Jesus da Costa. I am one of the victims and witnesses of the massacre committed by the Indonesian Military (TNI) in Liquica who managed to escape death.

Before the bloody incident, the TNI and the paramilitary had engaged in various forms of violence such as intimidation, terror, abuse, and killing in Liquica. They perpetrated these horrible acts to pressure and coerce people to choose the autonomy plan offered by the Indonesian government. The targets of this terror and killing are the leaders of the pro-independence movement and their followers. The terror had created an atmosphere of intense fear among the community and caused waves of refugees in different numbers to look for a safer place to live. Usually the people feel more secure in the churches.

In sub-district Liquica where I come from, the terror reached its peak with the mass killing on April 6, 1999. Before I come to the main part of my testimony, I'll describe the incident on April 5, 1999 which caused seven people to die.

A. 5 APRIL 1999

The militia which is based in Maubara village, about 15 kilometers from the town of Liquica, attacked the pro-independence people and their leaders in Liquica. At the border of Liquica and Maubara they encountered the pro-independence people. In this clash the TNI and the militia killed two civilians and injured seven others.

At 09:00 AM the militia backed by the TNI moved toward Liquica town and along the way they terrorized just about everybody they encountered.

Around 02:00 PM they arrived in Liquica town and they were accompanied by Indonesian troops who sent random shots. This action terrorized the population and made some of them fell to the residence of Father Rafael and some others ran away to the jungle to save themselves. About 1000 people gathered at the Father's residence.

An hour later the TNI and paramilitary troops terrorized the whole town of Liquica by burning people's houses, taking way the vehicles owned by the supporters of independence and other forms of violence.

Around five in the evening, the paramilitary and the TNI killed a man, Laurindo (48) and his son, Herminho (17), and then they took their car to terrorize other people in the town. After committing this atrocious act, they killed another two civilians at the house of the village chief of Dato. Around seven in the evening they kidnapped another man, Herminho do Santos (38), a worker at the Public Water Office, and killed him later on at night.

B. 6 APRIL 1999

At 06:00 AM the Red and White Iron Rod (BMP) militia began to launch provocation and terror against the refugees at the residence of Father Rafael dos Santos.

Around 8:30 AM the BMP paramilitary threw stones at the refugees gathering inside the priest residence and this caused two people injured. This act continued until around 11:00 AM.

After that one of the leaders of the militia, Eurico Guterres, came to see the priest and offered a peaceful solution. The priest took the offer. Eurico then went to pass on the message about the agreement to the leader of the BMP, Manuel Sousa, and the head of Liquica district, Leonito Martins. It turned out that both Manuel Sousa and Leonito Martins rejected the agreement made between the priest and Eurico Guterres.

Around 12:30 PM four trucks full with soldiers and two cars with police from the special force Mobil Brigade came to the area. The military were stationed at the local army headquarters (Kodim), while the police were around the location of incident.

At 1:30 PM the police attempted to drive away the militia troops from the surrounding of the priest's residence but the militia ignored it. They showed their insistence to attack us at the house.

Around 2:00 PM the militia with the support of the plain-clothes members of the Indonesian army attacked the refugees in the house of Father Rafael. The plain-clothes military shot the people from outside the fence of the priest's house, while the BMP militia rushed into the residence. They started to beat, stab and hack the people inside the priest's house. The police threw some tear gas bomb at the thousands people. The effect of this tear gas benefited the militia because they could easily butcher the refugees. Meanwhile the plain-clothes military continued to help the militia by shooting at the hundreds of people who could not get into the priest's house because it was jammed with paniked people. This horrifying attack continued until 5:30 PM. The Police did not do anything toward the militia who slaughtered the people.

Along with some other people, I hid in the priest's dining room during the killing outside. Around five in the afternoon I was forced to go out to save myself. At that moment the militia beat me with a concrete block and jabbed my head. Later on I realized that there were about six wounds in my head. I was very lucky that I could escape death because a police friend whom I happened to know saved me.

When I was outside I saw dead bodies scattered on the ground, children, women, young and old people. I was walking among those corpses. I estimated that there were about 200 bodies at that time.

The police who saved me took me to the Mobil Brigade vehicle and I was taken to the

house of the district head with more than 30 people who were injured. We received an emergency treatment from a nurse at the house of the sub-district head. We were coerced to promise to choose autonomy during the ballot. The sub-district head ordered us to raise the red and white flag once we returned to our house. I returned to my house but the situation was so unsafe that I decided to stay for the night at the house of the policeman. On Thursday I went to Dili to get treatment for my wounds.

The people who were still alive and wounded were taken to various places, including the sub-district and district military headquarters, the police office and the house of the district head. While the dead bodies were taken away by the military vehicles and thrown out in unknown place. Until now those corpses are not yet returned to their families for proper burial.

From the above story I want to emphasize several things:

1. The Liquiça incident was a mass killing of unarmed civilians. This massacre was committed by the Indonesian Military.

2. It can be said that the Indonesian military was both the brain and the actor of the massacre. They openly supported the militia.

3. According to an Indonesian military official, five people died in this massacre. The church (Bishop Belo) said that 25 people died. But, to me who escaped the massacre and witnessed it as well, I doubt the numbers they announced. I believe that more than 200 people died on that day.

4. None of the bodies of the victims have been returned to their families for proper burials.

5. All the brutal actions perpetrated by the militia and the Indonesian troops, whether it be terror, intimidation or massacre, are intended to threaten the people to choose integration with Indonesia or autonomy under Indonesian rule.

In this golden opportunity I would like to pass on some demands to the international community and to the government and the people of the US:

1. We call for the UN and especially the US government, to pressure the Indonesian government and the TNI to remove the weapons they supplied to the militia who committed terror, intimidation and killing of the unarmed civilians in Timor Leste.

2. We demand that the U.S. government as the member of the UN Security Council to be more active in pressuring the Indonesian government and its military to create a safe and secure condition for carrying out the ballot in Timor Leste this coming August.

3. We demand that the US government pressure the Indonesian government and its military forces to respect the rights of the East Timorese to self determination.

Hereby our testimony to the people and government of the US. Again thank you very much for your kind attention.

My best regards, Francisco de Jesus da Costa.

JUNE 23, 1999.

Hon. STANLEY ROTH,
Assistant Secretary, East Asian and Pacific, U.S. Department of State, Washington, DC.

DEAR AMBASSADOR ROTH: I received a briefing from my staff about the meeting in Representative Frank's office. I appreciate your taking time to come up to the Hill to discuss issues related to East Timor and apologize for not being there. I was in an Appropriations Committee markup. My staff informed me that meeting was very useful and that the administration seems to be more proactive in protesting the violence and pushing for an international presence in East Timor. I commend you for your leadership.

We really cannot do too much to encourage a free and fair referendum in East Timor. People are dying, as you know well, and we must not let up the pressure before the vote. I think it may be beneficial for you to visit East Timor before the referendum and to take with you a high-ranking military flag officer such as Admiral Dennis Blair, Commander-in-Chief of the U.S. Pacific Command, Lieutenant General Edward P. Smith, commanding general of the U.S. Army Pacific region or another comparably ranked official.

I am pleased that U.S. military officials and high-ranking administration officials have been talking to General Wiranto and others about Indonesian military abuses in East Timor. I think a visit by you and a military officer at this time would help reinforce that message and let them know, again, how important a free and fair referendum, without violence and intimidation, is to the United States government.

Thank you again for taking time to meet with us. Best wishes.

FRANK R. WOLF,
Member of Congress.

Mr. MCGOVERN. Mr. Chairman, I rise in strong support of the Bereuter amendment on East Timor. This tiny country, so long repressed, is facing an historic moment to determine its own future, but only if the Government and military of Indonesia allow for free and fair elections to take place at the end of August. It is critical that Congress express its support for the upcoming plebiscite on independence or autonomy in East Timor, and presses the Indonesian government to remove Indonesian military forces from East Timor, disarm anti-independence paramilitary groups and keep them from interfering with a free and fair vote.

Last week, on Tuesday, July 135, the United Nations Security Council called upon Indonesia to urgently improve security in East Timor where violence threatens to halt the U.N.-sponsored August plebiscite. United Nations Secretary General Kofi Annan has already had to postpone the ballot once from August 8th to August 21st. The start of voter registration was pushed back from Tuesday, July 13th, to Friday, July 16th, because of violence that included militia attacks against United Nations staff and observers.

On Wednesday, July 14th, U.S. Assistant Secretary of State for Asian Affairs Stanley Roth warned the Indonesian government about the consequences of failing to bring under control the pro-Jakarta militias that have killed scores of civilians and attacked U.N. personnel.

According to the U.S. Catholic Conference Office of International Justice and Peace, the situation in East Timor has sharply deteriorated in recent months, with hundreds killed in paramilitary violence aimed at disrupting the referendum. As emphasized in a June 10, 1999 statement, Archbishop McCarrick, Chairman of the USCC International Policy Committee said: "Thus far this year, the people of East Timor have experienced a level of violence not seen since the 1970s when Indonesian forces invaded and annexed the territory. Rampaging groups of armed militias have committed numerous atrocities upon mostly unarmed, pro-independence communities and individuals * * * On April 6, dozens of people were shot and hacked to death at the Catholic church in Liquica, a massacre Bishop Carlos Ximenes Belo of Dili has likened to that at the Santa Cruz Cemetery in 1991 * * * Throughout the territory, armed members of the dozen or so local militias that have sprung up in the months after B.J. Habibie became president of Indonesia a year ago have waged a relentless campaign of intimidation and violence directed at those thought to favor independence."

Clearly a campaign of violence, of intimidation, of terror is being fostered by the Indonesian military and anti-independence paramilitary groups operating inside of East Timor. Over 40,000 East Timorese have fled their homes and farms, raising again the specter of hunger that devastated much of the island in the late 1970s. While some of the internally displaced persons are in centers assisted by the Catholic Church's CARITAS workers, many are without any help and need the protection and relief that could be provided by the international committee of the Red Cross, if it were allowed to enter in sufficient numbers.

Increased international pressure is urgently needed to address this situation, both to provide relief and an international presence to diminish the attacks and violence by paramilitary groups, which are acting with the support and tolerance of the Indonesian military. United Nations monitors have been attacked and not allowed to travel outside of Dili into the countryside. Unless the violence is brought under control and the militias disbanded, the conditions essential for a fair and free vote will be seriously lacking.

I want to thank the gentleman from Nebraska [Mr. BEREUTER] for bringing this amendment to the floor of the House today. I also want to thank Congressmen PATRICK KENNEDY and RICHARD POMBO who coordinate the Portuguese Issues Caucus for keeping the East Timor situation in the forefront of Congressional advocacy and supporting human rights, democracy and self-determination for suffering people.

The United States government and the Congress must do everything possible to ensure this historic moment is not lost. The East Timorese people have a right to determine their own destiny through a free and fair ballot on autonomy or independence.

I urge my colleagues to support the Bereuter amendment.

Mr. BEREUTER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). The question is on the amendment offered by the gentleman from Nebraska (Mr. BEREUTER).

The amendment was agreed to.

The CHAIRMAN pro tempore. It is now in order to consider Amendment No. 26 printed in part B of House report 106–235.

AMENDMENT NO. 26 OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B Amendment No. 26 offered by Mr. GOODLING:

Page 84, after line 16, insert the following new title:

TITLE VIII—PROHIBITION ON ASSISTANCE TO COUNTRIES THAT CONSISTENTLY OPPOSE THE UNITED STATES POSITION IN THE UNITED NATIONS GENERAL ASSEMBLY

SEC. 801. PROHIBITION ON ASSISTANCE TO COUNTRIES THAT CONSISTENTLY OPPOSE THE UNITED STATES POSITION IN THE UNITED NATIONS GENERAL ASSEMBLY.

(a) PROHIBITION.—United States assistance may not be provided to a country that consistently opposed the United States position in the United Nations General Assembly during the most recent session of the General Assembly.

(b) CHANGE IN GOVERNMENT.—If—

(1) the Secretary of State determines that, since the beginning of the most recent session of the General Assembly, there has been a fundamental change in the leadership and policies of the government of a country to which the prohibition in subsection (a) applies, and

(2) the Secretary believes that because of that change the government of that country will no longer consistently oppose the United States position in the General Assembly,

the Secretary may exempt that country from that prohibition. Any such exemption shall be effective only until submission of the next report under section 406 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991 (22 U.S.C. 2414a). The Secretary shall submit to the Congress a certification of each exemption made under this subsection. Such certification shall be accompanied by a discussion of the basis for the Secretary's determination and belief with respect to such exemption.

(c) WAIVER AUTHORITY.—The Secretary of State may waive the requirement of subsection (a) if the Secretary determines and reports to the Congress that despite the United Nations voting pattern of a particular country, the provision of United States assistance to that country is necessary to promote United States foreign policy objectives.

(d) DEFINITIONS.—As used in this section—

(1) the term ''consistently opposed the United States position'' means, in the case of a country, that the country's votes in the United Nations General Assembly coincided with the United States position less than 25 percent of the time, using for this purpose the overall percentage-of-voting coincidences set forth in the annual report submitted to the Congress pursuant to section 406 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991;

(2) the term ''most recent session of the General Assembly'' means the most recently completed plenary session of the General Assembly for which overall percentage-of-voting coincidences is set forth in the most recent report submitted to the Congress pursuant to section 406 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991; and

(3) the term ''United States assistance'' means assistance under—

(A) chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund),

(B) chapter 5 of part II of that Act (relating to international military education and training), or

(C) the ''Foreign Military Financing Program'' account under section 23 of the Arms Export Control Act.

(e) EFFECTIVE DATE.—This section takes effect upon the date of the submission to the Congress of the report pursuant to section 406 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991, that is required to be submitted by March 31, 2000.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from Pennsylvania (Mr. GOODLING) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

I offer a very common sense amendment. It basically says that if one cannot vote with us 25 percent of the time in the United Nations, not 50, not 75, but 25 percent of the time in the United Nations, we do not send any military aid.

Now, it is sheer arrogance for Members of Congress to say to the American public that we will send arms to countries who do not believe in the importance of human rights, who do not believe in freedom and democracy, who do not believe in anything that we believe in the United States, and we will send military arms so that they, in fact, can use them back against our own men and women. It is just as simple as that.

Now, there are people who are going to say, oh, we are targeting this country; we are targeting that country. I am not targeting any country. It is not retroactive. I am telling them up front, in advance, it is not retroactive, so we are not targeting any country. Then they will say, well, the amendment would cut off millions of dollars of development assistance to needy people around the world. Nonsense. It does not touch humanitarian aid. It does not touch developmental assistance. It is strictly military assistance.

The next thing they will say is we will tie the President's hand in the conduct of foreign policy. Nonsense. There are waivers in there. If the President believes it is in our best interest to do what he believes is important, the waiver is there, and he can do it.

Then we will hear that we are only considering a select number of votes. Again, we are considering all votes except consensus votes in the United Nations.

So I cannot imagine anybody being able to tell the American people that we are so arrogant that we will spend their tax money to send military arms to rogue nations, to nations who are going to use them back against us, to nations who support terrorism around the world. It is not retroactive; it is up front. Either they can find a way to agree that 25 percent of the time we are right, or they get no military aid.

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

The CHAIRMAN pro tempore. Is the gentlewoman from Georgia (Ms. MCKINNEY) opposed to the amendment?

Ms. MCKINNEY. Yes, I am, Mr. Chairman.

The CHAIRMAN pro tempore. The gentlewoman from Georgia is recognized for 5 minutes.

Ms. MCKINNEY. Mr. Chairman, I yield 1½ minutes to the gentleman from New York (Mr. ACKERMAN).

Mr. ACKERMAN. Mr. Chairman, oh, that I wish it was as simple as the proponent of the amendment suggests. This is not a simple amendment. This is plain and simple and surely an amendment to bash India and another attempt to do that in a long series of failed attempts over the last several years.

Sure, it would be easy and nice to say well, they should vote with us at least 25 percent of the time at the United Nations. Well, guess what? India does that. Mr. Chairman, 77 percent of the votes in the United Nations, 70 percent of the time that they have an issue, it is done by consensus, with the agreement of India, along with the United States and the other people represented in the United Nations. What the gentleman refers to as only some recorded votes are quite different than all of the matters considered by the United Nations.

Votes in the United Nations on U.S. aid should not be used to reward somebody in order to bribe them to vote the way we think. India is a thriving democracy, the world's largest democracy.

In addition to that, this would be a terrible time to send that message. This would ironically reward Pakistan, that has just invaded India's side of the line of control in Kashmir and Jammu. When India has exercised complete constraint as the world's newest nuclear power and handled itself admirably and appropriately in the eyes of the whole international community, what a horrible message for us to send out now. India has been our friend; they are progressing as a democracy. The gentleman's amendment would cut off even the economic support fund, if he reads his own amendment, and that would be a terrible thing to do.

Mr. GOODLING. Mr. Chairman, I yield 1½ minutes to the gentleman from North Carolina (Mr. BALLENGER).

Mr. BALLENGER. Mr. Chairman, I want to speak in support of the amendment of my good friend, the distinguished gentleman from Pennsylvania (Mr. GOODLING) which, as he has explained, would withhold military assistance from countries that do not support the U.S. position in at least 25 percent of the votes before the United Nations General Assembly. Let me stress that humanitarian aid and development assistance would not be affected.

Many of my constituents question the amount of money the U.S. spends on foreign aid anyhow, including the billions we send to the United Nations.

They question why we continue to send money to an organization wherein many of the recipients of that aid routinely vote against U.S. interests. And according to the statistics compiled by the State Department, that is the case.

While the United States sends military assistance to fewer nations who oppose our interests in the U.N. than it did just a few years ago, we have further to go. If we are cutting popular programs at home to remain under budget caps, the American people should be able to expect that foreign aid takes a fair share of its cuts. The Goodling amendment is one excellent way to prioritize our foreign aid dollars, and I urge its adoption.

The CHAIRMAN pro tempore. The gentleman from Pennsylvania (Mr. GOODLING) has 2 minutes remaining; the gentlewoman from Georgia (Ms. MCKINNEY) has 3½ minutes remaining.

Ms. MCKINNEY. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Chairman, this is nothing more than a slap in the face to India. The bottom line is, when did anyone decide that the votes in the general assembly, which many people in this body consider almost irrelevant, are a basis for deciding whether or not a country is a friend or a foe of the United States? I do not need to mention this again, but the gentleman's amendment refers to recorded votes. If we count all votes in the general assembly, India votes with the U.S. 84 percent of the time. If we count important votes by the State Department, India is with us 75 percent of the time. This is just a way to configure largely irrelevant votes in the general assembly to try to say that India is bad.

Well, my friends, India and the United States have a lot in common. We have a lot of business interests and trade interests in India; and India, in fact, in the last few weeks if we look at what has happened in Kashmir, India was attacked, Pakistan was the aggressor, and the United States and the President clearly pointed out that Pakistan should withdraw and that India showed restraint and cooperated with the United States in that conflict.

This is not the time to send a vote that refers to these irrelevant votes in the general assembly. Oppose the Goodling amendment.

Mr. Chairman, I believe this amendment is unnecessary and potentially destructive to U.S. interests internationally. According to the amendment, the sole method for determining how pro- or anti-U.S. a country is would be how the country votes in the United Nations General Assembly. This is a largely irrelevant way of determining who our friends and foes are. Under the Goodling Amendment, all of our other diplomatic, political, strategic or economic interests would be sacrificed to the mostly symbolic indicator of General Assembly votes—often on issues of peripheral importance.

In practical terms, this amendment would serve as a symbolic slap at India, the world's largest democracy, a country that is moving forward with historic free-market reforms that offer tremendous opportunities for American trade and investment. At a time when Congress is working on a bipartisan basis to lift the unilateral sanctions imposed on India last year, enactment of this provision would set back much of the progress we have been making. It would be seen as a purely punitive action, creating an atmosphere of distrust that would make it much more difficult for us to achieve vitally important goals.

Mr. Chairman, the vast majority of Resolutions adopted by the General Assembly are adopted by consensus. When you count those votes, India votes with the U.S. 84 percent of the time. If you look at the votes identified as "important" by our State Department, including the consensus votes, India is with us 75 percent of the time.

India also cooperates with the U.S. in a wide range of other U.N. activities, ranging from health issues to cultural and scientific matters. India has sent significant troop contingents to various peace-keeping missions around the world, serving as a partner to further our mutual interests.

But the U.N. is only a small part of the story of how the United States and India work in partnership and friendship in ways that help the people of both of our countries. Passage of this amendment would create a poisonous atmosphere that would set back these other efforts.

Most of the other countries that would be affected by this amendment are already barred from receiving U.S. assistance under various sanctions, many of which have been on the books for decades. Thus, realistically, we're talking about cutting $130,000 in IMET funding to one country, India, a democracy that shares many of our values and interests and works with us in countless positive ways.

Mr. Chairman, India and the United States have a great stake in working for improved relations. We should focus on the significant issues that unite us, and not the minor disagreements. I urge my colleagues to defeat the Goodling Amendment.

Mr. GOODLING. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Chairman, I support the Goodling amendment. It is about time that we stop giving our money and support to countries that in crunch time do not support us. Reports today show, for example, that Russia has given some of our foreign aid to Iran to develop a missile that could hit America. I think the gentleman from Pennsylvania (Mr. GOODLING) is on target. We have the United Nations; we have recorded votes. Those recorded votes are of significance and in significant moments those countries that get our money that are not with us should think twice.

I support this amendment, and I think our policies are foolish and maddening, that we continue to buoy up our opposition.

I was elected to the Congress of the United States, not the United Nations; and if these countries on recorded votes are not with us, then by God, we should not be with them financially.

Ms. MCKINNEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, our security assistance ought to be about U.S. security and not about the United Nations. This amendment unfortunately establishes an iron link between a country's voting pattern in the U.N. and whether or not it could receive security assistance from our country. While I understand the value of working to obtain greater support for our positions in the general assembly, this is the wrong way to go about it. We should give security assistance based on whether or not this assistance contributes to the security of the United States. That decision has absolutely nothing to do with how a country votes at the U.N.

If this amendment passes, we could be restricted in providing security assistance even when it makes our citizens safer. That makes absolutely no sense.

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

The CHAIRMAN pro tempore. The gentleman from Pennsylvania (Mr. GOODLING) has 1 minute remaining; the gentlewoman from Georgia (Ms. MCKINNEY) has 1½ minutes remaining.

Mr. GOODLING. Mr. Chairman, I yield myself the balance of my time.

Let me make it very clear, we are talking about the security of the United States. Let me talk about some of the votes. U.N. embargo of Cuba. How about coercive economic measures. How about International Atomic Energy Agency report. How about nuclear testing in south Asia. How about a new agenda for nuclear disarmament, human rights in Iraq, in Iran, human rights in former Yugoslavia, human rights in Kosovo. All of those deal with our security. There is no question about it.

Again, there is a waiver there. If it is in our interests in the United States in order to do something contrary to this amendment, the waiver is there, the President uses that waiver, and the Secretary of State uses that waiver.

We are talking only about military assistance which someday may come back to kill American young men and women, and we are arrogant enough in the United States Congress to say, we will take taxpayers' money and do with it whatever we want. We do not care what the public has to say.

I do not know what country might be caught in a web because it is not retroactive, and my minister, as a matter of fact, is a wonderful gentleman from India.

Ms. MCKINNEY. Mr. Chairman, I yield the balance of my time to the gentleman from Connecticut (Mr. GEJDENSON).

□ 1330

Mr. GEJDENSON. Mr. Chairman, this is a particularly ill-advised amendment. What it would do would handcuff the administration in dealing with the most populous democracy on this planet.

Some time in the last month or this month, this world becomes a 6 billion person planet. We are talking about a country that has 1 billion people. We are talking about American national interests, and when we look at the United Nations most of what happens is by consensus. Do not hamstring this or future administrations by a standard that really does not measure cooperation.

In the United Nations, most of what happens is by consensus. This is a bad amendment that would harm the relationship we have with the most populous democracy on this planet. Think of a challenge of running a democratic government with a billion people on it. It is a bad amendment. It ought to be defeated.

I urge my colleagues to join those of us who recognize the folly in this amendment to reject it and reject it strongly. I commend those who have spoken against it.

Mr. ACKERMAN. Mr. Chairman, I ask unanimous consent for 2 additional minutes divided equally so that we could afford the distinguished chairman of the full committee one of those minutes.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GEJDENSON. Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN), the chairman of the committee.

Mr. GILMAN. Mr. Chairman, I rise in opposition to the amendment offered by the distinguished gentleman from Pennsylvania (Mr. GOODLING). While well-intentioned and aimed at protecting our interests at the U.N., its implementation would only harm our ability to conduct multilateral diplomacy. With its arbitrary targets for foreign aid cutoffs for those countries failing to support our positions in the General Assembly votes, it is likely to end up undercutting our relations with key nations in South Asia and Latin America.

At a time when we are trying to curtail proliferation around the world and advance our vital interests, such as stopping the flow of narcotics into the United States, we should not put any additional roadblocks in the way of our diplomats trying to accomplish these important objectives.

In the near future, we will be attempting to put a U.N. reform package together whereby we will be paying our arrearages to the U.N. in return for the implementation of significant reforms inside the world body and the U.N. specialized agency.

I am concerned that the adoption of this amendment would undercut our ability to achieve these long-sought reforms. In short, I believe that its practical effect is penny-wise and pound-foolish.

Mrs. MALONEY of New York. Mr. Chairman, I rise in opposition to the Goodling amendment.

Mr. GOODLING. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, let me again emphasize that all this amendment says is that they have to vote with us 25 percent of the time in the General Assembly if they want our military aid.

Otherwise, if they cannot vote with us 25 percent, obviously along the line they are going to be using that same military aid against us or they are going to give it to some rogue nation to use it against us.

Let me also remind my colleagues that the waiver is big enough that the President or the Secretary of State can drive a truck through it. So if it has anything to do with protecting our security, he is protected. But for goodness sakes, respect for human rights, respect for freedom, democracy, respect for individual rights, I cannot imagine how we could possibly vote against that.

Let us not be arrogant and tell the American public we do not care what they think about how we spend their taxpayers dollars. We want to tell them that, yes, we do have respect for what they believe and what we believe is we should not support any rogue nation who is going to take care of us at a later time or could, and we are thinking about our national security, not someone else's. It is our money; not someone else's.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. GEJDENSON. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) will be postponed.

It is now in order to consider amendment No. 27 printed in part B of House Report 106–235.

AMENDMENT NO. 27 OFFERED BY MR. CONDIT

Mr. CONDIT. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 27 offered by Mr. CONDIT:

Page 84, after line 16, insert the following:

TITLE VIII—FOREIGN ASSISTANCE REPORTING REFORM

SEC. 801. SHORT TITLE.

This title may be cited as the ''Foreign Assistance Reporting Reform Act of 1999''.

SEC. 802. PROHIBITION ON FOREIGN ASSISTANCE AND CONTRIBUTIONS UNLESS CERTAIN REPORTING REQUIREMENTS ARE MET.

Chapter 1 of part III of the Foreign Assistance Act of 1961 (22 U.S.C. 2351) is amended—

(1) by redesignating the second section 620G (as added by section 149 of Public Law 104–164 (110 Stat. 1436)) as section 620J; and

(2) by adding at the end the following:

''SEC. 620K. PROHIBITION ON FOREIGN ASSISTANCE AND CONTRIBUTIONS UNLESS CERTAIN REPORTING REQUIREMENTS ARE MET.

''(a) PROHIBITION.—Notwithstanding any other provision of law, United States assistance may not be provided to a foreign country, and contributions may not be provided to an international organization, for a fiscal year unless—

''(1) such country or organization, as the case may be, prepares and transmits to the United States a report in accordance with subsection (b); and

''(2) the President transmits each such report to the Congress.

''(b) REPORTS TO THE UNITED STATES.—A foreign country that seeks to obtain United States assistance or other international organization that seeks to obtain a United States contribution, shall prepare and transmit to the United States a report that contains—

''(1) the amount of each type of United States assistance or contribution sought;

''(2) the justification for seeking each such type of assistance or contribution;

''(3) the objectives that each such type of assistance or contribution is intended to achieve;

''(4) an estimation of the date by which—

''(A) the objectives of each type of assistance or contribution will be achieved; and

''(B) such assistance or contribution can be terminated; and

''(5) a commitment to provide a detailed accounting of how such assistance or contribution was spent.

''(c) DEFINITIONS.—In this section the term 'United States assistance' means—

''(1) assistance authorized under this Act (such as the development assistance program, the economic support fund program, and the international military education and training program) or authorized under the African Development Foundation Act, section 401 of the Foreign Assistance Act of 1969 (relating to the Inter-American Development Foundation), or any other foreign assistance legislation;

''(2) grant, credit, or guaranty assistance under the Arms Export Control Act;

''(3) assistance under the Migration and Refugee Assistance Act of 1962; or

''(4) assistance under any title of the Agricultural Trade Development and Assistance Act of 1954.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from California (Mr. CONDIT) and a Member opposed each will control 5 minutes.

The Chair now recognizes the gentleman from California (Mr. CONDIT).

Mr. CONDIT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the goal of my amendment is to increase the amount of information Congress receives about how

the U.S. foreign assistance is being spent. Under the amendment, recipients of U.S. foreign aid would be required to file a report with the U.S. on the amount of money they received and justification for this money, the objective of the assistance, and an estimate of when such assistance will no longer be needed.

This amendment is about transparency. I am concerned that our foreign assistance process be as transparent as possible and that the Congress be held accountable for all U.S. foreign assistance.

Mr. Chairman, I yield to the gentleman from Connecticut (Mr. GEJDENSON) for the purpose of entering into a colloquy to try to resolve some of my concerns.

Mr. GEJDENSON. Mr. Chairman, I share the concerns of my colleague and friend that Congress be provided as much information as possible about U.S. foreign assistance and how it is being spent.

At the beginning of each year, the administration sends up its congressional presentation for foreign operations with the President's annual budget request. This booklet outlines how the administration proposes to spend foreign aid for the upcoming year. The book lists the total amount, the type of aid going to particular countries, a breakdown on how that money is spent and will be used for regional stability and to open markets, expanding U.S. exports, counter-narcotics, et cetera., the guideline for how it will determine whether our foreign aid achieves its goal during that year.

Throughout the year, the agency for international development sends up to the Congress notification to the Hill which indicates any changes as to how foreign aid will be used and the name of the AID contractor if appropriate.

Mr. CONDIT. Reclaiming my time, if I may, Mr. Chairman, I am concerned that we take every possible step to ensure that any funds distributed as foreign assistance is not misspent. I would like to ask my colleague if he could address these concerns.

Mr. GEJDENSON. Mr. Chairman, to ensure that the money is not misspent, AID has personnel stationed in many embassies abroad who work closely with foreign aid recipients, closely monitoring the expenditure of the funds.

Mr. CONDIT. Under the current law, is it the understanding of the gentleman that in the event the U.S. foreign aid is used for purposes other than its original intent, such aid would be terminated?

Mr. GEJDENSON. AID has the authority to suspend its cooperation with an AID grant recipient should it determine the money is not being used for that intended purpose. The matter will then be referred to the Inspector General.

I appreciate the gentleman raising this issue, because I think there are two things that are involved here. One is, he is absolutely correct that like all government expenditures, the elected Members of Congress who do the work on these programs need to spend more time and be more informed of where those expenditures occur.

The agencies have to do a much better job making sure that every Member of Congress, when he or she has a question about how that money is spent, that those answers are presented in a timely manner. Members of Congress should not be left in the dark about these expenditures, and we have to make sure the agencies increase their effort to make sure Members are informed of how those expenditures are monitored.

Mr. CONDIT. I thank my friend, the gentleman from Connecticut (Mr. GEJDENSON), for his explanation, and I look forward to working closely with him and others during the next year to bring about additional transparency and accountability to the foreign aid process.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 29 in part B of House Report 106–235.

AMENDMENT NO. 29 OFFERED BY MR. TRAFICANT, AS MODIFIED

Mr. TRAFICANT. Mr. Chairman, I offer an amendment and ask unanimous consent to modify amendment No. 29 pursuant to the language that has been given to the desk.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 29 offered by Mr. TRAFICANT:

Page 84, after line 16, insert the following:

(a) IN GENERAL.—Funds made available for assistance for fiscal year 2000 under the Foreign Assistance Act of 1961, the Arms Export Control Act, or any other provision of law described in this Act for which amounts are authorized to be appropriated for such fiscal years, may be used for procurement outside the United States or less developed countries only if—

(1) such funds are used for the procurement of commodities or services, or defense articles or defense services, produced in the country in which the assistance is to be provided, except that this paragraph only applies if procurement in that country would cost less than procurement in the United States or less developed countries;

(2) the provision of such assistance requires commodities or services, or defense articles or defense services, of a type that are not produced in, the available for purchase from, the United States, less developed countries, or the country in which the assistance is to be provided;

(3) the Congress has specifically authorized procurement outside the United States or less developed countries; or

(4) the President determines on a case-by-case basis that procurement outside the United States or less developed countries would result in the more efficient use of United States foreign assistance resources.

(b) EXCEPTION.—Subsection (a) shall not apply to assistance for Kosovo or the people of Kosovo.

The CHAIRMAN pro tempore. The Clerk will report the modification.

The Clerk read as follows:

Part B amendment No. 29, as modified, offered by Mr. TRAFICANT:

Page 84, after line 16, insert the following:

TITLE VIII—LIMITATION ON PROCUREMENT OUTSIDE THE UNITED STATES

SEC. 801. LIMITATION ON PROCUREMENT OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—Funds made available for assistance for fiscal year 2000 under the Foreign Assistance Act of 1961, the Arms Export Control Act, or any other provision of law described in this Act for which amounts are authorized to be appropriated for such fiscal years, may be used for procurement outside the United States or less developed countries only if—

(1) such funds are used for the procurement of commodities or services, or defense articles or defense services, produced in the country in which the assistance is to be provided, except that this paragraph only applies if procurement in that country would cost less than procurement in the United States or less developed countries;

(2) the provision of such assistance requires commodities or services, or defense articles or defense services, of a type that are not produced in, and available for purchase from, the United States, less developed countries, or the country in which the assistance is to be provided;

(3) the Congress has specifically authorized procurement outside the United States or less developed countries; or

(4) the President determines on a case-by-case basis that procurement outside the United States or less developed countries would result in the more efficient use of United States foreign assistance resources.

Mr. TRAFICANT (during the reading). Mr. Chairman, I ask unanimous consent that the modification be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN pro tempore. Is there objection to the modification offered by the gentleman from Ohio (Mr. TRAFICANT)?

There was no objection.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from Ohio (Mr. TRAFICANT) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think the most amazing thing about some of our foreign aid is that we give money to needy countries and then these needy countries take American money and buy

products and goods and services from Japan and other developed nations.

The Traficant language is straightforward. It says if a needy country gets money from Uncle Sam, they shall buy that product within their own country that we are trying to help, but if they do not produce that product or goods, they shall buy it from Uncle Sam.

Now, it does provide for exceptions on a case-by-case basis, where the President could waive this requirement, where the money would not be used efficiently or where there are other circumstances, but the focus is very straightforward. If someone gets money from Uncle Sam, we do not want them buying a Japanese product. We do not want them buying a product from another developed country when America makes and sells that product at the same competitive and comparable price factor.

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

The CHAIRMAN pro tempore. Is there a Member in opposition to the amendment?

Mr. BEREUTER. Mr. Chairman, I am not in opposition, but I ask unanimous consent to claim the time in opposition.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BEREUTER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I just rise to say that the majority has no objection to the amendment of the gentleman from Ohio (Mr. TRAFICANT), and we accept it.

Mr. TRAFICANT. Mr. Chairman, I appreciate the support.

The CHAIRMAN pro tempore. The question is on the amendment, as modified, offered by the gentleman from Ohio (Mr. TRAFICANT).

The amendment, as modified, was agreed to.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 30 printed in House Report 106–235.

AMENDMENT NO. 30 OFFERED BY MR. STEARNS

Mr. STEARNS. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 30 offered by Mr. STEARNS:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS RELATING TO LINDA SHENWICK.

(a) FINDINGS.—The Congress makes the following findings:

(1) Linda Shenwick, an employee of the Department of State, in the performance of her duties, informed the Congress of waste, fraud, and mismanagement at the United Nations.

(2) Ms. Shenwick is being persecuted by Secretary of State Madeleine Albright and other State Department officials who have removed her from her current position at the United Nations and withheld her salary.

(3) Ms. Shenwick was even blocked from entering her office at the United States Mission to the United Nations to retrieve her personal effects unless accompanied by an armed guard.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that employees of the Department of State who, in the performance of their duties, inform the Congress of pertinent facts concerning their responsibilities, should not as a result be demoted or removed from their current position or from Federal employment.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from Florida (Mr. STEARNS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my amendment is pretty simple. I thought for the benefit of my colleagues I would read this to them. Quote, it is a sense of this Congress that employees of the Department of State who, in the performance of their duties, inform the Congress of pertinent facts concerning their responsibilities, should not, as a result, be demoted or removed.

So I think my colleagues should realize that this is a sense of a Congress that is basically protecting whistleblowers.

In this great Nation of ours, we have laws to protect Federal civil servants from political manipulation. We also have Federal laws to protect whistleblowers who, in the performance of their Federal jobs, must report to Congress outside of the official channels within their bureaucracies information pertaining to their work.

Now, we have seen the case of the White House Travel Office, where with great controversy and there was accusations. We have seen the Department of Energy under Secretary Richardson, where whistleblowers were very uncomfortable and threatened. Now I think we have a case again of a dedicated, honest, trustworthy civil servant who has been unfairly and illegally removed from her Federal position.

Mr. Chairman, I am speaking of Ms. Linda Shenwick, a professional State Department employee who has been serving at the U.S. mission at the United Nations since 1987. She has held various positions during her career at the United Nations while becoming a noted budgetary expert on the United Nations finances.

During her employment, Ms. Shenwick has provided a valuable service to the United States Congress by providing to Congress information concerning budgetary reforms at the U.N. and information about waste, fraud and mismanagement there.

□ 1345

Ms. Shenwick has been labeled as a malcontent by the administration, especially within the State Department, because of her decision to perform her job as she saw fit, which required her to notify Congress of budgetary details at the U.N. and to notify Congress of waste, fraud, and mismanagement there.

So, in essence, Mr. Chairman, Ms. Shenwick provided Congress with information that the United Nations and the administration did not want made public. For instance, Ms. Shenwick reported in February of 1993 to her superiors that she had seen pictures of large amounts of U.S. currency stored openly on tables in Somalia.

Her reports were ignored. She then provided Congress with this information, and it later became public in April of 1994 that $3.9 million of U.N. cash was reported stolen in Somalia.

Now, this report and others like it helped Congress force the United Nations to create an Office of Inspector General to end such fraud and mismanagement as had occurred in Somalia.

Between 1987 and 1994, Ms. Shenwick received the highest personal evaluation, employment evaluation, four times and the second highest once. Her job performance has not been based on political consideration or political favoritism.

In 1992, Ms. Shenwick reported that President Bush's ambassador to the United Nations, Thomas Pickering, had misused government aircraft for personal use and committed other improper activities.

When she began to report problems at the United Nations in 1993, her employment evaluations started to turn negative and the threats that she would be removed from her position began.

Ms. Shenwick has now been forcibly removed from her position at the United States Mission. When she attempted to return to her office, she was banned from entering her own office. When she attempted to collect her personal belongings in her own office, she was told that she would have to be escorted by uniformed and armed security officers.

As of this time, she has lost her Federal position, and her attorneys have notified my office that her salary has been terminated.

So I ask my colleagues this afternoon, how can this happen in our great country to a civil servant who has done such a great job?

The way she has been treated is outrageous and against Federal employment guidelines. We have Federal laws to protect whistleblowers, but somehow the bureaucrats at the State Department have gotten away with this personal vendetta against a Federal employee. It is not right. It is not fair.

My amendment is a simple ''sense of the Congress'' amendment that states, as I pointed out earlier, that this

should not occur. So I urge my colleagues to support my sense of the Congress, do the right thing, add their voice of support for this great public servant.

Mr. GEJDENSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. SMITH), and I ask unanimous consent that he be allowed to control that time.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SMITH of New Jersey. Mr. Chairman, I thank the gentleman from Connecticut for yielding me this time.

Mr. Chairman, I rise to express my deep concern about the course of actions that appear to constitute retaliation against Linda Shenwick. In the most recent series of questionable actions, Ms. Shenwick has been ordered to vacate her office in New York by the close of business—she has already been told to do that—with a directed transfer to another Department of State position.

We believe this action is properly construed as retaliatory and in violation of the Whistleblower Protection Act. Accordingly, I and many other Members, including the gentleman from New York (Mr. GILMAN), the chairman of the full committee, have asked that she be protected and that this proceeding needs to be looked into much more.

I think the amendment of the gentleman from Florida (Mr. STEARNS) certainly puts us on record as being very much against what is happening here.

Let me also say that she has been a whistleblower in a bipartisan way, bringing information to the fore that needs to be brought forward.

One of the things that has galled me in 19 years as a Member of Congress—4 years now and counting as the chairman of the Subcommittee on International Operations and Human Rights—is our inability to get information in a timely and usable form. There is not transparency with this administration. We need to have it. I think the whistleblower needs to be protected rather than retaliated and punished.

So I think the gentleman from Florida (Mr. STEARNS) has done a very, very good thing with his amendment. I hope everybody will support it.

Mr. GEJDENSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, there are a significant number of allegations having been made here, and there is a process in place to adjudicate those accusations. That process is presently under way.

The gentlewoman in question has availed herself of legal counsel, and there is presently under consideration by the Office of Special Counsel, an independent Federal agency, a review of this case.

Now, the accusations are what? That she is being removed from her present job. It is true. She is being removed from her present job. Why? Because she got an unsatisfactory review. One of the charges, among others, is that numbers that she provided were simply inaccurate, that she mixed numbers that were preliminary numbers and gave them as final numbers.

So there is a debate here, apparently by some, whether or not this individual carried out her responsibilities in a proper, professional manner. What is the response of Congress? It seems to me the response of Congress ought to be to allow the judicial process to move forward, to allow that review so that we have some facts.

Right now, what we have is the employer saying she is not doing her job, the employee saying I am being persecuted, and we have a Member of Congress rushing to the floor, several, saying, oh, we have got to protect this woman from persecution by the Secretary of State.

First of all, I think it is nonsense that the Secretary of State would be taking her time to go out and go after some staffer based on I do not know what. There is no argument here that there is any personal animosity. There is a debate about whether or not she was doing her job.

It seems to me that we ought to allow the process to go forward and make a determination did she or did she not do her job, did she provide false information, did she then end up in a situation where she had to be removed from her job because she was not doing it.

If that is the case, my understanding is they were not ordered to go in with uniformed and armed police to make this appear as some authoritarian, totalitarian action. She simply had to be escorted by another State Department employee, without guns, without machine guns, without uniforms, to remove her from a job that she was no longer allowed to be at.

Then the State Department did not say, just because she did not do this job well, we do not believe she can ever work again. The punishment was, most people would be happy to get this, we are moving you to Washington to another job. Oh, she says, no, no, no, no. You may be the employer. I may have gotten a bad report. But I do not want to move from New York to Washington. I do not want to leave the U.N.

The gentleman from Florida (Mr. STEARNS) rushes here to the floor, I am sure quite earnestly, with a conclusion that she is being persecuted. It seems to me what we ought to do is allow the judicial process to come back and determine whether or not there was persecution, whether or not she actually did her job. If she did not do her job, maybe then we ought to applaud the action.

Mr. STEARNS. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I am happy to yield to the gentleman from Florida, who I know is earnest in his desire to see justice served.

Mr. STEARNS. Mr. Chairman, this individual got one poor evaluation. But her evaluations before that were outstanding, and one she had was the highest in her department. When she was escorted back, she said, I just want to get my picture frames. I just want to get my personal effects. Oh, no, you have got to have a security armed guard.

Mr. GEJDENSON. Mr. Chairman, reclaiming my time, the gentleman is right. She could go back and get what she wanted. They simply said that a fired employee from a particular job, she is not being fired, she is being moved to another division, that want they wanted to do, for lots of security and other reasons, people are often very unhappy when they lose their jobs, was to make sure that the only thing she does is remove the items that are personally hers. They had her escorted. Escorted. Perfectly within the rules.

I urge the defeat of this very bad idea.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). All time for debate has expired.

Mr. STEARNS. Mr. Chairman, I ask unanimous consent for an additional 30 seconds.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. GEJDENSON. Mr. Chairman, I have to object. I think we have discussed this matter enough.

The CHAIRMAN pro tempore. Objection is heard.

The question is on the amendment offered by the gentleman from Florida (Mr. STEARNS).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. STEARNS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from Florida (Mr. STEARNS) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, proceedings will now resume on those amendments on which further proceedings were postponed in the following order:

Part B amendment No. 26 offered by the gentleman from Pennsylvania (Mr. GOODLING) and Part B amendment No. 30 offered by the gentleman from Florida (Mr. STEARNS).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 26 OFFERED BY MR. GOODLING

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 26 offered by the gentleman from Pennsylvania (Mr. GOODLING) on which further proceedings were postponed and on which the ayes prevailed by a voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 169, noes 256, not voting 8, as follows:

[Roll No. 324]

AYES—169

Aderholt
Andrews
Armey
Bachus
Baker
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bilbray
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cox
Crane
Cubin
Cunningham
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Ehrlich
Emerson
Everett
Fletcher
Foley
Fowler
Franks (NJ)
Gallegly
Gekas
Gibbons
Gilchrest
Gillmor
Goode
Goodlatte
Goodling
Graham
Granger
Green (WI)
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Isakson
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kasich
King (NY)
Largent
Latham
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Northup
Norwood
Nussle
Packard
Paul
Pease
Peterson (MN)
Petri
Pickering
Pitts
Pombo
Pryce (OH)
Radanovich
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Ryan (WI)
Ryun (KS)
Sanford
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Spence
Stearns
Stump
Sununu
Sweeney
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weller
Wicker
Young (AK)
Young (FL)

NOES—256

Abercrombie
Ackerman
Allen
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Callahan
Calvert
Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cook
Cooksey
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dunn
Edwards
Ehlers
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Forbes
Ford
Fossella
Frank (MA)
Frelinghuysen
Frost
Ganske
Gejdenson
Gephardt
Gilman
Gonzalez
Gordon
Goss
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kildee
Kilpatrick
Kind (WI)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Ney
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pickett
Pomeroy
Porter
Portman
Price (NC)
Quinn
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Talent
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Weiner
Weldon (PA)
Wexler
Weygand
Whitfield
Wilson
Wise
Wolf
Woolsey
Wu
Wynn

NOT VOTING—8

Archer
Ballenger
Chenoweth
Hyde
Kennedy
McDermott
Peterson (PA)
Roukema

□ 1419

Messrs. DAVIS of Virginia, HOBSON, PORTMAN, PAYNE, HINCHEY, FOSSELLA, INSLEE, WELDON of Pennsylvania, OWENS, and MICA changed their vote from ''aye'' to ''no.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). Pursuant to House Resolution 247, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on each amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 30 OFFERED BY MR. STEARNS

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on Amendment No. 30 offered by the gentleman from Florida (Mr. STEARNS) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 287, noes 136, not voting 10, as follows:

[Roll No. 325]

AYES—287

Abercrombie
Aderholt
Andrews
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berkley
Berry
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boucher
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Clay
Clement
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeFazio
DeLay
DeMint
Diaz-Balart
Dickey
Doggett
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Inslee
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)

Kanjorski
Kasich
Kelly
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Manzullo
Markey
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meek (FL)
Metcalf
Mica
Miller (FL)
Miller, Gary
Minge
Mink
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Ose
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Regula
Reyes
Reynolds
Riley
Rivers
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanders
Sandlin
Sanford
Saxton
Scarborough
Schaffer
Scott
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Udall (NM)
Upton
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wolf
Wu
Wynn
Young (AK)

NOES—136

Ackerman
Allen
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berman
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boyd
Brady (PA)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clayton
Clyburn
Conyers
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Dooley
Edwards
Engel
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Holt
Hooley
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E.B.
Jones (OH)
Kaptur
Kildee
Kilpatrick
Kleczka
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lofgren
Lowey
Maloney (NY)
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McNulty
Meehan
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Moakley
Mollohan
Moore
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Price (NC)
Rangel
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sawyer
Schakowsky
Serrano
Slaughter
Snyder
Stabenow
Strickland
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Towns
Turner
Udall (CO)
Velazquez
Vento
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wilson
Wise
Woolsey

NOT VOTING—10

Archer
Chenoweth
Hilleary
Hoyer
Hyde
Kennedy
McDermott
Obey
Peterson (PA)
Young (FL)

□ 1427

Messrs. EDWARDS, MEEHAN, NADLER, DEUTSCH, and TURNER changed their vote from ''aye'' to ''no.''

Mrs. MEEK of Florida changed her vote from ''no'' to ''aye''.

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. It is now in order to consider Amendment No. 31 printed in Part B of House Report 106–235.

AMENDMENT NO. 31 OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 31 offered by Ms. WATERS:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS CONCERNING SUPPORT FOR DEMOCRACY IN PERU AND THE RELEASE OF LORI BERENSON, AN AMERICAN CITIZEN IMPRISONED IN PERU.

It is the sense of the Congress that—

(1) the United States should increase its support to democracy and human rights activists in Peru, providing assistance with the same intensity and decisiveness with which it supported the pro-democracy movements in Eastern Europe during the Cold War;

(2) the United States should complete the review of the Department of State investigation of threats to press freedom and judicial independence in Peru and publish the findings;

(3) the United States should use all available diplomatic efforts to secure the release of Lori Berenson, an American citizen who was accused of being a terrorist, denied the opportunity to defend herself of the charges, allowed no witnesses to speak in her defense, allowed no time to privately consult with her lawyer, and declared guilty by a hooded judge in a military court; and

(4) in deciding whether to provide economic and other forms of assistance to Peru, the United States should take into consideration the willingness of Peru to assist in the release of Lori Berenson.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentlewoman from California (Ms. WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California (Ms. WATERS).

□ 1430

Ms. WATERS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, 176 Members of Congress have signed and joined a campaign for the release of Lori Berenson, a young, educated, idealistic, middle-class journalist.

In November of 1995, Lori was arrested as a suspected terrorist, subjected to a secret, hooded military tribunal in which she was denied every semblance of due process according to the United States State Department, every major human rights group, and the United Nations Commission on Human Rights. She was convicted of treason and given a life sentence without parole.

Despite President Fujimori's promise for an open democracy when he was elected in 1990, he annulled Peru's constitution, dissolved the legislature, removed judges and dismantled the courts in April of 1992, and he has established secret military trials with jurisdiction over civilians. Human rights workers and journalists in Peru have been subjected to intimidation, death threats, abductions, tortures, interrogation and imprisonment by the Peruvian government.

On Thursday, July 1, 1999, the House Committee on International Relations passed by voice vote H.R. 57 which expresses concern over the interference with freedom of the press.

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

Mr. SMITH of New Jersey. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). The gentleman from New Jersey is recognized for 5 minutes.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself such time as I may consume.

First, I rise in reluctant opposition to the amendment offered by my friend and colleague from California. I share the Member's concern about recent negative trends within Peru. I have held hearings in my own Subcommittee on International Operations and Human Rights focusing on some of those concerns with regard to human rights problems. There is a serious need for increased press freedom and judicial independence in that country. There is no doubt about that. I also agree that the procedures used to convict Lori Berenson of aggravated terrorism were egregious.

Lori Berenson certainly deserves due process and to have her case tried by an open, civilian court in Peru. The fact that Peru discontinued its use of faceless military tribunals in 1997 is a further indictment of the process that was used to convict her.

But the amendment before us calls for something different than a fair trial and due process rights for Berenson. Let me just point out that it calls for release. It calls for her release. I think that goes beyond what we should be willing to do. In so doing, it implies her innocence. We should be taking no stance on the merits of the very serious terrorism charges leveled against

Ms. Berenson and we must avoid commenting, even implicitly, on the serious evidence against her. To do anything else would denigrate the valid interest of the people of Peru in combating terrorism, which that has claimed the lives of tens of thousands of Peruvian civilians during the past two decades.

Mr. Chairman, the Tupac Amaru Revolutionary Movement, or MRTA, which Ms. Berenson is accused of assisting, is a terrorist organization. According to our State Department, it was responsible for numerous killings of civilians, hundreds of violent attacks and other egregious human rights violations in Peru during the past year. The MRTA was responsible for the siege of the Japanese ambassador's residence in late 1996 which resulted in the holding of numerous hostages, including over a dozen Americans, for 5 months. Assisting such activities could merit someone a life sentence here in the United States. Again, she needs due process and a fair trial and we should not comment on whether or not she is innocent or guilty.

Mr. Chairman, people in the United States have the right to a fair trial and an opportunity to confront their accusers. I believe we must demand such basic rights for U.S. citizens abroad, no matter how serious the charges may be against them. We must demand an open, fair trial for Lori Berenson. Unfortunately, this amendment does not do that. It says in the plain text, it calls for her release. So I must respectfully oppose it.

Let me also point out, Mr. Chairman, that the human rights organizations, such as Amnesty International have been calling for a fair trial. They have not been calling for her release. I respectfully suggest to the gentlewoman from California, these groups—and I am a great admirer of Amnesty International—have not said release her. They have said she has to get a fair trial.

Ms. WATERS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentlewoman from California.

Ms. WATERS. Mr. Chairman, first of all, let me draw the gentleman's attention to what the amendment actually says: ''The United States should use all available diplomatic efforts to secure the release of Lori Berenson.''

Mr. SMITH of New Jersey. Reclaiming my time, it is the release that we are talking about. I believe she needs a fair trial. That is where all of our diplomatic efforts must be put. No American should be immune from prosecution of a criminal charge, but they are entitled, I say to the chairman and to my colleagues, to a fair trial. She has not gotten it and that is where I believe that President Fujimori has erred completely. I happen to believe that the tendency in Peru is towards dictatorship on the part of the President, although there have been some trends that may suggest otherwise.

I would ask for a fair trial, not her release. I would hope—and we had asked the gentlewoman through staff and through other ways to reword her amendment so we could all support it, asking again for due process rights to be protected, not for her release.

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

Ms. WATERS. Mr. Chairman, I yield 1 minute to the gentlewoman from New York (Mrs. MALONEY) who represents Berenson's parents.

Mrs. MALONEY of New York. Mr. Chairman, Lori Berenson grew up in my district. Her parents Rhoda and Mark are living every parent's nightmare, the fear that their child could be taken from the streets of a foreign country and thrown into jail without American concepts of justice.

Mr. Chairman, I include for the RECORD letters from Lori Berenson that she was never able to present her point of view in trials. She says, ''I was never a member of the MRTA.'' She was never given the opportunity to cross-examine witnesses against her or to provide witnesses in her support.

Members of the Community of Organizations for Human Rights.

ESTEEMED MEN AND WOMEN: Through this communication permit me to congratulate you on your important work for human rights.

I would like to inform you of some details about me and my case.

As you know, I have been confined for more than two and a half years at the Yanamayo maximum security military prison, accused of being a member of the MRTA, and fulfilling the sentence of life imprisonment dictated by a faceless military tribunal.

I have never been a member of the MRTA; I have never participated in the planning of a violent act, neither with the MRTA nor anybody else; neither have I ever promoted violence, and, what is more, I do not believe in violence and it would not be possible for me to participate in violence.

I do believe in ideals of justice and equality; to share the ideals of a more just world for the poor majority does not imply that I share in the use of violence to achieve such goals.

In my own way, I have worked for these ideals. In Peru, I sought to learn about and find ways to help the most poor and oppressed people. I met with, observed, and studied these people, including their history, their culture, their music. I also tried to observe how the government, the law, and the economically powerful treated the poor. I was writing about what I experienced and learned and I had legitimate journalistic credentials from two U.S. publications. I hoped to be able to help the situation of human rights and social justice for the most poor; I still believe in that, and I believe it will happen.

Certainly, I have not had real justice. I am completely innocent of the horrendous charges made against me, and there could not be real evidence that shows such crimes.

I hope that these details might give you a better basis to facilitate an understanding of my situation and, at the same time, I turn to reiterate my greatest respect and admiration for your important works for the good of humanity.

With much respect,

LORI BERENSON.

U.S. SENATE,
Washington, DC, April 27, 1999.

Hon. MADELEINE K. ALBRIGHT,
Department of State, Washington, DC.

DEAR MADAM SECRETARY: It has been more than three years since Lori Helene Berenson, an American citizen, was sentenced to life in prison for treason by a secret Peruvian military tribunal. A recent decision by the United Nations High Commission on Human Rights (UNHCR) about Ms. Berenson's case found Peru in violation of international law, while her deteriorating health makes attention to this matter all the more urgent.

On December 3, 1998, UNHCR, through its Working Group on Arbitrary Detention, rendered its decision on Ms. Berenson's case in Opinion No. 26/1998. It states, ''[t]he deprivation of Lori Berenson's liberty is arbitrary, as it contravenes Articles 8, 9 and 10 of the Universal Declaration of Human Rights, and Articles 9 and 14 of the International Covenant on Civil and Political Rights.'' Peru voted in favor of the Universal Declaration of Human Rights and has both signed and ratified the Covenant on Civil and Political Rights. Further, the Working Group asks the Peruvian government ''to adopt measures necessary to remedy the situation, in accordance with the norms and principles enunciated in the Universal Declaration on Human Rights and in the International Covenant on Civil and Political Rights.'' As of this date, Peru has not adopted any such measures.

During the last three years, Ms. Berenson has developed physical ailments associated with imprisonment at a high altitude and recently spent 115 days in solitary confinement. Although she has been transferred to a lower altitude at the Socabaya prison, Ms. Berenson's health problems continue to develop; she has numbness in both her hands and at night experiences blindness in her right eye.

Many of us have previously called for an open and fair proceeding in a civilian court for Ms. Berenson. We now believe that Ms. Berenson's deteriorating health warrants humanitarian release from prison and urge you to use your authority to secure Ms. Berenson's release before her health further deteriorates.

Thank you for your consideration.

Sincerely,

DANIEL PATRICK MOYNIHAN.
JAMES M. JEFFORDS.

33 COSIGNERS OF A DEAR COLLEAGUE LETTER TO SECRETARY-OF-STATE ALBRIGHT

Daniel Akaka (D–HI)
Max Baucus (D–MT)
Joseph Biden, Jr. (D–DE)
Jeff Bingaman (D–NM)
Barbara Boxer (D–CA)
John Breaux (D–LA)
Ben Nighthorse Campbell (R–CO)
Sue Collins (R–ME)
Christopher Dodd (D–CT)
Byron Dorgan (D–ND)
Richard Durbin (D–IL)
Russell Feingold (D–WI)
Dianne Feinstein (D–CA)
Tom Harkin (D–IA)
Daniel Inouye (D–HI)
James Jeffords (R–VT)
Tim Johnson (D–SD)
Ted Kennedy (D–MA)

J. Robert Kerrey (D–NE)
John Kerry (D–MA)
Mary Landrieu (D–LA)
Frank Lautenberg (D–NJ)
Patrick Leahy (D–VT)
Carl Levin (D–MI)
Blanche Lambert Lincoln (D–AR)
Barbara Mikulski (D–MD)
Daniel Patrick Moynihan (D–NY)
Patty Murray (D–WA)
John D. Rockefeller IV (D–WV)
Paul Sarbanes (D–MD)
Charles Schumer (D–NY)
Arlen Specter (R–PA)
Robert Torricelli (D–NJ)

Notes: The letter was sponsored by Senators Jeffords and Moynihan. Senators Rick Santorum (R–PA) and Paul Wellstone (D–MN) agreed to write their own letters.

CONGRESS OF THE UNITED STATES,
Washington, DC, May 31, 1999.

President WILLIAM JEFFERSON CLINTON,
The White House,
Washington, DC.

DEAR PRESIDENT CLINTON: For more than three years, Lori Berenson, an American citizen, has been incarcerated in Peru, serving a life sentence after being convicted by a faceless military tribunal for treason. Lori Berenson has always maintained her innocence, but she has been systematically denied due process by Peru. We urge you to do everything within your power to seek justice in her case.

Recently the United Nations High Commission on Human Rights, through its Working Group on Arbitrary Detention, stated in its official Opinion 26/1998 that Lori Berenson has been deprived of her liberty arbitrarily and that the government of Peru is in violation of two international pacts to which it is signatory—Articles 8, 9, and 10 of the Universal Declaration of Human Rights and Articles 9 and 14 of the International Covenant on Civil and Political Rights. The Working Group has declared that Peru take all necessary steps to remedy Lori's wrongful incarceration in accordance with the norms and principles enunciated in the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. Peru has not taken steps to comply with the Commission's ruling and, in fact, recently Lori was kept in solitary confinement for 115 days in Socabayo prison. On March 11, 1999, the New York Times reported that an American delegation visited Lori and found her to be in poor health.

Members of Congress have expressed their concerns about Lori's treatment in letters to Peruvian President Fujimori from 20 U.S. Senators and 87 Representatives in August 1996 and letters to Secretary Albright from 55 Senators and 180 Representatives in December 1997. It is time for stronger action.

Title 22 U.S.C. Section 1732 directs the President to take all necessary steps, short of going to war, to secure the release of an incarcerated American citizen ''if it appears to be wrongful.'' The finding of the United Nations High Commission on Human Rights is that the Peruvian government's disregard for international norms in Lori Berenson's case is so egregious, relative to impartial judgment, that it has resulted in the wrongful arbitrary deprivation of her liberty.

Lack of leadership and effective action on Lori's case could endanger U.S. citizens not only in Peru, but in many other countries. It sends the unfortunate message that the U.S. will not act when its citizens are wrongfully imprisoned in foreign countries. In addition, lack of strong action in this case would jeopardize the importance of the office of United Nations High Commission on Human Rights and denigrate the cause of justice and human rights throughout the world.

We know that you share our concern for Lori Berenson and the unjust treatment that she has received, and we look forward to working with you to resolve her case.

Sincerely,

176 COSIGNERS OF A DEAR COLLEAGUE LETTER TO PRESIDENT CLINTON

Abercrombie (D–HI), Allen (D–ME), Andrews (D–NJ), Baldacci (D–ME), Baldwin (D–WI), Becerra (D–Ca), Bentsen (D–TX), Berman (D–CA), Blagojevich (D–IL), Blunt (R–MO), Bonior (D–MI), Borski (D–PA), Boucher (D–VA), Boyd (D–FL), Brady (D–PA), Brown, G. (D–CA), Brown, S. (D–OH), Capps (D–CA), Capuano (D–MA),Carson (D–IN), Christian-Christensen (D–VI), Clay (D–MO), Clayton (D–NC), Clement (D–TN), Clyburn (D–SC), Conyers, Jr. (D–MI), Costello (D–IL), Crowley (D–NY), Cunningham (R–CA), Danner (D–MO), Davis, D.K. (D–IL), DeFazio (D–OR), DeGette (D–CO), Delahunt (D–MA), DeLauro (D–CT), Deutsch (D–FL), Dicks (D–WA), Dixon (D–CA), Doyle (D–PA), Engel (D–NY), English (R–PA), Eshoo (D–CA), Faleomavaega (D–AS), Farr (D–CA).

Filner (D–CA), Ford, Jr. (D–TN), Franks (R–NJ), Frost (D–TX), Gejdenson (D–CT), Gonzalez (D–TX), Goode, Jr. (D–VA), Granger (R–TX), Greenwood (R–PA), Gutierrez (D–IL), Hall, R. (D–TX), Hall, T. (D–OH), Hastings (D–FL), Hinchey (D–NY), Hoeffel (D–PA), Hoekstra (R–MI), Holden (D–PA), Holt (D–NJ), Horn (R–CA), Inslee (D–WA), Jackson, Jr. (D–IL), Jackson-Lee (D–TX), Jefferson (D–LA), John (D–LA), Johnson, E.B. (D–TX), Johnson, N. (R–CT), Jones (D–OH), Kaptur (D–OH), Kelly (R–NY), Kennedy (D–RI), Kildee (D–MI), Kilpatrick (D–MI), Kind (D–WI), King (R–NY), Kleczka (D–WI), Kuykendall (R–CA), LaFalce (D–NY), Lampson (D–TX), Lantos (D–CA), Larson (D–CT), Lazio (R–NY), Leach (R–IA), Lee (D–CA), Levin (D–MI).

Lewis (D–GA), LoBiondo (R–NJ), Lofgren (D–CA), Lowey (D–NY), Luther (D–MN), Maloney, C. (D–NY), Maloney, J. (D–CT), Markey (D–MA), Martinez (D–CA), Matsui (D–CA), McCarthy (D–NY), McGovern (D–MA), McInnis (R–CO), McKinney (D–GA), McNulty (D–NY), Meehan (D–MA), Meek (D–FL), Meeks (D–NY), Millender-McDonald (D–CA), Miller (D–CA), Minge (D–MN), Mink (D–HI), Moakley (D–MA), Morella (R–MD), Murtha (D–PA), Nadler (D–NY), Napolitano (D–CA), Neal (D–MA), Oberstar (D–MN), Obey (D–WI), Olver (D–MA), Ose (R–CA), Owens (D–NY), Pallone, Jr. (D–NJ), Pascrell, Jr. (D–NJ), Pastor (D–AZ), Payne (D–NJ), Pelosi (D–CA), Peterson (D–MN), Porter (R–IL), Price (D–NC), Pryce (R–OH), Rangel (D–NY), Rodriguez (D–TX).

Rogan (R–CA), Romero-Barcelo (D–PR), Rothman (D–NJ), Roybal-Allard (D–CA), Royce (R–CA), Rush (D–IL), Sabo (D–MN), Sanchez (D–CA), Sanders (I–VT), Sandlin (D–TX), Schakowsky (D–IL), Serrano (D–NY), Shays (R–CT), Sherman (D–CA), Sherwood (R–PA), Shows (D–MS), Slaughter (D–NY), Smith (D–WA), Snyder (D–AR), Spratt, Jr. (D–SC), Stark (D–CA), Strickland (D–OH), Stupak (D–MI), Talent (R–MO), Thompson, B. (D–MS), Thompson, M. (D–CA), Tierney (D–MA), Towns (D–NY), Traficant, Jr. (D–OH), Turner (D–TX), Udall (D–CO), Underwood (D–GU), Upton (R–MI), Velázquez (D–NY), Waters (D–CA), Watt (D–NC), Waxman (D–CA), Weiner (D–NY), Wexler (D–FL), Weygand (D–RI), Whitfield (R–KY), Woolsey (D–CA), Wu (D–OR), Wynn (D–MD).

Notes: The letter was sponsored by Representatives C. Maloney, J. Leach, C. Morella, and M. Waters. Representatives Hooley (D–OR), Menendez (D–NJ), Moore (D–KS), and Vento (D–MN) agreed to sign post-deadline. Representative Frank (D–MA) decided to write his own letter to Secretary Albright.

STATEMENT ON LORI BERENSON BY NOAM CHOMSKY

Lori Berenson has been subjected to a travesty of justice and a grim exercise of state terror. The victim in this case is a young North American woman of remarkable courage and integrity, who has chosen to accept the fate of all too many others in Peru. She is also—and not so indirectly—a victim of Washington's policies, in two respects: because of its support for the Peruvian terror state and the conditions it imposes on its population, and because of its evasiveness in coming to her defense, as it can readily do, with considerable if not decisive influence. Also not so indirectly, she is a victim of all of those—in all honesty, I cannot fail to include myself—who have done far too little to rescue her from the suffering she has endured for her refusal to bend to the will of state terrorist authorities.

Lori Berenson eminently qualifies as a prisoner of conscience. She has rightly received the support of the UN High Commission on Human Rights and Amnesty International. With immense courage and self-sacrifice, she is not only standing up with honor and dignity for her own rights, but for the great number of people of Peru who are suffering severe repression and extreme economic hardship as a consequence of policies that sacrifice much of the population to the greed and power of small sectors of privilege—in Peru itself, and in the deeply unjust and coercive global system that has been constructed to yield such outcomes.

Lori Berenson is not only a wonderful person whose rights are under savage attack, but also an inspiring symbol of the aspirations of countless people throughout the world who seek a measure of the freedom and rights that they deserve, in a world that is more humane and more just, and that we can help create if we are willing to devote to this cause a fraction of the heroism that Lori Berenson has so impressively demonstrated in her honorable and far too lonely struggle.

[From the Jewish Week, June 25, 1999]

STATEMENT ON LORI BERENSON BY RABBI MARCELO BRONSTEIN

On May 26, 1999 Rabbi Marcelo Bronstein, Temple B'nai Jeshurun in New York City, participated in an ecumenical delegation that visited Lori Berenson for one hour in Socabaya Prison in Arequipa, Peru. The delegation also included the Reverend Doctor William J. Nottingham from the Christian Theological Seminary in Indianapolis and Sister Doctor Eileen Storey of Sisters of Charity in New York City.

The Jewish Week interviewed Rabbi Bronstein upon his return to New York City. The newspaper reported the following: ''The delegation met with Berenson, 29, in a room with guards outside the open door. She declared her innocence and the difficulties of solitary confinement. They spoke about the future, her faith, and her health.''

The following are the four quotes attributed to Rabbi Bronstein:

''I would like to say that Lori is a person with the right values at the wrong place and the wrong time, values of justice, caring.''

''I didn't find a drop of bitterness or anger, just lots of pain and sorrow.''

''She is thirsty to know what's going on in the world. She feels useless.''

''I am very worried about Lori's spiritual and psychological health.''

There are further press reports from Fujimori where he announced that he would not respect the organization of Americans decision on Lori's appeal regardless of the outcome. For years I have tried to get a fair trial. Hundreds of my colleagues have joined me in appealing for a fair trial. This has been denied.

I went to see Lori. I went to see her in prison in November of 1997. She has permanent laryngitis. Her eyesight is failing. She is suffering. I ask my colleagues to support this resolution, and I personally support release on humanitarian grounds.

Ms. WATERS. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. MCGOVERN).

Mr. MCGOVERN. Mr. Chairman, I rise in strong support of the Waters amendment.

The Lori Berenson case illustrates the history of judicial abuse in Peru. A closed military tribunal, a hooded judge, no legal counsel, no right to defend oneself, and a masked man holding a gun to Lori's head throughout the proceeding. But this is a reality experienced by hundreds of Peruvians.

While closed military tribunals have now been abolished in Peru, hundreds of individuals are serving life sentences like Lori Berenson because of the judgments rendered by these tribunals. In addition, even the State Department concludes that it is still impossible to receive a fair trial, to undergo a just process in Peru's current judicial system. So asking for a new trial in Lori's case is very problematic, because it is impossible to get a fair trial in Peru today.

Over the past 2 years, years during which Lori Berenson has been imprisoned, the U.S. has given to Peru over $300 million in economic and military aid. During that same period, the U.S. sent over $23 million in additional military counternarcotics aid. I think we have some leverage with Peru and I think it is time we used it. On behalf of Lori Berenson and all Peruvians who have been victims of human rights abuses by the Peruvian government, military and courts, I urge my colleagues to support the Waters amendment.

Ms. WATERS. Mr. Chairman, I yield 1 minute to the gentlewoman from Georgia (Ms. MCKINNEY), ranking member of the Subcommittee on International Operations and Human Rights of the Committee on International Relations.

Ms. MCKINNEY. Mr. Chairman, the most important part of this amendment calls for the release of an American citizen, Lori Berenson, who was convicted of involvement with terrorist groups after a trial before hooded military judges in which there was no due process whatever. We have asked the Peruvian government to give her a fair civilian trial. President Fujimori himself has publicly refused.

Now it is time to do something about this. If Lori Berenson is not going to get a fair trial, and she is not, then she deserves to be set free. That is what we would do here for people who are tried unfairly, and we have no right letting a foreign government get away with less when Americans are involved.

The Waters amendment is about whether Americans overseas should get fair trials when they are arrested and whether we believe the rule of law and due process are important. They should, and they are. Join me in supporting fairness for our citizens, due process and the rule of law. Vote for the Waters amendment.

Ms. WATERS. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Mr. Chairman, I rise to express my support for this amendment.

Ms. WATERS. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Chairman, I rise in support of the gentlewoman from California's amendment.

Ms. WATERS. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Florida (Mrs. MEEK).

Mrs. MEEK of Florida. Mr. Chairman, I rise to strongly support the Waters amendment for fairness and justice.

Ms. WATERS. Mr. Chairman, I yield such time as she may consume to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Chairman, I rise in support of the Waters amendment and say that this is the right thing to do, it is the fair thing to do, and I think our colleagues know we must do this.

Ms. WATERS. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. ACKERMAN).

Mr. ACKERMAN. Mr. Chairman, I rise in opposition to the amendment.

Ms. WATERS. Mr. Chairman, I would like to make an inquiry of whether or not I get the last speaker on this amendment. I think the gentleman from New Jersey has 1 minute left.

The CHAIRMAN pro tempore. The gentleman from New Jersey (Mr. SMITH) has the right to close.

Ms. WATERS. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA), a signatory to the May 31 letter.

Mrs. MORELLA. Mr. Chairman, I rise in support of the Waters sense of Congress amendment.

We have heard about the Lori Berenson case, an American citizen unjustly imprisoned in Peru on charges of treason. The first problem is, how can one commit treason against a country of which one is not a citizen?

Furthermore, Lori's trial was completely lacking in due process. She was tried in a military court by a faceless judge. She never received written notice of the charges against her. She had only limited access to an attorney. She was not informed of the evidence against her, nor did she have the opportunity to cross-examine witnesses. She has been sentenced to life in prison under conditions which are cruel and inhumane.

Our State Department has criticized these military tribunals. The U.N. Human Rights Commission has judged her case to be one of arbitrary detention. In a similar case involving four Chileans, the Inter-American Court on Human Rights called for a new trial, but Peru did not accept that.

Mr. Chairman, the Peruvian government should provide Lori and all others unjustly imprisoned a fair trial with due process. If Lima is unwilling to do so, then Lori should be released and deported.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself the balance of my time.

Just let me make a couple of points. In reading over this amendment again, I have great empathy for it. I have had hearings in my subcommittee about human rights abuses and have gone down to Lima, Peru to meet with President Fujimori to express my own concerns, especially in light of the ''Fuji coup'' that took place some years back. But again my position comports with that of the administration and the State Department. And the human rights organizations like Amnesty International, are not saying release her, they are saying give her a fair trial. I think that is where our efforts ought to be put. We do not have the capability or the competence or the information—because I have looked at the reams of information—to make a definitive decision as to whether or not she should be freed.

□ 1445

There are very serious charges of terrorism with a group that has a despicable track record on the use of violence against individuals and innocent people. Whether or not she is a part of it, I do not know, but there are serious allegations. She was given a sham trial, no doubt about it.

I would be willing to ask unanimous consent, if the gentlewoman would change the wording in her amendment from ''the release of'' Lori Berenson to ''a fair trial for'' Lori Berenson. We could all support that amendment.

But again, to say we should release somebody?

Mr. Chairman, I would ask unanimous consent if the gentlewoman could

accept that kind of change in the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Ms. WATERS. Reserving the right to object, Mr. Chairman, I would like for the gentleman from New Jersey to restate his request.

Mr. SMITH of New Jersey. Mr. Chairman, on Line 17, where it says ''to secure the release of Lori Berenson,'' to strike ''the release of'' and put ''a fair trial for'' Lori Berenson, and also on Page 2, Line 6, just so it is internally consistent, ''to assist in providing a fair trial for.'' And then I hope we would be unanimous, because I do believe it was a sham trial, as I said to the gentlewoman. My subcommittee has looked into it. We think it is awful. Her due process rights were trashed. But if indeed we are talking about a situation where she may have been involved with this, that is something that a fair trial has to adjudicate.

PARLIAMENTARY INQUIRY

Ms. WATERS. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN pro tempore. The gentlewoman will state her inquiry.

Ms. WATERS. Mr. Chairman, do I need unanimous consent for 1 minute in order to respond to the request that is being made by the gentleman?

The CHAIRMAN pro tempore. Perhaps the gentlewoman from California would care to ask unanimous consent to proceed with debate time for 1 minute on each side.

Ms. WATERS. Yes, Mr. Chairman.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

Ms. WATERS. Mr. Speaker, I would like very much to be able to comply with the request that the gentleman is making, however when the gentleman asked us who are working so hard for fairness for this young lady to be put back in the hands of Fujimori who has dismantled his government, who has opted out of human rights, the International Human Rights Commission, who in no way is committed to democracy, who is threatening lives, who is intimidating, how then does my colleague expect her to get a fair trial from an unfair dictator?

Mr. SMITH of New Jersey. Mr. Chairman, will the gentlewoman yield?

Ms. WATERS. I yield to the gentleman from New Jersey.

Mr. SMITH of New Jersey. This is exactly why the attempt has to be at the highest levels of our government, going right to the President of the United States, who needs to make this a major issue—that she be given a fair trial. That goes for all of us. To date, it has not been a major issue.

Ms. WATERS. Reclaiming my time, we have asked Fujimori over and over and over again. He has denied us. This is an American young woman that is sitting up there in the Andes who is freezing to death, who is losing her voice, who is getting crippled from arthritis. This is an American child.

Mrs. MALONEY of New York. Mr. Chairman, will the gentlewoman yield?

Ms. WATERS. I yield to the gentlewoman from New York.

Mrs. MALONEY of New York. And now he would not respect the organization of American decision on Lori's appeal regardless of the outcome. What does that tell us? They are not going to give her a fair trial. Even if she wins in the OAA, they are saying no.

The CHAIRMAN pro tempore. The time of the gentlewoman from California (Ms. WATERS) has expired.

Ms. WATERS. Mr. Chairman, I ask unanimous consent for 2 more minutes for this debate, 1 minute on each side.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from New Jersey (Mr. SMITH) is recognized for 1 minute.

Mr. SMITH of New Jersey. Mr. Chairman, again I think it is unfortunate that the gentlewoman from California cannot accept a fair trial language in place of the release of.

I think it will be very wrong, I would say to my colleagues, if all of us went on record saying that this lady, and she may be innocent, we do not know. I believe we have to be honest enough to say that the charges, and I have checked with the human rights groups, they are in doubt as to her innocence, and that is to leading groups.

Mr. GEJDENSON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentleman from Connecticut.

Mr. GEJDENSON. Mr. Chairman, I ask unanimous consent for 2 additional minutes, one on each side.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SMITH of New Jersey. Reclaiming my time just briefly, and then I will be happy.

As my colleagues know, the charges are that she was planning on blowing up the Peruvian Congress. Now I do not know if that is true or not, but we know how seriously we take those acts of violence that are committed on our own Congress, killing of our two policemen which we so rightfully honored yesterday.

This lady may be completely innocent. What she deserves is a fair trial, not a de facto exoneration by the Congress or the House of Representatives of the United States, and I think we err seriously if we make a decision not knowing, and Members will be walking in that door voting based on a handout in some cases or just a scintilla of knowledge. We need to know the real facts which are voluminous about this case.

Mr. GEJDENSON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentleman from Connecticut.

Mr. GEJDENSON. Mr. Chairman, I think all sides here are genuine in the desire to come to agreement, and might I make this suggestion?

I think the gentlewoman from California is concerned that there is no structure that could guarantee a free trial, and what I would ask is unanimous consent if the gentlewoman from California (Ms. WATERS) and the gentleman from New Jersey (Mr. SMITH) could be given a moment to see if they can work out some agreed upon language that would be based on the principle that if a fair trial could be guaranteed, if Mr. Fujimori were to step down tomorrow, if there was a new election, if there was a free and fair judicial process established, then we would see a fair trial. If we cannot have that, they ought to release her.

The CHAIRMAN pro tempore. The time of the gentleman from New Jersey (Mr. SMITH) has expired.

Mr. GEJDENSON. Mr. Chairman, I ask unanimous consent for another minute on each side.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GEJDENSON. Mr. Chairman, I ask unanimous consent if we would pass over this for a moment, go to the next amendment, give these two folks, who I think are both intent on achieving justice, an opportunity to sit down and see if they can work something out. They may not be able to. Then we would come back and conclude and add this to the voting list in the regular order.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Connecticut?

Mr. SMITH of New Jersey. Mr. Chairman, I think the gentleman from Connecticut makes a very helpful suggestion. I would hope that the gentlewoman from California would agree to that, and that would require us proceeding out of order.

A unanimous consent would be proposed to let the gentleman from California (Mr. BILBRAY) proceed while we discuss, and hopefully we can come to language that will send the message to the Peruvian government, to Fujimori, that we are united, that she has been denied her due process rights, and I mean we all want justice. I do not know if exoneration, release is justice. It may be; I do not know. I have looked at the case. If I were a jury, I would want to know a lot more.

So I would hope that we can do what the gentleman from Connecticut has suggested.

The CHAIRMAN pro tempore. Would the gentlewoman from California be willing to withdraw her amendment momentarily in order to accommodate the suggestion made by the ranking member?

Ms. WATERS. Following the 1 minute of the 2 minutes which were granted for the extension of the debate, I would be willing to do that. But for the 1 minute that is still left in this debate I would respectfully like to take that at this time, Mr. Chairman.

The CHAIRMAN pro tempore. The gentlewoman from California is recognized.

Ms. WATERS. Mr. Chairman, Lori Berenson has been in prison for 3½ years. She was tried by a military tribunal that was hooded. She did not receive any justice. Does not the time served count for anything? Or are we to believe that Fujimori, who has said to us by way of communication in a letter and otherwise to everybody who has attempted diplomatic relations with him that he will not release her, are we to believe that this man is capable of giving her a fair trial? Do we not care that she may die up in the Andes, a young woman who is an idealistic journalist who thinks she is working for the rights, human rights, of individuals? Does she deserve to be treated this way?

My colleague has admitted that he does not know if she is innocent or not, but how can he be comfortable not being sure that she is guilty of a crime, that she continues to serve even beyond this 3½ years?

She has said she is not a terrorist, she does not belong to that terrorist organization, and the international human rights committees are not demanding a fair trial of Fujimori. They are demanding her release.

This statement, this amendment that I have, is an amendment that asks the State Department to use all of its diplomatic relations for the release of her. That does not dictate how that is done, but it simply says that the Congress of the United States is interested in them being about the business of showing some care and concern about an American citizen who has been imprisoned unfairly and unjustly over in Peru by a dictator.

Mr. GEJDENSON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentleman from Connecticut.

Mr. GEJDENSON. Mr. Chairman, I have just been informed by the Parliamentarian that we would have to go to the full House. So what I would suggest at this stage is that the gentlewoman and gentleman sit down and work it out. If they cannot work it out, we go right to the vote in the appropriate order. If they can work it out, we would include the new language in the en bloc amendment at the end.

Mr. SMITH of New Jersey. Reclaiming my time, Mr. Chairman, I would just say to my friend we could move to rise, and it will take all of 30 seconds to do it in the full House and then go right back.

Mr. GEJDENSON. We achieve the same goal, and I think my colleagues could sit down. Either way we get the same result.

Mr. SMITH of New Jersey. I am not sure if the gentlewoman is willing.

Mr. ACKERMAN. Mr. Chairman, I move to table this amendment with the understanding that it would be untabled at the appropriate time.

The CHAIRMAN pro tempore. In Committee of the Whole the motion to table is not in order.

All time is expired.

Mr. SMITH of New Jersey. Mr. Chairman, for purposes of working this out, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. KINGSTON) having assumed the chair, Mr. BARRETT of Nebraska, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

MAKING IN ORDER CONSIDERATION OF WATERS AMENDMENT NO. 31 AFTER BILBRAY AMENDMENT NO. 33 DURING FURTHER CONSIDERATION IN THE COMMITTEE OF THE WHOLE OF H.R. 2415, AMERICAN EMBASSY SECURITY ACT OF 1999

Mr. SMITH of New Jersey. Mr. Speaker, I ask unanimous consent to proceed out of order and to proceed directly to the Bilbray amendment when we return to the Committee of the Whole House and then, after that point, to return to the amendment from the gentlewoman from California (Ms. WATERS).

The SPEAKER pro tempore. Does the gentleman ask for unanimous consent to return to the Waters amendment to be reoffered after the Bilbray amendment in Committee of the Whole?

Mr. SMITH of New Jersey. That is correct, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMERICAN EMBASSY SECURITY ACT OF 1999

The SPEAKER pro tempore. Pursuant to House Resolution 247 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2415.

□ 1458

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes, with Mr. BARRETT of Nebraska (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose earlier today, the amendment offered by the gentlewoman from California (Ms. WATERS) had been withdrawn.

It is now in order to consider amendment No. 33 printed in Part B of House Report 106–235.

AMENDMENT NO. 33 OFFERED BY MR. BILBRAY

Mr. BILBRAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B Amendment No. 33 offered by Mr. BILBRAY:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS REGARDING SEWAGE TREATMENT ALONG THE BORDER BETWEEN THE UNITED STATES AND MEXICO.

(a) FINDINGS.—

(1) The Congress finds that it must take action to address the comprehensive treatment of sewage emanating from the Tijuana River, so as to eliminate river and ocean pollution in the San Diego border region.

(2) Congress bases this finding on the following factors:

(A) The San Diego border region is adversely impacted from cross border raw sewage flows that effect the health and safety of citizens in the United States and Mexico and the environment.

(B) The United States and Mexico have agreed pursuant to the Treaty for the Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande, dated February 3, 1944, ''to give preferential attention to the solution of all border sanitation problems''.

(C) The United States and Mexico recognize the need for utilization of reclaimed water to supply the growing needs of the City of Tijuana, Republic of Mexico, and the entire border region.

(D) Current legislative authority limits the scope of proposed treatment options in a way that prevents a comprehensive plan to address the volume of cross border raw sewage flows and the effective utilization of reclamation opportunities.

(E) This section encourages action to address the comprehensive treatment of sewage emanating from the Tijuana River, so as to

eliminate river and ocean pollution in the San Diego border region, and to exploit effective reclamation opportunities.

(b) SENSE OF CONGRESS.—The Congress—

(1) encourages the Secretary of State to give the highest priority to the negotiation and execution of a new treaty minute with Mexico, which would augment Minute 283 so as to allow for the siting of sewage treatment facilities in Mexico, to provide for additional treatment capacity, up to 50,000,000 gallons per day, for the treatment of additional sewage emanating from the Tijuana area, and to provide direction and authority so that a comprehensive solution to this trans-border sanitation problem may be implemented as soon as practicable;

(2) encourages the Administrator of the Environmental Protection Agency and the United States section of the International Boundary and Water Commission to enter into an agreement to provide for secondary treatment in Mexico of effluent from the International Wastewater Treatment Plant (IWTP);

(3) encourages the United States section of the International Boundary and Water Commission to provide for the development of a privately-funded Mexican Facility, through the execution of a fee-for-services contract with the owner of such facility, in order to provide for—

(A) secondary treatment of effluent from the IWTP, if found to be necessary, in compliance with applicable water quality laws of the United States, Mexico, and California; and

(B) additional capacity for primary and secondary treatment of up to 50,000,000 gallons per day, for the purpose of providing additional sewage treatment capacity in order to fully address the trans-border sanitation problem;

(C) provision for any and all approvals from Mexican authorities necessary to facilitate water quality verification and enforcement at the Mexican Facility to be carried out by the International Boundary and Water Commission or other appropriate authority;

(D) any terms and conditions deemed necessary to allow for use in the United States of treated effluent from the Mexican Facility if there is reclaimed water surplus to the needs of users in Mexico; and

(E) return transportation of whatever portion of the treated effluent which cannoted by reused to the South Bay Ocean Outfall; and

(4) in addition to other terms and conditions considered appropriate by the International Boundary and Water Commission, in any fee-for-services contract, encourages the International Boundary and Water Commission to include the following terms and conditions—

(A) a term of 30 years;

(B) appropriate arrangements for the monitoring and verification of compliance with applicable United States, California, and Mexican water quality standards;

(C) arrangements for the appropriate disposition of sludge, produced from the IWTP and the Mexican Facility, at a location or locations in Mexico; and

(D) payment of appropriate fees from the International Boundary and Water Commission to the owner of the Mexican Facility for sewage treatment services, with the annual amount payable to be reflective of all costs associated with the development, construction, operation, and financing of the Mexican Facility.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from California (Mr. BILBRAY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from California (Mr. BILBRAY).

□ 1500

Mr. FILNER. Mr. Chairman, although I am not opposed, I ask unanimous consent to claim the 5 minutes in opposition to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BILBRAY. Mr. Chairman, I yield myself such time as I may consume.

Today the House has the pleasure of supporting a bipartisan amendment that will help clean up the environment and could possibly save hundreds of millions of dollars for the American taxpayer. It is an amendment that is supported by not only the chairman, but also the ranking member of the committee. It is an amendment that hopefully can be used as an example of bipartisan ship and international cooperation, for the good of the taxpayers of this country and for the environment in the United States and Mexico.

Mr. Chairman, my amendment specifically addresses an issue that has gone on for much too long, it is something that addresses the issue of the Tijuana sewage problem that has for so long polluted the beaches of southern California. The gentleman from California (Mr. FILNER) has worked with me on this issue in order to pursue a solution that may be able to save hundreds of millions of dollars.

The issue really is tied to the fact that Tijuana does not have adequate sewage treatment capabilities at this time and has not historically had those. This amendment would encourage a bipartisan minute order between Mexico and the United States, through the vehicle of the International Boundary and Water Commission, that specifically states that the agencies will work together and cooperate in finally addressing the treatment of the sewage and the appropriate disposal of that sewage, in consistency with not only the Clean Water Act of the United States, but also with Mexican environmental regulations.

This amendment specifically is a sense of Congress, and it is a sense of Congress supporting the concept that the Administration, working with Mexico, will look at the most cost-effective alternatives and opportunities of treating Mexican sewage. That opportunity may exist in the United States, but it may also exist in Mexico.

It may seem like a rather novel idea to some people, but I think if we have the potential to treat Mexican sewage in Mexico and do it cheaper and in a more environmentally sensitive manner, than what we could do on our side of the border, we not only have a right, Mr. Chairman, we have a responsibility to look into this.

I would like to include for the RECORD a statement from the Surfrider Foundation of San Diego County dated July 9, 1999. It is titled, the Surfrider Policy Regarding Delays in Achieving Secondary Treatment at the U.S.-Mexico Border. Mr. Chairman, I will just quote briefly from this statement. Surfrider states in their communique that ''a comprehensive solution will offer the benefits of timeliness as well as the consideration of other priority issues such as the ability to treat all of the sewage problems within the region.'' It says that the proposal is within the existing systems of wastewater treatment that will benefit both Mexico and the United States.

Mr. Chairman, I rise today in strong support of this simple, bipartisan, and common-sense amendment. This may seen like a relatively minor element of such an important and sweeping bill, but it has a potentially huge positive impact on the public health and environment of the international border region between the cities of Tijuana and San Diego. I would ask our colleagues to focus on it for just a moment, and give it your attention and support.

Many of you are well aware of the ongoing health and environmental threats which have existed along this border region for decades as a result of renegade flows of untreated sewage from Mexico. You have heard me and my colleague Mr. FILNER speak to this problem on a number of occasions, and I am happy to report that progress has been made in recent years and months, and is being made even now. An International Wastewater Treatment Plant (IWTP) has been constructed on the U.S. side right at the border and is operating now, treating Mexican sewage to primary levels, with a second treatment component to follow. After a lengthy environmental review of alternatives for providing the required levels of secondary treatment, a decision must be made as to how to proceed with selecting and implementing an environmentally preferable secondary alternative. Right now, the leading alternative is a 25 mgd plant which would consist of an arerated ponding system, which under existing international agreement would be constructed on the U.S. side of the border.

We have come a long way to reach this point, and we now find ourselves at something of a strategic crossroads. I wholeheartedly support secondary treatment of these sewage flows, in order to better protect the beaches, estuaries, and citizens on both sides of the border region. However, it has become clear that the secondary ponds alternative which could be constructed on the U.S. side, while clearly benefited, will be overwhelmed and operating beyond its capacity—25 million gallons per day (mgd)—from its day of operation. Under these circumstances, we would need to immediately begin working on establishing a means to treat the excess capacity of flows—50 mgd and higher—on the U.S. side of the border. This will necessarily take additional

time to develop, and additional U.S. tax dollars to construct and implement. I am more than willing to spend whatever time and money may be needed in order to deal with this problem conclusively, but both time and available dollars are precious commodities, especially when the public health continues to be at risk.

An opportunity has emerged to ''think outside the box'' and carefully consider a progressive and comprehensive strategy which would entail a public-private partnership, and benefit the entire region well into the future, by constructing in Mexico a 25 mgd treatment plant, using the same ponding technology, but with the capacity for safely treating anticipated future flows of 50 to even 100 mgd. In the process, this facility would be able to reclaim treated wastewater and make it available to the rapidly expanding business and industrial sectors of Tijuana. In this growing and arid border region, water is a scarce commodity, and water reclaimed from treatment facilities could free up precious potable water for use in Mexican households.

There is tremendous potential in this innovative approach, and the intent of our amendment is to provide every encouragement that it be pursued to the fullest. We simply want to send the message that Congress supports the idea of a binational agreement, which would be needed in order to facilitate the development and implementation of such a public-private arrangement, with the consent of both federal governments. This potential strategy has considerable popular support in the region, including the City of San Diego and other local elected officials, and respected environmental organizations such as the Surfrider Foundation. I have a brief statement on this topic from the Surfrider Foundation which I would ask to be entered into the record at this point.

If it can be developed and implemented, a long-term and comprehensive solution to a chronic environmental problem will be at hand, U.S. tax dollars will be saved, a new source of reclaimed water will be available to a ready market in Mexico, and the children and families of both Tijuana and San Diego will be able to go to their beaches, play in the estuaries, fish in the oceans, and live their lives in their communities without the chronic stigma and health threat of sewage pollution which is an unfortunate fact of life in the region.

The amendment is respectful of the sovereignty of both nations, and the missions of local, state, and federal governments and agencies which are working on this issue on both sides of the border. Its intent is simply to establish some momentum behind this strategy, and indicate that this Congress is serious in encouraging that it be fully explored and evaluated by both governments and other involved stakeholders as a solution for the region's sewage problem.

There is work that remains to be done at several levels for such a scenario to unfold, but its potential is tremendous, and we can help grow this potential today by supporting this amendment, and laying the groundwork for what could be the final chapter of one of the biggest and for too long most overlooked environmental problems this country has ever seen.

Please help explore this possibility by supporting the Bilbray-Filner amendment.

SURFRIDER FOUNDATION POLICY REGARDING DELAYS IN ACHIEVING SECONDARY TREATMENT AT THE U.S. MEXICAN BORDER

Currently, more than 50 million gallons per day (mgd) of raw, untreated sewage enters the Tijuana River and the Tijuana Municipal Wastewater System. Less than half of this, approximately 25 mgd, is treated to advanced primary standards at the International Wastewater Treatment Plant (ITP) and discharged into the ocean via the South Bay ocean outfall. A portion of the remaining untreated sewage, up to 17mgd, receives some indeterminate level of treatment at the San Antonio de Los Buenos Treatment Plant in Mexico. The remainder of untreated sewage is discharged directly into the nearshore marine environment at the mouth of the Tijuana River and at Punta Banderas, 5 miles south of the Border. Together with numerous other groups, the San Diego County Chapter of the Surfrider Foundation is concerned about the environmental impacts and human health risks of discharging any raw sewage into the ocean, as well as effluent that receives anything less than secondary treatment.

The Environmental Protection Agency (EPA) and International Boundary and Water Commission (IBWC) are required to achieve secondary standards of treatment for all sewage discharged from the ITP by December 2000. Several options for an appropriate treatment plant have been considered by EPA and IBWC, however, no final preferred option has been chosen. The frontrunner to date is a 25mgd secondary treatment plant using ''Completely Mixed Aerated'' pond technology at the ''Hofer'' site adjacent to the ITP. Because the deadline to begin construction of a secondary treatment plant which would be operational by the December date has passed, the agencies have sought more time to select a preferred alternative. Additionally, this added time as been sought to fully consider options not previously considered, which would provide for a comprehensive solution to the known and future anticipated volume of sewage.

The Surfrider Foundation agrees with many others that secondary treatment must be achieved as quickly as possible. The harmful effects to the deep ocean environment, the public, as well as to the beaches and beach communities of southern San Diego County must not continue. However, recognizing that a partial solution is no solution, the Surfrider Foundation is strongly in favor of a comprehensive solution, fully aware of the risk of slight delay. A comprehensive solution will offer the benefits of timeliness as well as the consideration of other priority issues such as the ability to treat all present and future flows, impact of the plant location upon the immediate environment and population, plant expansion capability, feasibility of beneficial water reuse, proper sludge handling, and the relationship and compatibility of the proposal within the existing system of wastewater treatment in both the U.S. and Mexico.

Therefore, the Surfrider Foundation will support the EPA and the IBWC in their efforts to provide comprehensive secondary treatment of all sewage flowing from the Tijuana River as quickly as possible.

Mr. BILBRAY. Mr. Chairman, I yield such time as he may consume to the gentleman from Huntington Beach, California (Mr. ROHRABACHER), my fellow colleague.

Mr. ROHRABACHER. Mr. Chairman, I would like to commend the gentlemen from California (Mr. FILNER and Mr. BILBRAY) for working together on this important piece of legislation. We all live along the coastline of Southern California and this issue of sewage, especially from Mexico going into our waters, is of utmost importance to the health of our people; and both of the gentlemen from California (Mr. FILNER and Mr. BILBRAY) have put out an enormous effort. They have shown bipartisan spirit.

I want to commend both of them, and I appreciate the efforts they have been putting out, especially those of us who do surf in the ocean, recognize the importance of the quality of that water.

Mr. BILBRAY. Mr. Chairman, I reserve the balance of my time.

Mr. FILNER. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I want to thank the gentleman from New York (Mr. GILMAN), the chairman of the committee, and the gentleman from Connecticut (Mr. GEJDENSON), the ranking member, for working with us to have this amendment in order and to support it. And of course I want to thank the gentleman from California (Mr. BILBRAY), my colleague, for being the chief sponsor of this amendment.

The two of us have been knee deep, literally, in this problem for probably 50 years between us; he when he started as a city council member and the mayor of Imperial Beach, California; myself since I was a city council member in San Diego. The two of us in local government have worked very hard to deal with an issue that few people in this House could face, and that is 50 million gallons a day of raw sewage flowing through their districts. This occurs because Mexico simply does not have the facilities to treat this sewage.

We are in the process of solving that. Because of timing, because of the processes of budgeting, we are in an interesting and unique situation. We have a chance, with this House's support, to have a bipartisan, binational environmental-friendly, taxpayer-friendly solution, finally, to a problem that has plagued us for nearly 5 decades.

What we want this House to go on record to do with this amendment is to approve in concept an innovative public-private partnership that says, we can treat this raw sewage originating in Mexico in Mexico with the highest standards to which we would be accustomed to in this country, with an environmentally-sound process which would be paid for up front by the private sector, and which would provide a comprehensive solution, finally, to this problem.

This is a rare opportunity where an innovative solution can be considered. It is not in the box of thinking of the traditional bureaucracies. They have had some trouble studying this to the degree that we would have liked, and so this Congress we are asking to go on

record to approve the concept of studying this innovative public-private partnership, environmentally-friendly approach.

Mr. Chairman, it is time for this problem in Southern California, in southern San Diego which crosses the borders of not only Mexico, the districts of Mr. BILBRAY and myself, to solve this problem.

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

Mr. BILBRAY. Mr. Chairman, may I inquire on how much time remains?

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). The gentleman from San Diego (Mr. BILBRAY) has one 1 minute remaining; the other gentleman from San Diego (Mr. FILNER) has 2 minutes remaining.

Mr. BILBRAY. Mr. Chairman, I yield myself such time as I may consume.

We are talking about the basic decency of allowing our children and families not to have to face pollution and sewage closing our beaches, polluting our estuaries, and especially sewage that is not coming from our neighborhoods or our area. It is actually coming from a foreign country.

Now, the Federal Government has finally awoken to the fact that we have a legal and moral obligation to address this environmental issue. This is a chance for both Republicans and Democrats to stand up to protecting American soil, making sure that the environment really does count, and also saving the taxpayers massive amounts of money. It is, I hate to use the cliche, a classic example of a win-win. I think that is why we see both the ranking member and the chairman of the committee supporting this, with such diverse political views as Mr. Filner and myself supporting this.

It really comes down to the fact that those of us who have lived in this area have been suffering under huge amounts of pollution for decades. Sadly, my children are second generation sewage kids. It is time Congress sends a clear signal that this will come to an end now, and I urge my colleagues to support this amendment.

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

Mr. FILNER. Mr. Chairman, I yield 1 minute to the gentlewoman from Georgia (Ms. MCKINNEY).

Ms. MCKINNEY. Mr. Chairman, I would just like to lend my voice of support for this amendment. It is a bipartisan amendment. It gets rid of raw sewage that originates in Mexico and finds its way on to our shores.

Mr. Chairman, the gentlemen from California have found a way to clean up this issue and to protect American soil. It is very important that we support this amendment, and I am pleased to lend my voice of support.

Mr. FILNER. Mr. Chairman, I yield myself such time as I may consume.

I again want to thank certainly the gentleman from California (Mr. BILBRAY) and his staff for working with me and my staff in preparing this comprehensive amendment. The gentleman from New York (Mr. GILMAN) and the gentleman from Connecticut (Mr. GEJDENSON) have been very supportive. Also, I want to acknowledge the experts on the Clean Water Act and these issues as they relate to the Committee on Transportation and Infrastructure, the gentleman from Pennsylvania (Mr. SHUSTER), the gentleman from Minnesota (Mr. OBERSTAR), the gentleman from Pennsylvania (Mr. BORSKI), and the gentleman from New York (Mr. BOEHLERT) for their support of this approach.

Again, it is a win-win situation. We are going to save taxpayers' money. We have an environmentally sustainable solution that is being applied. It allows Mexico to make use of reclaimed sewage water for its agriculture and commercial purposes. It solves the problem that has been with us for 50 years.

Mr. Chairman, I ask my colleagues in the Congress to support this approach and finally close out a problem that too many of us have suffered with too long.

Mr. Chairman, I yield back the balance of my time.

Mr. BILBRAY. Mr. Chairman, I yield myself the balance of my time.

I would like to thank the chairman for cooperating with us on this issue. This is good for the environment on both sides of the border, as well as on both sides of the aisle. It is time that Congress sends a clear message that we should do whatever we can to help the environment in the most cost-effective, reasonable, and intelligent way. All this says is let us do it the right way with the least amount of cost.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. BILBRAY).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. BILBRAY. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from California (Mr. BILBRAY) will be postponed.

Pursuant to the order of the House, it is now in order to consider Amendment No. 31 printed in Part B of the House report 106–235.

AMENDMENT NO. 31 OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B Amendment No. 31 offered by Ms. WATERS:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS CONCERNING SUPPORT FOR DEMOCRACY IN PERU AND THE RELEASE OF LORI BERENSON, AN AMERICAN CITIZEN IMPRISONED IN PERU.

It is the sense of the Congress that—

(1) the United States should increase its support to democracy and human rights activists in Peru, providing assistance with the same intensity and decisiveness with which it supported the pro-democracy movements in Eastern Europe during the Cold War;

(2) the United States should complete the review of the Department of State investigation of threats to press freedom and judicial independence in Peru and publish the findings;

(3) the United States should use all available diplomatic efforts to secure the release of Lori Berenson, an American citizen who was accused of being a terrorist, denied the opportunity to defend herself of the charges, allowed no witnesses to speak in her defense, allowed no time to privately consult with her lawyer, and declared guilty by a hooded judge in a military court; and

(4) in deciding whether to provide economic and other forms of assistance to Peru, the United States should take into consideration the willingness of Peru to assist in [the release of] Lori Berenson.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentlewoman from California (Ms. WATERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

As my colleagues know, I offered an amendment that would instruct the State Department to use all diplomatic efforts for the release of Lori Berenson. Again, I reiterate that Lori Berenson is a young woman who hails from New York. She is a journalist. She comes from a fine family. She went to Peru to work on human rights issues. She has been jailed by Fujimori. She has been placed high in the Andes in a room, in a prison where the temperature never gets above 40. Her health is failing her. She has been accused of being a terrorist, and she has been sentenced to life in prison.

We have done everything in our power to try and persuade President Fujimori to give her a fair trial. The trial that she received was certainly not fair. It was a trial by a military tribunal. They were hooded. She did not have a chance to offer a defense. She did not have a chance to offer any evidence. She did not have a chance to do anything that would ensure that she could have a fair trial. And so, she has been in prison now for 3 years and 8 months. She has been in prison for 3 years and 8 months with Americans trying to go down there to visit her.

The gentlewoman from New York (Mrs. MALONEY) has been there. We are working with her parents. Mr. Chairman, 176 Members of Congress on both sides of the aisle have joined in a campaign for her release, Democrats and Republicans. We are outraged that we would allow Fujimori to do this to a young American woman.

There is no reason that we should allow Fujimori, who has basically dismantled his government, who has taken over and appointed all of his judges, who really literally has shut down the media, we should not allow him to continue to imprison this young lady. She has said she is not a terrorist, she was not involved in any terrorist activities; and the human rights groups throughout this Nation have asked for a fair trial. He has refused a fair trial.

Now the gentleman from New Jersey (Mr. SMITH) is saying that he would like to see her get a fair trial.

□ 1530

We have some compromise language. Our language would concede to his concerns about a fair trial, even though we do not think she can get one. We would amend our language to say that she should have a fair trial according to international standards, within a year, and failing that, that she should be released.

Now, everything is fair about this. Number one, the gentleman from New Jersey (Mr. SMITH) said he wanted to see a fair trial. Despite the fact that we do not think she can get one, we are conceding to him that we will ask one more time, by way of this formal procedure that we are involved with here in the Congress on the floor of the House, to ask for a fair trial, but we want it according to international standards.

We want to make sure that we are on the same track and we have the same definition for what is fair. Failing that, and only failing that, for example, if they say, no, we will not give her a fair trial, if they say, no, wait 10 more years, if they say we do not know what is meant by a fair trial, if they do not do it, if they do not actually carry out, rather, a fair trial, then we are asking for her release.

Mr. Chairman, I do not know what could be any fairer than that. We do not believe, again, that she can get a fair trial; but we are going to go along, and we are going to ask for it. We do not think it should hang out there forever, with them saying 5, 10 years from now we are trying to give her a fair trial.

So we have asked for a fair trial according to international standards within 1 year and, failing that, and only failing that, she should be released.

I would say to the Members of this House that I think that we can at least do this for this American, for a young woman who has not been proven guilty of anything; for a young woman who may be idealistic, but she does not deserve to have her life taken away from her.

Her parents are people who live up in the district of the gentlewoman from New York (Mrs. MALONEY). They travel throughout this country. They knock on the doors of the Members of Congress. They are begging us to please, to please, understand what is going on.

Mr. SMITH of New Jersey. Mr. Chairman, I rise in opposition to the amendment, and yield myself such time as I may consume.

Mr. Chairman, again, I want to repeat my request to the gentlewoman from California (Ms. WATERS). We were unable to work it out in that short time we had together.

I wanted to put, in lieu of ''the release of'' Lori Berenson, ''a fair trial pursuant to international standards.'' Regrettably, the gentlewoman from California (Ms. WATERS) wanted to add the words, ''or release,'' or, as she just pointed out, 1 year later there would be a release.

I can say this having raised this issue myself before, with all my force. I have been concerned about it, like many Members on both sides of the aisle. But the issue here is one of fair trial and not of judging the evidence, because there is a lot of evidence, pro and con. Regrettably, in a sense of the Congress, which is a very serious matter, we should not go on record calling for the release of someone about whose innocence we are not persuaded one way or the other when the allegation is of a very, very serious terrorism charge.

The MRTA, with which Ms. Berenson has been identified—and I think this should be underscored—is exceedingly violent. It was responsible, as I said earlier in the debate, among other acts of terrorism, for the seizure of the Japanese ambassador's residence in Peru.

Remember, I say to my colleagues, day in and day out, as we watched CNN and we watched the news clips of those ambassadors and support personnel and everyone else who were caught behind those closed doors. Those hostages lived in agony for 5 months. To be associated with that group is a serious charge.

Although we cannot effectuate it, we must at least use the moral suasion of Congress to emphasize that there needs to be a fair trial, pursuant to international standards. The gentlewoman from California (Ms. WATERS) goes far beyond what we should be recommending in this situation.

I would also point out that I have raised this issue. I take a back seat to no one regarding human rights violations that occur in Peru, or anywhere else in the world. My Subcommittee on International Operations and Human Rights has had something on the order of 100 hearings since I have been chairman. We have had fact-finding missions, including one to Peru, to raise issues of human rights.

I believe in due process rights. I believe that she deserves them. As the gentlewoman from California (Ms. WATERS) knows, our embassy was trying, our personnel were trying, to get her to serve out her sentence here in the United States in what, hopefully, would be a more pleasant situation or circumstance, relatively speaking.

So I really reluctantly rise in opposition to this.

Mr. WATERS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentlewoman from California.

Ms. WATERS. Mr. Chairman, will the gentleman from New Jersey (Mr. SMITH) articulate where we differ? We have agreed that there should be a fair trial. We agree on that.

Where do we differ? We have said that if they do not give her a fair trial within a year, then that would be what would trigger release. We do not say release without a fair trial. Now, where do we differ?

Mr. SMITH of New Jersey. Reclaiming my time, the word ''release'' should not appear in this document, in this Sense of the Congress, because we should not be coming down on the side of releasing someone who has been accused of a very, very serious offense in cooperation with a terrorist organization that has a despicable record in Peru. But, again, we must demand that the charges against her be properly adjudicated.

Let me remind Members that there were Americans who were held hostage in the Japanese ambassador's residence by this very group. I would urge a no vote on this, and I say that with reluctance. This is not a properly constructed amendment.

Mrs. MEEK of Florida. Mr. Chairman, I rise in support of the amendment offered by the gentlelady from California, MAXINE WATERS. This amendment expresses the sense of the Congress that the United States should increase support to democracy and human rights activities in Peru; urge the Organization of American States to investigate threats to judicial independence and freedom of the press in Peru; use all diplomatic means to get Peru to release Lori Berenson (a U.S. citizen sentenced to life in prison by a military judge in 1996 for alleged terrorist acts); and take into consideration the willingness of Peru to release Lori Berenson before providing economic or other assistance to Peru.

While I understand that Peru is a sovereign nation, the country is lacking three principles that are fundamental for a democratic society governed by law: (1) freedom of expression; (2) integrity of a judicial system in a constitutional government; and (3) due process.

In its annual human rights report on Peru, the U.S. State Department has flagged several serious violations, with particular emphasis on freedom of the press. Peru has been condemned by several international organizations for serious "freedom of the press" abuses.

On Thursday, July 1, 1999, the House Committee on International Relations passed by voice vote H. Res. 57, expressing concern with the interferences with both the freedom of the press in Peru, as well as the judicial institutions of Peru.

Due process is a fundamental human right and completely necessary to a functioning democracy. Without due process, there can be

no fairness, no justice, and no protection for any of the other fundamental freedoms of expression.

In November 1995, a U.S. citizen, Lori Berenson was arrested and subjected to a secret, hooded military tribunal in which she was denied due process, according to the State Department, human rights groups and the United Nations Commission on Human Rights. She was convicted of treason and given a life sentence without parole for allegedly being a leader of a terrorist group. Lori has proclaimed her innocence to these charges and in a letter to the human rights community, has denounced violence and terrorism.

Lori has continuously been denied the opportunity to speak with human rights groups and the media. She has been held under horrendous prison conditions in the Peruvian Andes and we are all very concerned with her failing health. Lori has been subjected to long periods of isolation which have been cited by Amnesty International as cruel, inhumane and degrading treatment, in violation of Article 5 of the Universal Declaration of Human Rights.

Dennis Jett, the U.S. Ambassador to Peru, has publicly stated that Lori Berenson has been singled out and treated badly simply because she is a U.S. citizen. The Peruvian military tribunal that convicted Lori was in secret. Additionally, the Peruvian government has never demonstrated any significant evidence against Lori because it does not exist. Meanwhile, Lori has continued to proclaim her innocence.

Mr. Chairman, if we are to carry out the full intent of Title 22 U.S.C. section 1732, by which Congress has given the President the authority, short of war, to gain the release of a U.S. citizen who has been wrongly incarcerated abroad, then we must do all that we can do to bring Lori home.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The question is on the amendment offered by the gentlewoman from California (Ms. WATERS).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Ms. WATERS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 15-minute vote followed by a 5-minute vote on the Bilbray amendment.

The vote was taken by electronic device, and there were—ayes 189, noes 234, answered ''present'' 5, not voting 5, as follows:

[Roll No. 326]

AYES—189

Abercrombie
Allen
Andrews
Baird
Baldacci
Baldwin
Becerra
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Callahan
Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
Deutsch
Dicks
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kaptur
Kelly
Kildee
Kilpatrick
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller, George
Mink
Moakley
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pickett
Pomeroy
Price (NC)
Pryce (OH)
Rahall
Rangel
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Scarborough
Schakowsky
Scott
Serrano
Sherman
Sherwood
Skelton
Slaughter
Spratt
Stabenow
Stark
Strickland
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Whitfield
Woolsey
Wu
Wynn

NOES—234

Ackerman
Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLauro
DeLay
DeMint
Diaz-Balart
Dickey
Dingell
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Menendez
Metcalf
Mica
Miller (FL)
Miller, Gary
Minge
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wise
Wolf
Young (AK)
Young (FL)

ANSWERED ''PRESENT''—5

Barrett (WI)
Hill (IN)
Reyes
Snyder
Wilson

NOT VOTING—5

Chenoweth
Kennedy
McDermott
Peterson (PA)
Towns

□ 1544

Messrs. SHOWS, WELDON of Florida, BENTSEN and WISE and Mrs. BONO changed their vote from ''aye'' to ''no.''

Mrs. KELLY, Mr. HOBSON, Mr. ENGLISH and Ms. KAPTUR changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 247, the Chair announces he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on each amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 33 OFFERED BY BILBRAY

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 33 offered by the gentleman from California (Mr. BILBRAY) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 427, noes 0, not voting 6, as follows:

[Roll No. 327]

AYES—427

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—6

Bateman
Chenoweth
Kennedy
McDermott
Peterson (PA)
Towns

□ 1554

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The Chair understands amendments No. 34 and 35 will not be offered.

It is now in order to consider amendment No. 36 printed in part B of House Report number 106–235.

AMENDMENT NO. 36 OFFERED BY MR. DOGGETT

Mr. DOGGETT. Mr. Chairman, I offer an amendment made in order under the rule.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 36 offered by Mr. DOGGETT:

Page 84, after line 16, insert the following new title:

TITLE VIII—GULF WAR VETERANS' IRAQI CLAIMS PROTECTION

SEC. 801. SHORT TITLE.

This title may be cited as the ''Gulf War Veterans' Iraqi Claims Protection Act of 1999''.

SEC. 802. ADJUDICATION OF CLAIMS.

(a) CLAIMS AGAINST IRAQ.—The United States Commission is authorized to receive and determine the validity and amounts of any claims by nationals of the United States against the Government of Iraq. Such claims must be submitted to the United States Commission within the period specified by such Commission by notice published in the Federal Register. The United States Commission shall certify to each claimant the amount determined by the Commission to be payable on the claim under this title.

(b) DECISION RULES.—In deciding claims under subsection (a), the United States Commission shall apply, in the following order—

(1) applicable substantive law, including international law; and

(2) applicable principles of justice and equity.

(c) PRIORITY CLAIMS.—Before deciding any other claim against the Government of Iraq, the United States Commission shall, to the extent practical, decide all pending non-commercial claims of active, retired, or reserve members of the United States Armed Forces, retired former members of the United States Armed Forces, and other individuals arising out of Iraq's invasion and occupation of Kuwait or out of the 1987 attack on the USS Stark.

(d) APPLICABILITY OF INTERNATIONAL CLAIMS SETTLEMENT ACT.—To the extent they are not inconsistent with the provisions of this title, the provisions of title I (other than section 802(c)) and title VII of the International Claims Settlement Act of 1949 (22 U.S.C. 1621–1627 and 1645–1645o) shall apply with respect to claims under this title.

SEC. 803. CLAIMS FUNDS.

(a) IRAQ CLAIMS FUND.—The Secretary of the Treasury is authorized to establish in the Treasury of the United States a fund (hereafter in this title referred to as the ''Iraq Claims Fund'') for payment of claims certified under section 802(a). The Secretary of the Treasury shall cover into the Iraq Claims Fund such amounts as are allocated to such fund pursuant to subsection (b).

(b) ALLOCATION OF PROCEEDS FROM IRAQI ASSET LIQUIDATION.—

(1) IN GENERAL.—The President shall allocate funds resulting from the liquidation of assets pursuant to section 804 in the manner the President determines appropriate between the Iraq Claims Fund and such other accounts as are appropriate for the payment of claims of the United States Government against Iraq, subject to the limitation in paragraph (2).

(2) LIMITATION.—The amount allocated pursuant to this subsection for payment of claims of the United States Government against Iraq may not exceed the amount which bears the same relation to the amount allocated to the Iraq Claims Fund pursuant to this subsection as the sum of all certified claims of the United States Government against Iraq bears to the sum of all claims certified under section 802(a). As used in this paragraph, the term ''certified claims of the United States Government against Iraq'' means those claims of the United States Government against Iraq which are determined by the Secretary of State to be outside the jurisdiction of the United Nations Commission and which are determined to be valid, and whose amount has been certified,

under such procedures as the President may establish.

SEC. 804. AUTHORITY TO VEST IRAQI ASSETS.

The President is authorized to vest and liquidate as much of the assets of the Government of Iraq in the United States that have been blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) as may be necessary to satisfy claims under section 802(a), claims of the United States Government against Iraq which are determined by the Secretary of State to be outside the jurisdiction of the United Nations Commission, and administrative expenses under section 805.

SEC. 805. REIMBURSEMENT FOR ADMINISTRATIVE EXPENSES.

(a) DEDUCTION.—In order to reimburse the United States Government for its expenses in administering this title, the Secretary of the Treasury shall deduct 1.5 percent of any amount covered into the Iraq Claims Fund to satisfy claims under this title.

(b) DEDUCTIONS TREATED AS MISCELLANEOUS RECEIPTS.—Amounts deducted pursuant to subsection (a) shall be deposited in the Treasury of the United States as miscellaneous receipts.

SEC. 806. PAYMENTS.

(a) IN GENERAL.—The United States Commission shall certify to the Secretary of the Treasury each award made pursuant to section 802. The Secretary of the Treasury shall make payment, out of the Iraq Claims Fund, in the following order of priority to the extent funds are available in such fund:

(1) Payment of $10,000 or the principal amount of the award, whichever is less.

(2) For each claim that has priority under section 802(c), payment of an additional $90,000 toward the unpaid balance of the principal amount of the award.

(3) Payments from time to time in ratable proportions on account of the unpaid balance of the principal amounts of all awards according to the proportions which the unpaid balance of such awards bear to the total amount in the Iraq Claims Fund that is available for distribution at the time such payments are made.

(4) After payment has been made of the principal amounts of all such awards, pro rata payments on account of accrued interest on such awards as bear interest.

(b) UNSATISFIED CLAIMS.—Payment of any award made pursuant to this title shall not extinguish any unsatisfied claim, or be construed to have divested any claimant, or the United States on his or her behalf, of any rights against the Government of Iraq with respect to any unsatisfied claim.

SEC. 807. AUTHORITY TO TRANSFER RECORDS.

The head of any Executive agency may transfer or otherwise make available to the United States Commission such records and documents relating to claims authorized to be determined under this title as may be required by the United States Commission in carrying out its functions under this title.

SEC. 808. STATUTE OF LIMITATIONS; DISPOSITION OF UNUSED FUNDS.

(a) STATUTE OF LIMITATIONS.—Any demand or claim for payment on account of an award that is certified under this title shall be barred on and after the date that is one year after the date of publication of the notice required by subsection (b).

(b) PUBLICATION OF NOTICE.—

(1) IN GENERAL.—At the end of the 9-year period specified in paragraph (2), the Secretary of the Treasury shall publish a notice in the Federal Register detailing the statute of limitations provided for in subsection (a) and identifying the claim numbers of, and the names of the claimants holding, unpaid certified claims.

(2) PUBLICATION DATE.—The notice required by paragraph (1) shall be published 9 years after the last date on which the Secretary of the Treasury covers into the Iraq Claims Fund amounts allocated to that fund pursuant to section 803(b).

(c) DISPOSITION OF UNUSED FUNDS.—

(1) DISPOSITION.—At the end of the 2-year period beginning on the publication date of the notice required by subsection (b), the Secretary of the Treasury shall dispose of all unused funds described in paragraph (2) by depositing in the Treasury of the United States as miscellaneous receipts any such funds that are not used for payments of certified claims under this title.

(2) UNUSED FUNDS.—The unused funds referred to in paragraph (1) are any remaining balance in the Iraq Claims Fund.

SEC. 809. DEFINITIONS.

As used in this title:

(1) EXECUTIVE AGENCY.—The term ''Executive agency'' has the meaning given that term by section 105 of title 5, United States Code.

(2) GOVERNMENT OF IRAQ.—The term ''Government of Iraq'' includes agencies, instrumentalities, and entities controlled by that government (including public sector enterprises).

(3) UNITED NATIONS COMMISSION.—The term ''United Nations Commission'' means the United Nations Compensation Commission established pursuant to United Nations Security Council Resolution 687 (1991).

(4) UNITED STATES COMMISSION.—The term ''United States Commission'' means the Foreign Claims Settlement Commission of the United States.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from Texas (Mr. DOGGETT) and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, since 1990, over $1 billion in frozen Iraqi assets sitting in American banks have been available to satisfy the just claims of American citizens. But almost a decade later, this Congress has still not approved legislation that would let Americans collect.

This amendment would authorize the Secretary of the Treasury to vest this Iraqi money in an account known as the Iraqi Claims Fund and authorize the Foreign Claims Settlement Commission to begin the process of resolving these claims against that Iraqi money with just one stipulation: The first claims to be resolved should be those of our Desert Storm and Desert Shield veterans, many of whom have been plagued with all the physical ailments that are referred to as Gulf War Syndrome.

Mr. Chairman, these men and women gave their all against an enemy of the United States, and now these brave veterans deserve nothing less from the government of the United States.

The House has already gone on record twice to support this objective. In 1994, by a vote of 398 to 5, in support of a similar provision in a State Department bill, and in 1997, in support of my motion to instruct conferees to reject an outrageous Senate provision in the State Department authorization bill by a vote of 412 to 5, we stood up at those times and declared that the men and women who put their lives on the line for our country are second to no one. Now we must do so again.

Mr. Chairman, I yield 1 minute to the gentleman from Missouri (Mr. SKELTON), the distinguished ranking member on the Committee on Armed Services.

Mr. SKELTON. Mr. Chairman, I thank the gentleman for yielding me this time and allowing me to speak on this very important issue.

What we do today on this amendment not only draws a lot of attention but it sends a sincere and straigthforward message to those young men and young women who today find themselves in uniform defending the interests of the United States of America.

The money is there, Mr. Chairman. The fund is there. What is wrong with following the precedent that we have already set by voting in this House to allow that trust fund to be created from the Iraqi funds in order to take care of those young men and young women who might well be suffering from the Gulf War Syndrome?

Saddam Hussein, the country of Iraqi, did very, very wrong, and the Americans righted that wrong by getting them out of Kuwait. But in the process, those young men and young women, those veterans of that conflict, as a result of the toxics that they ingested in themselves, became victims. And I certainly think we can follow through and help them reclaim what is rightfully theirs; the dollars from that fund.

□ 1600

Mr. DOGGETT. Mr. Chairman, if no one is claiming time in opposition to this bill, I ask unanimous consent to control the 5 minutes allocated for opposition.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Texas (Mr. DOGGETT) is recognized for an additional 5 minutes.

Mr. DOGGETT. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. EVANS), the ranking member of the Committee on Veterans' Affairs.

Mr. EVANS. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Texas (Mr. DOGGETT).

The intent of this amendment is clear, to give our veterans in the Persian Gulf War first priority in seeking

claims against Iraqi assets frozen by our Government during the war.

This amendment has the strong support of veterans groups, including Gulf War veterans. They know that while we can never make up the losses that were incurred in the Gulf War, veterans and their families should have the assurances that we will continue to seek every chance to collect damages against those injuries that they have suffered from.

Mr. DOGGETT. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS) who represents the largest military base in the world, Ft. Hood, Texas.

Mr. EDWARDS. Mr. Chairman, it is not good enough to honor veterans on just Veterans' Day and Memorial Day. It is not good enough to just honor veterans with our speeches and our words. It is time we honored veterans with our actions.

Veterans do not need our rhetoric. They need our support. A vote for the Doggett amendment today is a vote to put veterans first where they should be. We have a clear choice. We can vote to give Desert Storm and Desert Shield veterans first claim on $1 billion of frozen Iraqi assets, or we can vote to let countries who sold cigarettes to Saddam Hussein put their claims before our American veterans.

We can vote to support those who put their lives on the line fighting against Saddam Hussein, or we can vote to support those who made profits selling to Saddam Hussein.

Whose side are we on? That is the question before us. American veterans who were on the front lines in fighting against Saddam should not be put in the back of the line when Iraqi assets are unfrozen. Vote for our veterans. Vote for the Doggett amendment.

Mr. DOGGETT. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. GEJDENSON), the ranking member on the Committee on International Relations.

Mr. GEJDENSON. Mr. Chairman, I would like to commend the gentleman from Texas (Mr. DOGGETT) for bringing this to the floor. This is the right action to take here.

We ask our military personnel to take the first action in defending America's interests, the West's interests, our economic interests, our political interests, and our security interests. They should not be anyplace else in line but first when it comes to claiming their duly deserved compensation.

This is an excellent amendment. The gentleman from Texas (Mr. DOGGETT) is doing the right thing, and we should unanimously support him.

Mr. DOGGETT. Mr. Chairman, how much time remains, Mr. Chairman?

The CHAIRMAN pro tempore. The gentleman from Texas (Mr. DOGGETT) has 6 minutes remaining.

Mr. DOGGETT. Mr. Chairman, I yield myself an additional 3 minutes.

Mr. Chairman, it appears that no one will rise to speak against this amendment. I am pleased about that, and I know that our Nation's veterans will be pleased about it.

The Veterans of Foreign Wars and the Gulf Veterans Resource Center have been active in supporting this measure. When this measure came before the Committee on International Affairs back in 1993, these organizations and other veterans organizations spoke out in favor of this provision.

Yet, why is it that with such strong support from veterans, with a near unanimous vote of this House in 1994 on a strong bipartisan basis, again on my motion in 1997 a strong bipartisan basis, we have not provided our veterans with the mechanism to have a chance to get some recovery from the frozen assets of Saddam Hussein that are sitting in banks right here in the United States?

It is because there are some who have claims that are competing with the veterans and do not want veterans to have a first claim on these assets.

Some of the entities that have registered their claims with regard to these assets are the very companies that supplied Saddam Hussein with the means to have weapons of mass destruction, chemical and biological weapons, components that could be used in the development of nuclear weaponry, conventional weapons that were made available to Saddam Hussein. They now are competing with our veterans.

Another group of entities that are competing and seem to have played a big role in this bill during the last Congress are the major tobacco companies. They also have claims. One has a claim of some $12 million.

Now, I am not suggesting that any of those, even those that supplied Saddam Hussein with the means for his war machine, ought not to have their day in court or the day before the commission. But I am suggesting that before they have their day in court we should at least resolve the claims of those who put their lives on the line and some of whom actually sacrificed and gave their lives and others of whom will be plagued for the rest of their lives, bright young men and women with a shining future who now suffer disability as the result of Gulf War Syndrome.

I would say, as to those young men and women who gave their all to this country, who put their country first and made this sacrifice, that they deserve to have their claims put ahead of the companies that supplied weaponry and the means to develop weaponry to Saddam Hussein and that they deserve to be placed ahead of the major tobacco companies that say they want their claims settled, not that they are left out, but that our veterans go first.

I know that there are others across this Capitol, Mr. JESSE HELMS in particular, that disagree with this approach. But I believe this House, for a third time having spoken out with, I hope, a unanimous voice and a recorded vote, will be sending a message that we will not leave our veterans behind anymore and that, as we close out this millennium, we will finally put our Gulf War veterans first and let them have a claim, a legitimate claim, against these assets of Saddam Hussein.

Mr. Chairman, I yield 1½ minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Chairman, I just want to thank the gentleman for his efforts.

I would like to point out that I think it is outrageous if Members do not have the courage to come in the light of day on the floor of this House to say they oppose the amendment of the gentleman, an effort to put veterans first, and yet behind closed doors in conference committee this effort seems to be killed.

I would hope that the silence and opposition to this amendment would indicate that this will pass through the conference committee. I hope that the veterans organizations in America will be watching this effort very, very carefully.

Mr. DOGGETT. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS. I yield to the gentleman from Texas.

Mr. DOGGETT. Mr. Chairman, I ask the gentleman to respond to this question.

I believe the gentleman was here on the floor in 1997 when we had our motion to instruct. It took up an entire hour of time. Am I not correct that, in the course of that debate, only one Member of this entire House on either side of the aisle or a Republican colleague of ours rose to oppose the motion to instruct and after the debate he voted with us in favor of the motion to instruct to tell JESSE HELMS and all the members of the conference committee do not put veterans last, because if we put them last, given the size of the claims of some of these companies that helped fuel Saddam Hussein's war machine and supplied tobacco to the children and adults of Iraq, if we put the veterans down behind them, the veterans will not get a penny; it will not be a matter of putting veterans last, it will be a matter of putting veterans out and they will never get a dime? Is that not correct?

Mr. EDWARDS. Mr. Chairman, reclaiming my time, that is correct.

It is my hope, Mr. Chairman, that every major veterans group in American will watch like a hawk what happens in conference committee on this. It would be unfair and morally wrong to our Nation's veterans to take this language out in conference committee.

Mr. DOGGETT. Mr. Chairman, I have no further speakers, and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Texas (Mr. DOGGETT).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. DOGGETT. Mr. Chairman, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from Texas (Mr. DOGGETT) will be postponed.

The point of no quorum is considered withdrawn.

It is now in order to consider Amendment No. 37 printed in Part B of House Report 106–235.

AMENDMENT NO. 37 OFFERED BY MR. ENGEL

Mr. ENGEL. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 37 offered by Mr. ENGEL:

Page 84, after line 16, add the following (and conform the table of contents accordingly):

SEC. 703. KOSOVAR ALBANIAN PRISONERS HELD IN SERBIA.

(a) FINDINGS.—The Congress makes the following findings:

(1) At the conclusion of the NATO campaign to halt the Serbian and Yugoslav ethnic cleansing in Kosova, a large, but undetermined number of Kosovar Albanians held in Serbian prisons in Kosova were taken from Kosova before and during the withdrawal of Serbian and Yugoslav police and military forces from Kosova.

(2) Serbian Justice Minister Dragoljub Jankovic has admitted that 1,860 prisoners were brought to Serbia from Kosova on June 10, 1999, the day Serbian and Yugoslav police and military forces began their withdrawal from Kosova.

(3) International humanitarian organizations, including the International Committee of the Red Cross (ICRC) and Human Rights Watch, have expressed serious concern with the detention of Kosovar Albanians in prisons in Serbia.

(4) On June 25, 1999, Serbia released 166 of the detained Kosovar Albanian prisoners to the ICRC.

(5) On July 10, 1999, the Parliamentary Assembly of the Organization for Security and Cooperation in Europe, comprised of parliamentarians from Across Europe, the United States and Canada, adopted a resolution calling upon Serbia and Yugoslavia, in accordance with international humanitarian law, to grant full, immediate and ongoing ICRC access to all prisoners held in relation to the Kosova crisis, to ensure the humane treatment of such prisoners, and to arrange for the release of all such prisoners.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the Serbian and Yugoslav Governments should immediately account for all Kosovar Albanians held in their prisons and treat them in accordance with all applicable international standards;

(2) the ICRC should be given full, immediate, and ongoing access to all Kosovar Albanians held in Serbian and Yugoslav prisons; and

(3) all Kosovar Albanians held in Serbian and Yugoslav prisons should be released and returned to Kosova.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from New York (Mr. ENGEL) and a Member opposed each will control 5 minutes.

Mr. GILMAN. Mr. Chairman, I ask unanimous consent to claim the time in opposition to the Engel amendment although I am not opposed to the amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. ENGEL).

Mr. ENGEL. Mr. Chairman, I yield myself 2½ minutes.

Mr. Chairman, after the allies won the war in Kosovo, when the Serbian forces left Kosovo to go back to Serbia, they kidnapped anywhere from 1,800 prisoners, Kosovar Albanian prisoners, to up to 5,000 Kosovar Albanian prisoners, and took them back to Serbia, away from their homes, and jailed them.

The Serbian justice minister mentions a total of 1,860 Kosovar Albanians jailed. But I have from a very respected newspaper, Koha Ditore, a list of 5,000 ethnic Albanian prisoners who are now detained in jails in Serbia.

This amendment simply would call on the International Committee of the Red Cross to be allowed to visit these prisoners to call for an accounting of these prisoners and to give the International Committee of the Red Cross access to all Kosovar Albanians detained in Serbian prisons.

It also asks for the release and return to Kosovo of all these people and is virtually identical to a resolution that was passed by the OSCE recently which contained the same provisions and was the European parliamentarians' same request.

We cannot allow Slobodan Milosevic to capture these people and to keep them there as virtual prisoners. It is absolutely important that the world community stand up and say that we will not tolerate the continued Serbian aggression.

Mr. Chairman, I include for the RECORD the list of prisoners and two articles, one from the Washington Post and one from the Los Angeles Times, which highlights this problem and the problem of the Kosovar Albanians who are captured and kidnapped in Serbian prisons.

THE LIST OF KOSOVAR PRISONERS HELD IN SERBIA TAKEN FROM KOHA DITORE

City Prison-Pozharevc (Serbia):

Lutfi Xhaferi, Muhamet Bajrami, Fadil Salihu, Naser Osmani, Rijad Begu, Isak Abazi, Xhemshit Ferati, Shaqir Pllana, Afrim Salihu, Ibrahim Bajrami, Sylejman Bejtullahu, Xhevdet Bejtullahu, Agron Pllana, Nexhat Brahimi, Hazir Peci, Milaim Hajrizi, Fehmi Hasani, Shaban Duraku, Adem Tahiri, Rushit Strana, Isa Aliu, Ferit Pllana, Kaplan Salihu, Sami Hasani, Nuhi Januzi, Behxhet Maloku, Besim Brahimi, Sabit Strana, Rexhep Uka, Hamit Maleta, Ismet Pllana, Xhelal Bejtullahu, Hajrullah Peci, Agim Peci, Ismail Peci, Miftar Gashi, Feti Asllanaj, Sejdi Lahu, Skënder Sadiku, Sejdi Zekaj, Fazli Kadriu, Ramadan Bislimi, Skënder Haxha, Shaban Zuhranaj, Bajram Rukolli, Imer Haziraj, Xhevat Mustafa, Zani Mustafa, Sabit Arifi, Bexhet Zeneli, Miftar Sahiti, Mustafa Ramadani, Sabri Osmani, Agim Islami, Aziz Islami, Kadri Durguti, Abdyl Kleçka, Behajdin Kleçka, Burim Ejupi, Sabit Shehu, Zeqir Shehu, Jusuf Kollari, Xhevdet Durguti, Mehdi Kollari, Arben Shala, Destan Nurshaba, Mujedin Korenica, Veton Mulija, Beqir Kollari, Fahredin Dina, Bashkim Hoxha, Arsim Haska, Fadil Isma, Esad Kasapi, Zijadin Miftari, Eshref Kleçka, Selami Sharku, Lan Isufaj, Rasim Isufaj, Njazi Isufaj, Naim Hadergjonaj, Rasim Selmanaj, Jahir Agushi, Visar Muriqi, Ragip Ahmeti, Ramadan Gashi, Fatmir Shishani, Agim Leka, Hazir Stoliqi, Gani Ahmetxhekaj, Mujë Zekaj, Salih Zariqi, Jakup Rexhepi, Bajram Gashi, Nezir Bajraktari, Mustafë Mehmetaj, Arben Bajraktaraj, Nexhat Dervishaj, Demë Ramosaj, Shaban Mehmetaj, Sadik Haradini, Ramiz Isufaj, Ministet Shala, Ismet Paçarizi, Izet Zenuni, Gani Baqaj, Sali Gashi, Skënder Bajraktari, Llmi Zeneli, Xhafer Qufaj, Gëzim Zeçaj, Bujar Goranci, Muhamet Gashi, Xhemë Morina, Florim Zukaj, Asllan Asllani, Shpend Dobrunaj, Luan Ahmetxhekaj, Besnik Ismaili, Xhavit Musëshabanaj, Driton Zukaj, Llmi Karaxha, Nikollë Markaj, Ukë Golaj, Dervish Zukaj, Rasim Gjota, Skënder Hajdari, Ardian Kumnova, Flamur Krasniqi, Isak Hoti, Ramadan Morina, Ismet Krasniqi, Demir Limaj, Lavdim Tetaj, Arsim Krasniqi, Arton Krasniqi, Avni Shala, Hazir Krasniqi, Llir Krasniqi, Fahri Krasniqi, Zhujë Gashi, Muhamed Avdiaj, Bekim Istogu, Azem Buzhala, Faik Topalli, Nysret Hoti, Nazim Zenelaj, Adnan Topalli, Musli Leku, Remzi Morina, Avni Memia, Avdi Kabashi, Ibrahim Ferizi, Visar Demiri, Bekim Rama, Tahir Rraci, Blerim Camaj, Reshat Nurboja, Brahim Gashi, Astrit Elshani, Hasan Vërslaku, Avdullah Lushi, Lush Marku, Mustafë Gjocaj, Rrustem Jetishi, Bekim Maçi, Asllan Nebihi, Afrim Vërslaku, Kujtim Jetishi, Avdyl Maçi, Skënder Hoxha, Muhamet Kiçina, Fadil Avdyli, Bajram Avdyli, Sokol Syla, Hasan Berisha, Luan Mazrreku, Enver Hoxhaj, Ismet Gashi, Zeqir Gashi, Fadil Topalli, Bujar Sylaj, Agim Gashi, Hetem Elshani, Isa Topalli, Flurim Haxhymeri, Haki Haxhimustafa, Beqir Alimusaj, Bajram Shala, Gazmend Zeka, Fadil Jetishi, Isa Shala, Isuf Shala, Ylber Dizdari, Milaim Cekaj, Musa Krasniqi, Ismet Berbati, Ramiz Gjocaj, Demë Batusha, Reshat Suka, Tahir Panxhaj, Sylë Salihu, Ismet Isufi, Ukë Rexha, Fehmi Kukiqi, Arsllan Selimi, Fetah Shala, Milazim Shehu, Nait Hasani, Riza Alia, Gani Cekaj, Sefedin Morina, SadriËrdevci, Habib Morina, Elmi Morina, Rexhep Morina, Isa Morina, Lajet Mola, Sylejman Bajgora, Feriz Çorri, Raif Hasi, Smail Hasi, Rrahim Limani, Sadik

Limani, Jakup Limani, Agim Nimani, Besnik Heta, Afrim Ruçaj, Qamil Pllana, Hashim Mecinaj, Shemsi Shaqiri, Avdush Hysi, Miftar Dobra, Nexhat Ahmeti, Fadil Ajeti, Bahri Istrefi, Bedri Qerimi, Nexhat Mustafa, Izet Miftaraj, Fuat Buçinca, Reci Dosti, Naim Haziri, Sali Azemi, Kenan Hasani, Rifat Dobra, Shaban Rexhepi, Daut Rrahmani, Ali Haradini, Latif Ismaili (minor), Fehmi Jashari, Naim Peci, Gani Arslani, Muharrem Zymeri, Elmaz Hasani, Ukshin Hasani, Hakif Duraku, Sherafedin Hasani, Jashar Istrefi, Rrahman Istrefi, Gani Muja, Rrahman Ahmeti, Ferid Zeneli, Duka Aliu, Nuredin Jashari, Ilmi Jashari, Hajro Brahimi, Fahri Berisha, Naim Pllana, Shkëlzen Pllana, Fehmi Pllana, Megdia Pllana, Behxhet Sejdiaj, Faik Sejdiaj, Bekim Sejdiaj, Tafil Prokshi, Shemsi Miftaraj, Ahmet Murati, Dibran Krasniqi, Shefki Tahiri, Shefqet Duraku, Beqir Bialku, Brahim Krasniqi, Mehmet Xhelili, Idriz Klinaku, Ahmet Hasani, Përparim Mustafa, Halil Mustafa, Milazim Mustafaj, Fatos Asllanaj, Enes Kalludra, Hajriz Islami, Ismet Laka, Fazli Ademi, Mujë Shabani, Avdyl Sejdiu, Rifat Hasani, Ejup Sejdiu, Nasuf Deliaj, Agim Ahmetaj, Kasem Ahmetaj, Mustafë Ahmetaj, Ekrem Avdiu, Nexhmedin Llausha, Shpend Kopriva, Lulzim Ymeri, Ertan Bislimi, Krenar Telçiu, Bashkim Gllogovci, Ilir Hoxha, Luan Sejdiu, Agim Morina, Fehmi Muharremi, Brahim Berisha, Mustafë Berisha, Gani Baliqi, Osman Kastrati, Shaban Çupi, Arben Jahaj, Ardian Haxhaj, Mehmet Memçaj, Agim Lumi, Skënder Hoti, Sokol Morina, Fazli Gashi, Besim Kastrati, Sherif Berisha, Shefget Topojani, Naim Krasniqi, Mujë Prekuni, Elmi Cujani, Qazim Sejdia, Ali Çuliqi, Isak Shabani, Selim Gashi, Shkëlzen Zariqi, Agron Tolaj, Hajdin Ramaj, Ismet Gashi, Muhamet Rama, Esat Shehu, Selman Ukëhaxhaj, Agim Syla, Hasan Rama, Ramadan Nishori, Hidajim Morina, Sadik Bytyçi, Enver Hashani, Besim Rama, Valon Berisha, Nexhat Shulaku, Edmond Dushi, Naser Shurnjaku, Visar Dushi, Agim Hoda, Mustafë Ahmeti, Arsim Bakalli, Menduh Duraku, Muhedin Zeka, Kreshnik Hoda, Admir Pruthi, Nexhmedin Baraku, Mehdi Ferizi, Fisnik Zhaveli, Muhamet Guta, Faik Mustafaj, Selami Curraj, Artan Nasi, Yll Kusari, Yll Ferizi, Përaprim Efendija, Arbnor Koshi, Petrit Vula, Idriz Feta, Jeton Rizniqi, Genc Xhara, Behar Hoti, Qamil Haxhibeqiri, Fahri Hoti, Adnan Hoti, Fatmir Tafarshiku, Shpetim Hoxha, Esat Ahma, Hysen Juniku, Yll Pepa, Erdogan Mati, Shkëlzen Nura, Esat Zherka, Shpend Musacana, Adriatik Pula, Labinot Pula, Gëzim Sada, Bekim Jota, Emin Delia, Zog Delia, Alb Delia, Yll Delia, As Ahmeti, Yll Kastrati, Adnan Haxhibeqiri, Gazmend Zhubi, Gent Nushi, Enver Dula, Mithat Buza, Bekim Rragomi, Aliriza Truti, Skënder Zhina, Petrit Jakupaj, Elmi Tahiri, Agim Muhaxheri, Faton Hoda, Agron Pula, Tahir Kajdomçaj, Florent Trudi, Adriatik Vokshi, Ymri Ahmeti, Armond Koshi, Atli Kryeziu, Dukagjin Pula, Jusuf Brovina, Gani Gexha, Sulejman Brovina, Hasan Halilaj, Halil Guta, Albert Koshi, Fatos Dautaga, Sami Morina, Luan Xheka, Tahir Skënderaj, Bjerem Juniku, Sabit Beqiri, Dijamant Mici, Nexhat Vehapi, Fadil Lushaj, Binak Haxhija, Avdyl Precaj, Xhamajl Thaçi, Nazim Morina, Flamur Pana, Fatos Deva, Musat Ukaj, Ardian Tetrica, Driton Aliaga, Bekim Mullahasani, Bashkim Mustafa, Besfort Mullahasani, Driton Ballata, Diamant Manxhuka, Rinor Lama, Fatmir Pruthi, Ferhat Luhani, Bekim Musa, Petrit Këpuska, Mithat Guta, Agim Hasiqi, Gembi Batusha, Hysni Hoda, Hivzi Perolli, Mazllom Grushti, Jeton Bytyçi, Bujar Hasiqi, Petrit Sahatqija, Vllaznim Radogoshi, Imer Guta, Shefqet Bokshi, Kastriot Zhubi, Florent Zhubi, Edmond Shtaloja, Burim Dobruna, Isa Axhanela, Driton Xhiha, Hasan Zeneli, Rasim Rexha, Haqif Ilazi, Bilbil Duraku, Sejdi Bellanica, Defrim Rifaj, Nehat Binaku, Enver Berisha, Jakif Mazreku, Hysni Krasniqi, Haki Elshani, Avni Koleci, Shaban Kolgeci, Rexhep Agilaj, Arif Kabashi, Azem Nedrotaj, Xhevat Shukolli, Zaim Çatapi, Milaim Kabashi, Xhavit Kolgeci, Maliq Sokoli, Haxhi Ukaj, Ramadan Kokollari, Arben Basha, Feriz Haziri, Sedji Haziraj, Hazir Zenelaj, Xhavit Krasniqi, Milaim Matoshi, Mustafë Kolgeci, Arsim Gashi, Emin Kryeziu, Sherif Ilazi, Arsim Ziba, Defrim Kiqina, Zenel Ademi, Fadil Xhulani, Qamil Rama, Pjetër Çira, Bilbil Shehu, Isuf Bardoshi, Ilir Kortoshi, Osman Tortoshi, Sulo Kuqi, Sulejman Deliu, Gazmend Krasniqi, Zil Qipa, Shaban Rama, Jahë Sadrija, Muharrem Pajaziti, Naser Tahirsylaj, Muhamet Tahiri, Arben Dobani, Besim Zogaj, Xhavit Gashi, Sali Cunaj, Fatmir Kokollari, Nezir Zogaj, Naim Baleci, Agron Borani, Rakip Mirena, Bekim Krasniqi, Rexhep Luzha, Ramiz Bajrami, Ali Gashi, Ramadan Berisha, Abdullah Cunaj, Sinan Bytyci, Shemsi Gallopeni, Shefqet Kabashi, Fazli Pranca, Musli Avdyli, Ibrahim Isufaj, Sulejman Bytyci, Muharrem Qypaj, Ahmet Demiri, Xhafer Shala, Sami Gashi, Agron Berisha, Sahit Ziba, Nijazi Kryeziu, Hasan Shala, Abaz Beqiri, Filip Pjetri, Nazmi Haliti, Agim Ibraj, Haxhi Barjaktari, Ruzhdi Morina, Bashkim Jusufi, Burim Musliu, Himë Shala, Haki Haziraj, Valdet Rama, Gasper Selmanaj, Besnik Kuqi, Adem Kuqi, Jeton Alia, Ademali Metaj, Naim Balaj, Halit Ndrecaj, Bajram, Bajraj, Xhavit Kacaniku, Naim Zejnaj, Feriz Zabelaj, Nexhat Sylaj, Nuhi Boka, Hajrullah Samadraxha, Naser Kalimoshi, Qazim Krasniqi, Ali Isa, Kadri Jaha, Ymer Krasniqu, Sali Ahmedi, Hajdin Alia, Asllan Lumi, Xhemajl Sallauka, Murat Kabashi, Hamit Buzhala, Lumni Matoshi, Gazmend Bytyci, Xhavit Malaj, Daut Gashi, Zymer Gashi, Mehdi Gashi, Nasuf Gorani, Osman Llugaxhia, Fatmir Berisha, Hasan Istogu, Milaim Kastrati, Rexhep Alimusaj, Abdullah Shala, Ukë Kolgeci, Hasan Kuqi, Sali Loshi, Burim Bllaca, Sedat Kolgeci, Albert Kolgeci, Emri Loshi, Sherif Hamza, Ukë Thaci, Nazmi Franca, Naim Leku, Riza Krasniqi, Tafë Kurtaj, Ismet Beqiraj, Bahri Beqaj, Sali Maliqaj, Muhedin Nivokazi, Ramadan Zymeraj, Haki Ademaj, Hajzer Hajrullahu, Hekuran Cari, Adem Zenuni, Dul Cunaj, Ferit Tafallari, Sinan Tafilaj, Shaqir Selmanaj, Hasan Sadikaj, Blerim Krasniqi, Maki Begolli, Behar Jetishi, Agim Jetishi, Kastriot Jetishi, Zenel Jetishi, Skënder Kelmendi, Nexhat Krasniqi, Bashkim Dvorani, Bekim Mazrreku, Izet Sejfijaj, Rexhep Xhemajli, Xhemajl Muharremi, Ismet Sukaj, Besim Ramaj, Blerim Shala, Adem Morina, Hasan Mulaj, Frashër Shabani, Xhevat Haziri, Ismet Musaj, Fatos Malaj, Haki Mahmutademaj, Kamber Goxholi, Mustafë Shala, Avni Syla, Ahmet Kapitaj, Pashk Quni, Driton Berisha, Luan Bajrami, Selim Sutaj, Riza Tahirukaj, Rexhë Jakupi, Hamdi Hyseni, Mersin Berisha, Nexhdet Kida, Lahë Mataj, Naim Kidaj, Ismet Ademi, Tahir Salihi, Arben Bazi, Arif Ahmeti, Istref Sadrija, Sadik Zeqiri, Bajram Merqa, Gëzim Abazi, Sahit Haxhosaj, Idriz Asllanaj, Agim Makolli, Halil Deliu, Bektesh Qahili, Adil Kollari, Avdyl Jetishi, Burim Jetishi, Shkëlzen Kida, Skender Cakolli, Qerim Jetishi, Mikel Dodaj, Lekë Pëvorfi, Brahim Pepshi, Rrahmon Jonuzaj, Fitim Halimi, Behar Jetishi, Bedri Shabanaj, Shkumbin Malaj, Zenel Kurmehaj, Jeton Malaj, Sejdi Begaj, Misin Rexha, Hasan Daloshi, Fatmir Kurtaj, Agim Reqica, Shpëtim Krasniqi, Zeqir Leshani, Ylber Topalli, Shefqet Beqa, Besim Zymberi, Qamil Abazi, Brahë Beqiraj, Din Gjoni, Skender Gashi, Shaban Beka, Agron Ramadani, Arif Vokshi, Nebi Tahiri, Skender Racaj, Ilaz Bislimi, Rexhë Gashi, Sabri Arifaj, Nizat Morina, Ahmet Ahmeti, Burim Brovina, Përparim Zejnullahu, Abdurrahman Naha, Artan Morina, Falmur Godeni, Valdet Krasniqi, Adnan Brovina, Fatmir Bytyqi, Mexhit Zenelaj, Rizo Bekiq, Milazim Kolgeci, Vesel Llugaxhia, Arben Llugaxhia, Selim Hasani, Arben Morina, Gani Igalli, Genc Kida, Ajet Ibraj, Mujë Ibraj, Tarap Kida, Samat Gati, Leonard Krasniqi, Bashkim Haziraj, Bashkim Kabashi, Çaush Sevgja, Ramiz Berisha, Gjon Sefaj, Arsim Kullashi, Hasan Zariqi, Mehmet Rexhaj, Agim Hulaj, Mujë Tafilaj, Ramadan Avdiu, Raim Aliu, Isuf Zekaj, Smajl Smajli.

Prison of Sremska Mitrovica (Serbia):

Bedri Zymer Shabanaj, Liman Shefki Haxholli, Sami Kamer Ajeti, Rasim Xheladin Muja, Luan Ajet Statovci, Gezim Nazmi Statovci, Enver Hamit Sekiraqa, Bekim Ilmi Istogu, Sylejman Bejtullah Sopjani, Isak Iljaz Kurshumlija, Lek Mihilja Pervulfi, Ragip Syle Ahmeti, Fehim Rustem Vrelaku, Ilmi Musli Karagjani, Bekim Avdulla Mazreku, Agim Sylejman Kelmendi, Rexhep Rushit Musliu, Hysni Rrustem Nursedi, Izet Sadik Sadriu, Faton Zymer Malaj, Muharrem Jahe Krasniqi, Naser Bajram Istogu, Abdyl Jusuf Jetishi, Riza Hajdar Dembogaj, Zeqir A. Pacolli, Gani Asllan Daci, Liman Fazli Aliu, Muhamer Avdiu, Shkumbin S. Malaj, Lah Haxhi Mataj, Sheremet Zenel Ahmeti, Halip Hajrullah Reshica, Bajrush Muharrem Xhemaili, Gent Jakup Nushi, Dem Halil Ranoshaj, Xhemajl Muharrem Muharremi, Xhavit Shaban Mustapani, Ahmet Sefë Ahmeti, Skender Sylejman Gjiha, Fahri Rexhep Ejupi, Bastri Jahim Azemi, Iljaz Gani Gashi, Shefqet Aziz Kosumi, Jakup Hasan Ademi, Behar Kadri Zymeri, Florijan Hilmi Istogu, Habib Shaban Shabani, Shaip Malë Berisha, Hasan Ahmet Jashari, Halim Ramadan Musliu, Abullah Haxhi Hoxha, Ajet Liman Zariqi, Agron Beqir Ejupi, Asllan Jusuf Zekaj, Skender Haxhi Kelmendi, Ridvan Shaip Salihu, Rasim Ramadan Zota, Bekim Nevruz Ragipi, Bajram Mustafë Tahi, Ukë Mehmet Goxhaj, Halil Hajrullah Nashica, Bajrush Muharrem Gjemaili, Xhemail Muharrem Muharremi, Ahmet Sefa Ahmeti, Fahri Rexhep Ujupi, Iljaz Gani Gashi, Jakup Hasan Ademi, Ergjylent Elbasan Gashi, Arben Ahmet Bajraktari, Adem Jusuf Morina, Nezir Tafil Sh., Bekim Ibrahim Istogu, Afrim Ismet Uka, Drestan Islam Sukaj, Fadil Kosum Gashi, Bujar Xhafer Goranci, Fejzullah Hasim N., Ramiz Ibrahim Isufaj, Avdyl Beqir Kreqka, Imer Bajram Zhushi, Mirsad Vesel Bashota, Izet Sabri Zenuni, Mehmet Rexhep Gashi, Osman Haxhi T., Fejzullah Zenel Abdyli, Bexhet Isë Gashi, Zeqir Abdullahu, Shkëqim Rrahim Selimi, Sylë R. Murati, Kujtim H. Sh., Musa Hajriz Gashi, Abedin Mugaj, Osman Isuf Hoti, Ramiz Riza Sopjani, Braim Muharrem Isufi, Muhamet Bexhet Thaçi, Azem Hazir Sylejmani, Avdi Zejnullah Ajeti, Sokol Xhafer Jakupi, Xhevat Esat Aziri, Qamil Abaz Abazi, Sinan Sylejman Kelmendi, Kastriot Qazim Jetishi, Beqë Isuf Ukshini, Arbër Shefqet Pervuku, Ahmet Mustafë Kapitaj, Besim Muhamet Zymberi, Mexhdet Ramadan Kida, Mustafë Emin Shaqa, Rexhë Brahim Jakupi, Faton

Vesel Istogu, Bahtir Hamdi Bahtiri, Rexhep Tafil Topalli, Feriz Aziz Kaqili, Isuf Asllan Sylaj, Besim Hasan Jashari, Rrahim Avdi Nika, Florim Sadri Dervishi, Tomorr Haxhi Hoxha, Shaban Haxhi Hoxha, Agim Likë Brahimi, Shkelzen Ramadan Kida, Mersin Beqir Berisha, Durak Riza Gërbeshi, Shaban Hamëz Frashëri, Bujar Ibrahim Çuni, Beqir Akil Abazi, Kamber Sylë Buçolli, Hasan Beqir Mula, Haxhibeqir Masar Ajdini, Avdyl Xhabir Skilferi, Enver Muhamed Dula, Agim Sadri Çeku, Gani Elez Baqaj, Behxhet Kadir Krasniqi, Sabri Bajram Arifaj, Hazir Mustafë Stoliqi, Hysen Abdyl Blakqorri, Idriz Bajram Cufaj, Basri Mehmet Dragusha, Shpëtim Feriz Gashi, Arben Jakup Gashi, Zenel Asllan Myftari, Gani Xhemë Ahmetgjekaj, Hajredin Hajdar Hyseni, Arton Ruzhdi Bashota, Shpend Fazli Dobruna, Xhemsat Malë Shehaj, Avni Brahim Memija, Haki Osman Haziraj, Adnan Ismajl Topalli, Hysni Xhelaladin Dautaj, Bujar Hasan Sylaj, Sylejman Faik Bytyçi, Fadil Zenun Xhavitaj, Fazli Myftar Franca, Zijadin Abdullah Blakqorri, Valdet Qazim Jetishi, Nebi Dibran Rama, Fitim Nazmi Halimi, Remzi Idriz Dacolli, Fehmi Zejnullah Uka, Zenel Myftar Jetishi, Nazim Xhavit Halili, Gazmend Mustafë Tahiraj, Halil Sylejman Xhelili, Agim Nurë Jetishi, Hilmi Tahir Begolli, Ekrem Zejnel Jusufi, Azem Hasan Hasani, Skender Sokol Topalli, Sevdie Rrahman Muratoviqi, Xhevat, Shaban Tahiri, Sherif Zeqir Demaj, Halil Muhamet Kadrijaj, Nizat Morina, Ylber Shanë Kastrati, Mehmet Banë Kelmendi, Luan Selman Ahmetgjekaj, Skender Ramë Bajraktari, Arsim Shaban Berisha, Hashim Ramadan Krasniqi, Halil Sahit Lika, Suat Beqir Lushtaku, Refik Hamdi Hasani, Bedri Izet Ademi, Sali Sylë Ramaj, Bashkim Mehdi Sadiku, Hysni Sejdi Drenica, Azem Ramadan Jegrova, Afrim Feriz Seferi, Zymer Hamit Toplani, Safet Rexhep Kelmendi, Blerim Sadik Shatri, Behxhet Ymer Rmoku, Rexhep Selim Koça, Rexhë Fazli Gashi, Rasim Muhamet Selmanaj, Enver Ibrahim Thaçi, Luan Sylë Bajrami, Behar Gani Jetishi, Jeton Zymber Mala, Strellci i epërm, Abedin Mursel Meha, Prekazi ultë, Sahit Musli Pllana, Leskoshiq, Valon Idriz Gashi, Balince, Klinë, Besim Musë Ramaj, Prishtina, Nexhat Murat Krasniqi, Negroc, Gllogoc, Bekim Sadri Cikaqi, Doberdelan, Bislim Selan Bajraktari, Klina e epërme, Bashkim Shefqet Diorani, Terstenik, Gllogoc, Isat Selim Shala Barilevë, Prishtinë, Sali Sylë Gashi, Klinë, Hysni Rrustem Podrimçaku, Krejkovm Gllogoc, Arben Rizë Shabani, Dashevc Skenderaj, Dervish Kadri Zukaj, Pejë, Ministet Xhafer Shala, Prizren, Syl Abdullah Abdyli, Likoshan, Skender Smail Asani, Likoshan, Sylejman Sali Bajgora, Herticë Podujevë, Ekrem Selim Leci, Barilevë, Fadil Jashar Makolli, Prishtina, Gani Kadri Elshani, Gllogoc, Xhevat Bexhet Podvorica, Dumosh, Podujevë, Abaz llaz Krasniqi, Vuçjak, Gllogoc, Muj Halil Zekaj, Cerobreg, Deçan Ismet Islam Suljka, Obri Gllogoc, Aziz Ibrahim Hamzaj, Gjinovcë Suha Rekë, Gazmend Rafret Zhubi, Gjakovë, Qerkin Mehmet Brajshori, Sharban Prishtinë, Gëzim Muhamet Zeçaj, Samodrexh, Suharekë, Fatmir Bajram Canolli, Marevc, Prishtinë, Selim Sadri Sutaj, Lluka e Epërme, Deçan Xhemshir Rafat Aliti, Çikatov, Gllogoc, Alban Muharrem Elshani, Korotic, Gllogoc, Muharrem Gashi, Prishtinë, Isuf Haxhi Hadri, Gjakovë Skender Bekë Mekaj, Nabrgje, Pejë, Pashk Pren Çuni, Talibare, Gjakovë, Burim Syl Morina, Suharekë, Ramadan Bajram Jakupi, Prapashticë, Safet Balja, Gllarevë, Klinë, Ramiz Shefki Sylejmani, Konçul Bujanoc, Yenel Haxhi Kolmehaj, Strellci i epërm, Deçan, Hasan Mustafë Alija Kraljan, Gjakovë, Agron Shaban Prokshi, Brbatovc, Gllogoc, Abdullah Islam Bajraktari, Gllogoc, Arsim Idriz Hasani, Podujevë, Fatmir Ismail Shishani, Dobroshec, Ramiz Shefki Vitia, Marevc, Xhevdet Sherif Murseli, Shtrubullov, Gllogoc, Sadri Idriz, Krasniqi, Makoc, Osman Rrahman Murati, Tupall, Medvegj, Xhevdet Adem Stublla, Alabak, Podujevë, Xhavit Xhafer Ajazi, Dobratin, Brahim Bahtir Grbeshi, Marec, Ali Rrustem Berisha, Graboc, Agim Musë Buzoku, Marec, Bajram Pacolli Marec, Nysret Sadik Sadiku, Veternik, Ilir Idriz Krasniqi, Vrahovc Pejë, Yojë Sefer Gashi, Pejë, Arsim Isa Krasniqi, Prishtinë, Agim Isa Krasniqi, Prishtinë, Naser Selim Pajaziti, Orlan Podujevë, Shaban Imer Mehmetaj, Rudice, Klinë, Blerim Zeqir Shala, Vuçjak Gllogoc, Kadri, Shyqyri Dërguti, Rahovec, Arbnor Nexhat Xhemajli, Pejë, Remzi Zenel Tetrica, Gjakovë, Jahir Sadik Agushi, Drenoc, Avni Sylja, Mulliq, Xhem Sadri Morina, Ratkovc, Florin Zokaj Belegë, Deçan, Salih Selman Zariqi, Baicë, Xhemail Avdi Elshani, Krajkovë, Ekrem Shejki Ejupi, Sekiraç, Podujevë, Sejdi Tahir Bega, Jezerc, Nezir Rexhep Bajraktari, Radicë, Klinë, Hasan, Ali Ademi, Karaq, Vushtrri, Nazif Ahmet, Çulani, Baicë, Neki Selajdin Sadiku, Gjakovë, Isuf Smajl Hajrizj, Keçekoll, Avdi Abdullah Vitija, Hajvali, Barsi Bajram Gashi, Vrbica, Gjilan, Ismet Mahmuti, Podujevë, Arif Toskaj, Novo Sellë, Pejë, Driton Osman Berisha, Gjakovë, Avdi Zeqir Pacolli, Marec, Agim Vrshevci, Domanek, Bekim Shala, Trud, Prishtinë, Nexhid Hamid Zani, Abedin Mustafë, Mehmeti, Klinë e mesme, Ismet Paçarizi, Dragobil, Namon Murati, Topalle, Enver Beselica, Prishtinë, Pjetër Buzhalja, Pejë, Tefik Shabani, Prishtinë, Albert Sadiku, Pejë, Mitat Buza, Gjakovë, Valdet Halilaj, Trdevc, Haki Mahmut Demaj, Sreoce, Deçane, Rrustem Letaj, osekhil, Gjakovë, Hazir Krasniqi, Negroc, Mustafë Mehmetaj, Rodicë, klinë, Tefik Salihu, Trstenik, Fatmir Krasniqi, Lukare, Brahim Bekë Pepoci, Dujakë, Gjakovë, Jakup Rexhepi, Gilogoc, Ramadan Gashim Svrhë, Klinë, Visar Muriqi, Pejë, Fazli Hajdari, Dobroshec, Besnik Ismaili, Tuçevac, Kamenicë, llmi Zenili, Petriç, Klinë, Xhafer Cufaj, Prilep, Deçan, Aslan Selim Asllani, Brovinë, Gjakovë, Predrag Ismail Hasani, Dobruska, Istok, Zija Xhelili, Prelepnica Gjilanë, Haki Kastrati, Radost Rahovec, Nikoll Markaj, Radac Gjakovë, Naser Shporta, Prizren, Migjen Shala, Truda, Prishtinë, Baki kamani, Prishtinë, Bekim Begolli, Trnovë, Podujevë, Sabit Thaçi, Ilapushnik, Faruk Dakaj, Cerovik, Veli Kajtazaj, Prishtinë, Nexhmedin Gashi, Hajvali, Shefqet Beqa, Dac, Kaçanik, Bujar Maksuti, Prishtinë, Muhamet Bega, Jezerc, Ferizaj, Riza Tahirukaj, Luka e epërme, Deçan, Hajriz Murati, Shakovicë, Rexhep Veseli, Shkup, Abdullah Gjunaji, Konjush, Sali Kautaj, Shillovë.

City Prison of Krushevc (Serbia):

Veli Zogaj, Agim Qemal Bajrami.

City Prison of Vranje (Serbia):

Njazi Hajdari, Besim Ramadani, Fadil Kallaba, Sabit Hoxha, Mubijan Arifi, Ejup Morina, Bekim Bunjaku, Shefik Maksuti, Ziadin Mehmeti, Murat Baralia, Fehmi Lecaj, Naim Shaqiri, Muharrem Bajrami, Xhemajl Xhemajli, Rasim Rulani, Bejtullah Novobrdalia, Jeton Vllasalia, Besim Ahmeti, Shaban Asani, Adem Asani, Ramiz Bajrami, Ahmet Aliu, Zulfi Gashi, Ruzhdi Jashari, Bajram Demiqi, Rrustem Demiqi, Fahri Baftia, Islam Lipovica, Zeqir Morina, Fevzi Lekiqi, Fazil Abdullahu, Xhevat Demiri.

City Prison of Zajeçar (Serbia):

Braim Mehmet Shala, Canë Nimon Shoshaj, Isat Ramadan Shoshaj, Agim Sylë Shoshaj, Fazli Zenel Shoshaj, Kamber Zenel Shoshaj, Vedat Ramadan Shoshaj, Selman Sadik Çekaj, Xhevdet Rama Qorraj, Afrim Avdi Blakaj, Afrim Shaban Alilaj, Mustafa Rrustem Alilaj, Fetah Ukë Alilaj, Sali Shaban Asllani, Mentor Dervish Balaj, Fahri Rrustem Balaj, Arbnor Xhelal Bajraktari, Arianit Xhelal Barjaktari, Ilir Avdi Barjaktari, Avni Musa Barjaktari, Muharrem Rexhep Barjaktari, Ibish Musa Pepaj, Agim Halil Berisha, Muhamet Ibër Berisha, Aziz Ikër Kerisha Xhavit Idriz Berisha, Skënder Isa Berisha, Rasim Maxhun Berisha, Mujo Maxhun Berisha, Ramiz Muharrem Berisha, Osman Ramë Berisha, Zenun Selim Berisha, Kujtim Smajl Berisha, Shefqet Sokol Berisha, Tahir Musa Berisha, Muharrem Musa Berisha, Driton Ibish Blakaj, Gëzim Muharrem Blakaj, Rexho Haxhi Buçollli, Bujar Ismajl Mavraj, Ramiz Emshir Cërnovrshanin, Rashid Emshir Cërnovrshanin, Bekim Çaush Dautaj, Fidan Aziz Dervishaj, Kemajl Hasan Dobra, Shefqet Arif Dreshaj, Arif Bajram Dreshaj, Agim Zymer Dreshaj, Hasim Kadri Dukaj, Avni Kadri Dukaj, Fadil Smajl Berisha, Florent Isa Ukaj, Atdhe Bajram Gashi, Isuf Bajram Gashi, Bashkim Caca Gashi, Jusuf Ibish Gashi, Haxhi Smajl Gashi, Arif Smajl Gashi, Ajet Mujo Gecaj, Armend Ibrahim Grudi, Sadri Muharrem Haxhiaj, Jahë Sali Haxhiaj, Adem Zeqë Halili, Dem Isuf Haradinaj, Armend Shpend Hasaj, Zeqo Adem Hasaj, Afrim Smajl Hasaj, Agron Zenel Hasanaj, Islam Ajet Hysenaj, Isa Smajl Hysenaj, Rrustem Sadri Husaj, Zenel Idriz Husaj, Huharem Sadri Idrizaj, Burim Osman Kabashi, Faruk Isuf Kabashi, Imer Sherif Kelmendi, Milazim Haxhi Kelmendi, Mustafa Jusuf Kelmendi, Fidan Rama Kelmendi, Erzen Ramaden Kelmendi, Safet Rama Kabashi, Agron Avdyl Krasniqi, Gani Tahir Krasniqi, Xhavit Selman Kuqi, Kujtim Mehmet Leka, Labinot Ali Lipoveci, Tahir Adem Madonaj, Ahmet Binak Mahmutaj, Bedri Binak Mahmutaj, Lavdim Beqir Mavraj, Besar Dema Mavraj, Petrit Emin Mavraj, Hamdi Feriz Mavraj, Ragip Januz Mavraj, Fadil Miftar Mavraj, Nazmi Muharem Navraj, Aush Musa Mavraj, Kadri Musa Mavraj, Abedin Nezir Mavraj, Nesret Nezir Mavraj, Muhamet Nezir Mavraj, Hasan Ali Mazrekaj, Rustem Ali Mazrekaj, Rame Selman Mazrekaj, Avni Adem Mehmetaj, Durim Ramadan Mehmetj, Hajdar Ramo Mekaj, Miftar Ramo Mekaj, Smajl Shaban Miftaraj, Selim Binak Morina, Arkin Azem Muqkurtaj, Muhamet Qamil Thaqi, Muhamet Mustaf Qetaj, Shaban Bajram Muriqi, Kaplan Bajram Muriqi, Kaplan Selim Nikqi, Hys Selim Nikqi, Ymer Beko Nitaj, Sefer Beko Nitaj, Besim Ismet Nitaj, Zenel Miftar Nitaj, Zeke Hajdar Osmanaj, Arben Sadri Osmanaj, Shaqir Ahmet Osmanaji, Shaqir Ahmet Osmanaj, Faton Ymer Osmani, Fitim Osman Osmani, Ymer Ukshin Osmani, Xhemaji Justafe Lajiqi, Valdet Muhemet Lekaj, Ramadan Tahir Keimendi, Sulo Qazim Rexhaj, Elzen Ahmet Rexhaj, Agush Muherem Rexhaj, Mehmet Musa Rexhaj, Mustafa Tahir Rexhaj, Agron Zenun Rexhaj, Rexho Ahmet Fetahaj, Qazim Sejdi Sejdijaj, Ahmet Haxhi Sulaj, Shefqet Hasan Thaqi, Ismet Xhemo Tuzi, Azem Xhemo Tuzi, Azem Xhemo Tuzi, Hajim Haki Vranezi, Zeqe Mete Zeqa, Mexhid Mehmed Zeqaj, Aziz Mehmed Zeqaj, Nukman Zeqir Zemaj, Agim Haxhi Zumeri, Vegim Qamil Zuna.

City Prison of Leskovac (Serbia)

Ali Hajdin Zeneli, Bekim Syl Kalamoshi, Murtez Dam Islamaj, Shkelzen Selmon Zukaj, Sherif Zeqir Krasniqi, Shaban Binak Thaqi, Shkelzen Xhemaji; Muslijaj, Beqir Arif Beqiraj, Isuf Smajl Ymeri, Kadri Smajl Ymeri, Gazmend Siqan Bajrami, Xhevdet Rem Bajrami, Beqir Tahir Loxhaj, Vllaznim Brahim Perxhexhaj, Agron Ibrahim Koqaku, Binak Mislim Selmonaj, Beke Smajl Selmonaj, Sadik Lush Danaj, Musa Nazir Beqiraj, Nimon Maxhun Zekaj, Islam Miftar Qestaj, Kujtim Ymer Salihaj, Xhafer Meta Maloku, Rexhe Xhemajl Abdulahu, Arif Salih Fetahaj, Skender Ali Mehmeti, Abdulah Sadik Hoxha, Behar Adem Bahri, Shaban Rustem Hadergjonaj, Ndrec Zef Kqiro, Idriz Halil Ramoni, Zef Ndue Markaj, Ali Dervish Curaj, Shaqir Azem Hajdaraj, Fazli Zeke Rexhaj, Kristijan Gjoke Bibiqaj, Brahim Rexhep Salcaj, Nikol Frat Berisha, Islam Rame Qekaj, Isuf Bajram Krasniqi, Isuf Bajram Krasniqi, Shpetim Bajram Hoti, Deme Hasan Bunjaku, Lutfi Zeke Miroci, Smajl Muharem Ramqaj, Haxhi Muharem Zubaj, Zija Rasim Humaj, Xhafer Zenel Lotaj, Bekim Adem Memaj, Riza Rustem Mavraj, Xheme Elez Mavraj, Sami Rame Shala, Him Misin Balaj, Valdet Beqir Barjaktari, Naim Gjon Tuzi, Rame Mehmet Muqaj, Musli Qazim Berisha, Hamdi Elez Mavraj, Arif Deme Neziraj, Afrim Bilal Shabani, Selmon Hisen Osmanaj, Haxhi Duqa Mehmetaj, Izet Nezir Kuqi, Ferad Sali Berisha, Zenel Syle Iberdemaj, Musa Tahir Blakaj, Deme Maxhun Berisha, Nexhmedin Tahir Mavraj, Avni Zenun Balaj, Ilo Shefki Seniku, Zef Pren Bicaj, Deli Mustafe Mavraj, Sali Musa Belaj, Ragip Azem Vranezi, Mahmutaj Rame Nexhaj, Fadil Ramadan Quliqi, Milazim Sadik Blakaj, Iso Rexhep Kelmendi, Xhelo Shaban Shala, Naim Dervish Balaj, Faruk Azem Kelmendi, Riza Rame Ceku, Ismajl Sherif Kelmendi, Nexhat Januz Kabashi, Bajram Rexhep Kelmendi, Nexhdet Isuf Bajramaj, Avni Nimon Shoshaj, Idriz Zeko Blakaj, Halil Sait Gashi, Hamdi Ymer Shoshaj, Blerim Ymer Kelmendi, Hasan Adem Cocaj, Adem Sheremet Berisha, Tahir Isuf Barjaktari, Skender Hasan Shoshaj, Skender Rizo Shabaj, Avdyl Mahmut Husaj, Xhavit Musa Dresh, Arif Cafe Hysaj, Luarez Jusuf Kelmendi, Muhamed Zeke Bajraj, Fadil Binak Qalaj, Florim Deme Gashi, XHafer Deli Gashi, Halil Adem Gashi, Arif Rexhep Gashi, Sejdi Qerim Gashi, Gezim Rame Kabashi, Ise Ali Kabashi, Mustafe Duat Bajramaj, Riza Ibish Ukaj, Flakron Hajdar Nekaj, Blerim Bajram Beqiraj, Qerim Bajram Elshani, Rifat Hasan Nurina, Shaban Osman Gashi, Xheme Rexhep Berisha, Ali Deme Qelaj, Sejdi Binak Ahmeti, Sulejman Sejdi Zekaj, Ismajl Rexhe Zekaj, Abdulla Avdi Zekaj, Ise Rame Tahiraj, Sadri Ali Zekaj, Tahir Rize Alijaj, Valon Osman Zekaj, Zeqir Osman Morina, Rexhep Tahir Kurtaj, Ramadan Avdije Zekaj, Mustafe Feka Nimonaj, Ismajl Shaban Hysa, Bashkim Deme Gashi, Shaban Deme Gashi, Syle Rexhep Bytyqi, Pajzit Hazir Gashi, Xhevat Xhemaj Gashi, Arben Mehmet Gashi, Zenun Bajram Bajrami, Enver Mehmet Gashi, Bajram Zenun Bajrami, Nezir Tahir Gashi, Haser Sadik Gashi, Fadil Daut Gashi, Nimon Nezir Gashi, Mehmet Ibrahim Gashi, Avni Rrustem Mavraj, Mehdi Memet Zeqaj, Driton Bali Hysaj, Hajredin Binak Mavraj, Agim Myftar Abdullahu, Bajram Rame Kelmendi, Sadri Rexhep Kelmendi, Berat Murat Kabashi, Isa Shaban Shabaj, Ramiz Sadik Berisha, Valdet Sali Mavraj, Jahe Elez Mavraj, Mentor Qaush Dautaj, Rrustem Hajdar Mamaj, Florent Ali Lipoveci, Rame Tahir Haziraj, Gazmend Hasan Kameraj, Albert Rexhep Salihi, Bekri Sadik Rrustemaj, Avni Rezi Shala, Nezir Hajdar Latifi, Hasan Jusuf Ukaj, Pjeter Matej Ndrecaj, Pal Pren Ndrecaj, Riza Mete Sadrijaj, Xhafer Musa Zeneli, Rasim Adem Hysenaj, Hasan Puka, Muharem Donaj, Vesel Murta, Bashkim Arif Bajrami, Eduard Rifat Muharemi, Mal Tahir Ajdinaj, Vladimir Momqillo Vrdar, Vladimir Tonko Dupalo, Blerim Uke Hetaj, Suad Etem Hetaj, Shefqet Isuf Osmanaj, Xhafter Isuf Osmanaj, Mehmet Qazim Krasniqi, Qaush Nezir Shpatollaj, Ramadan Ahmet Sopjani, Neset Xhemajl Zhabeli, Esat Ibrahim Zeka, Musa Omer Sinani, Tahir Arslan Mehmetaj, Dede Mark Gecaj, Hamze Gani Luboja.

City Prison of Nish (Serbia):

Hasan Zeneli, Ramadan Kokulaj, Arben Basha, Jahir Mazreku, Sejdi Haziraj, Haxhi Ukaj, Ferik Haziri, Mustafe Alimusaj, Hasan Shala, Haqif Ilazi, Enver Berisha, Milaim Kabashi, Hysni Krasniqi, Mexhit Zenelaj, Arif Kabashi, Arsim Kabashi, Defrim Rifaj, Rexhep Aliaj, Hazir Zenelaj, Sejdi Belanica, Bylbyl Duraku, Selim Kadriu, Rizo Gjekiq, Zaim Qatani, Zadin Berisha, Xhavit Krasniqi, Nijazi Kryeqiu, Xhevat Daciq, Sylejman Ziba, Arsim Ziba, Xhemajl Salauka, Murat Kabashi, Arben Llugaxhiu, Arben Kolgeci, Emri Loshi, Arben Morina, Jemin Kryeziu, Hasan Istogu, Milaim Kastrati, Hasan Muqa, Burim Bllaca, Selim Gashani, Uke Ndrecaj, Nazmi Franca, Zymer Gashi, Vesel Llugaxhiu, Uke Kolgeci, Osman Llugazhiu, Mehdi Gashi, Avni Kolgeci, Daut Gashi, Xhevat Shukolli, Agron Perteshi, Maliq Shukolli, Nasuf Dvorani, Mustafe Kolgeci, Naser Hysaj, Sokol Morina, Sherif Berisha, Ismet Krasniqi, Shaban Quipi, Neqir Shala, Hilmi Krasniqi, Arton Krasniqi, Shaban Kolgeci, Hamit Buzhala, Xhavit Mala, Abdullah Shala, Shefqet Topolani, Riza Krasniqi, Sahit Ziba, Gezim Ziba, Asllan Lumi, Skender Hoti, Milazim Kolgeci, Lum Matoshi, Naim Leku, Gani Ibali, Milaim Matoshi, Haki Elshani, Sali Loshi, Uke Thaqi, Xhavit Kolgeci, Gazmend Bytyqi, Sherif Hamza, Sedat Kolgeci, Isa Ismalaj, Ramadan Morina, Asim Morina, Selim Lokaj, Selim Gashi, Demir Limaj, Ali Xhulliqu, Mustafe Berisha, Brahim Berisha, Muhamet Rama, Mehemet Memqia, Agim Lumi, Shkelzen Zllanoga, Halim Shatri, Gani Balia, Isak Hoti, Adrian Haxhaj, Vehbi Mhuarremi, Lavdim Tetaj, Fazli Gashi, Arben Lukaj, Asman Kastrati, Muje Prekupi, Visar Balovci, Ralif Qela, Libum Aliu, Shaban Beka, Arif Vokshi, Agim Sylaj, Ilaz Dugolli, Ilaz Bislimi, Brahe Beqiraj, Agron Ramadani, Enver Dugolli, Ramadan Nisholli, Skender Recaj, Besim Rama, Avdija Mehmedoviq, Dine Gjocaj, Zejnullah Shala, Selman Ukehazhaj, Maliq Muharemoviq, Rexhep Oruqi, Shabedin Asallri, Valon Berisha, Idriz Musliu, Luz Marku, Blerim Camaj, Naim Lushi, Musa Krasniqi, Leonard Krasniqi, Hasan Vrelaku, Ismet Berbati, Isa Shalaj, Arif Vrelaku, Fadil Jetishi, Arbnor Koshi, Hasan Rama, Esat Shehu, Luan Sejdia, Shefqet Vokshi, Elmi Gjulani, Naim Krasniqi, Ismet Alia, Maki Degolli, Hil Qira, Nazim Zenelaj, Artan Hasi, Blerim Krasniqi, Arsim Jullashi, Naser Shunjaku, Meduh Duraku, Faik Mustafa, Kreshnik Hoxha, Fisnik Zhaveli, Bislim Zoqaj, Asllan Selimi, Dylber Beka, Arben Selmoni, Avdi Kabashi, Faton Hoxha, Fatmir Tafarshiku, Asim Bakalli, Filip Pjetri, Shefqet Kabashi, Mithat Zeka, Shpend Ganinmusa, Besnik Mezini, Muhamet Guta, Muhedin Zeka, Jeton Xharra, Nexhmedin Varaku, Lulzim Qerimi, Yll Kusari, Endogand Mati, Mustafe Gjocaj, Agron Dvorani, Bekim Krasniqi, Fadil Topalli, Bashkim Jusufi, Ruzhdi Morina, Huhamet Kiqina, Ylber Dizdari, Astrit Elshani, Rrustem Jetishi, Ramiz Gjocaj, Enver Hoxha, Hekuran Qarri, Rexhep Sejdiu, Jusuf Shala, Hysen Reka, Xhavit Gashi, Naim Baleci, Ismajl Musa, Naser Kalimshi, Isa Alia, Gani Quekaj, Hddin Alia, Esat Afma, Hysen Juniku, Ismet Gashi, Shpejtim Hoxha, Naim Zejna, Hamdi Hareqi, Azem Krasniqi, Hasan Berisha, Selim Qekaj, Sali Hameli, Kadri Jahaj, Naser Qerimi, Ramadan Avdiu, Boge Hereqi, Riza Alia, Jeton Alia, Bekim Maqi, Kujtim Jetishi, Bajram Avdyli, Naim Lulaj, Sami Gashi, Avdyl Maqi, Luan Mazreku, Sami Hasani, Arton Morina, Genc Kida, Sali Mariqi, Bali Beqaj, Nuhi Bokaj, Avdi Rrahmani, Flamur Godeni, Isuf Zekaj, Hajrullah Samadraxha, Gani Gexha, Fatmir Bytyqi, Afrim Caka, Skender Sina, Adnan Brovina, Sylejman Brovina, Agim Muhaxheri, Remzi Krasniqi, Jusuf Brovina, Jahir Shala, Skender Tasholli, Bashkim Berisha, Ymer Krasniqi, Arif Meta, Ismet Beqirai, Tahir Hyseni, Feriz Zabelaj, Fejzi Krasniqi, Sadik Rexhaj, Rrahim Aliu, Fatmir Malaj, Reshat Behluli, Adriatik Vokshi, Flamur Hana, Genc Batusha, Rifat Thaci, Xhemajl Thaci, Dritero Baleta, Befort Mullahasani, Binak Haxhijai, Shefki Frazlijaj, Kastriot Gerkuqu, Tahir Kajdomqai, Florent Rudi, Feriz Bozhdaraj, Driton Aliaga, Hysni Hoxha, Luan Xheka, Bashkim Mustafa, Sabit Lushaj, Rinor Lamaj, Avdyl Ndrecaj, Nazim Morina, Mustaf Ukaj, Ferat Luhani, Jeton Bytyqi, Mazllom Grushi, Hasan Aliaj, Hivzi Perolli, Bujar Hasiqti, Sami Morina, Burim Hasiqi, Ramadan Xhogaj, Adem Morina, Agim Hasiqi, Valdet Krasniqi, Avni Bytyqi, Ardian Tetrica, Naser Mema, Ruzhdi Abazi, Beqir Belani, Azem Buzhala, Merxhan Zhubi, Visar Dushi, Mustaf Ahmeti, Isa Axhanela, Istref Hasani, Halil Ademaj, Hesed Jaija, Ndre Matiqi, Hilmi Hajdari, Kastriot Zhubi, Bajram Mustafa, Adrian Kumnova, Alban Koshi, Admand Shtaloja, Edmond Dushi, Nexhat Shujaku, Driton Xhiha, Burim Dobruna, Agron Lama, Florent Zhubi, Mehdi Ferizi, Yll Ferizi, Agron Syla, Yll Pepa, Sadik Zeqiri, Limon Abazi, Emin Deliu, Shkelzen Nura, Selim Curraj, Lulzim Delia, Burim Zhubi, Petrit Vula, Idriz Pepa, Adnan Koshi, Adratik Pula, Genc Xharra, Fahri Koshi, Jeton Rezniqi, Admir Pruthi, Behar Koshi, Labinot Pula, Genc Sada, Bekim Lota, Llir Lota, Zog Delia, Vllazerim Radogoshi, Ahmet Asllani, Agim Hoda, Istref Sadrija, Fatmir Pruthi, Jusuf Kollari, Zeqir Hyseni, Perparim Zejnullahu, Agim Mehmeti, Nexhat Vehapi, Dijamant Mici, Arben Abazi, Mithat Guta, Fatos Deva, Bekim Musa, Petrit Kepuska, Dijamant Manxhuka, Qamil Beqiri, Tahir Skenderaj, Dukogjin Pula, Agron Pula, Fatos Dautaga, Bruim Brovina, Ymer Guta, Petrit Sahatqiu, Muhamet Zymi, Ahmet Hyseni, Arben Shala.

[From the Washington Post, July 10, 1999]

AMONG THE MISSING: PRISONERS OF SERBIA

(By William Booth)

POZAREVAC, YUGOSLAVIA.—The most famous prisoner in Serbia shuffled into the deputy warden's office today, her boots missing their laces and her hands clasped behind her back. She was pale and her fingers trembled, but she was defiant and angry.

Flore Brovina, a middle-aged pediatrician and poet with dyed blond hair, beloved in her native Kosovo but accused of being an enemy of the state by Yugoslav authorities, is among hundreds of ethnic Albanians who were taken from jails in Kosovo in the last days of the war last month and moved to prisons in Serbia.

Brovina is among the lucky ones; she has been found. Most of the prisoners have yet to

be accounted for, and they are among the larger ranks of missing ethnic Albanians whose fate is one of the great human rights mysteries of the Kosovo conflict. Over the three months of war, thousands of ethnic Albanians in Kosovo, mostly men of fighting age, were pulled from their homes and from columns of refugees streaming into Albania, Macedonia and Montenegro.

They vanished without a trace.

Some were killed, and only the digging in graves and forensic investigations will tell their stories. But many were incarcerated in seven prisons around Kosovo. Many were held without formal charges, allowed under a martial law decree that governed Yugoslavia during the war.

At war's end, as NATO forces advanced into Kosovo province, some prisoners escaped—how many is unknown. At least 800 were marched to the Albanian border and released by Yugoslav security forces. The rest were taken in a long convoy of buses and trucks to Serbia.

Today, Brovina took a seat before her captors and announced to her first visitor since her arrest in April, ''I do not consider myself a prisoner, but a slave.''

She said, ''I have only one question: Why am I here?''

For the next two hours, as the deputy warden and a guard by turns grimaced with shame or anger, disbelief or disgust, Brovina, 50, described her journey through the Serbian criminal justice system, where she is charged with being a terrorist.

Serbian Justice Minister Dragoljub Jankovic said in an interview this week that his staff has accounted for 1,860 prisoners brought to Serbia from Kosovo on June 10, the day Yugoslav forces began withdrawing from the province. The prisons of Kosovo are now empty, and the largest, at Istok, was bombed into rubble—and prisoners killed—by NATO airstrikes in late May.

According to Jankovic, there are 800 of the missing at the prison here in Pozarevac; 400 in Nis; 330 in Sremska Mitrovica; 180 in Leskovac; 95 in Prokuplje; and 55 in Zajecar. These cities are all in Serbia.

The minister said he will soon turn over the names and locations, still being tabulated, to the International Committee for the Red Cross.

The 1,860—or more—brought to Serbia from Kosovo are approximately the same number of missing prisoners circulating among humanitarian groups and lawyers in Serbia and Kosovo, its southern province. But even Jankovic acknowledged the final tally may grow. He said that many prisoners were moved, but their case files and other documentation, including investigative and trial proceedings, were lost in the race by Yugoslav forces and Serbian authorities to withdraw from Kosovo. Serbia is the dominant republic in the Yugoslav federation.

''We're doing the best we can under very difficult circumstances,'' Jankovic said.

The Belgrade government released 166 ethnic Albanian prisoners in June. Jankovic said another 200 would probably be freed soon.

The chief warden here, Stipe Marusic, said he received 647 prisoners from Kosovo on the last day of the war, of which 579 were ethnic Albanians, most of whom are not yet convicted of any crime but are listed on his manifests as ''detainees'' or ''under investigation.'' Others are simply prisoners arrested in the last four months by the Serbian special police.

''We expect some to be convicted'' of charges of terrorist activities, he said, ''and some to be exchanged.''

Human rights activists here and in Kosovo have faulted NATO leaders for not including in the peace accords more language about what is to be done with the prisoners.

Brovina said she believed they were being held as ''bargaining chips,'' and were being ''fattened'' up in Serbian prisons before some are eventually released.

For weeks, Brovina's lawyer was not sure where she was. The Serbian Ministry of Justice could not find her. Confused about her misspelled name, the authorities said they were looking for a man, Jankovic assisted a reported in finding Brovina. Brovina has been in trouble with Serbian authorities since the early 1990s, when ethnic Albanians in Kosovo began actively resisting a decree by Slobodan Milosevic, who was then president of Serbia, to strip the province of its limited autonomy and bring the majority ethnic Albanian population to heel.

In the purges that followed, Brovina was fired from her job at the hospital in Pristina, the Kosovo capital, but then founded the League of Albania Women, which sponsored protests against massacres and repression. She also opened a center for vulnerable women and children.

''Our slogan was very simple,'' she said. ''It was STOP.'' Brovina said they just wanted peace. But she admitted today that her sympathies clearly lie with the separatist Kosovo Liberation Army, which battled Yugoslav forces for 16 months in an effort to win independence. ''We didn't have anything to do with the KLA.'' Brovina said. ''But if those were our sons, our husbands, our fathers, of course we liked them.''

Brovina remained in Pristina at the start of the NATO airstrikes on March 24. But on April 20, she was arrested.

She was taken to he prison in Lipljan, on the outskirts of Pristina. She claims to have seen ethnic Albanian prisoners, arrested under Articles 125 and 136 as terrorist enemies of the state, lying naked on the floor, being beaten with ropes on the genitals in cells in the Lipljan jail.

She charges that the Yugoslav army erected an antiaircraft battery at the prison. ''We were not prisoners,'' she said. ''We were made targets.''

Brovina said the prisoners at Lipljan were forced to say ''Long Live Serbia'' before they were allowed to use the toilets. Many complained about the food and the stingy rations, but Brovina and her warden agreed that the whole Kosovo was doing without.

At the prison here today, two men held in Lipljan gave differing accounts. Neither saw an antiaircraft battery or soldiers, but one man, Hajdari Mursel, 63, a retiree, said he spent two weeks at Lipljan, where the guards ''screwed with us,'' and ''beat people with rubber hoses.''

All prisoners at Lipljan said that conditions there were much worse than in their new Serbian jails. Indeed, several prisoners went out of their way to say that they were well treated here at Pozarevac.

''They have not harassed me in any way,'' said Becir Bilalli, 44, the owner of a small shop. ''I have only one problem now, that I am away from my family, and these charges against me.''

Bilalli said that he was arrested at a checkpoint outside Kosovska Mitrovica in Kosovo last August. He is charged with terrorist activities. The reason, Bilalli said, is that like many in Kosovo he stood duty with a rifle on his shoulder outside his village at night.

''Everybody was on guard in Kosovo,'' he said. Bilalli, like the other prisoners, said he has not communicated with his family since the NATO air war began, and that he does not know where his wife and sons are. They do not know he is in prison in Serbia.

On the eve of the final withdrawal of all Yugoslav army and security forces from Kosovo on June 10, Brovina and hundreds of other prisoners were loaded onto buses and driven to other parts of Serbia. They were ordered to keep their heads down, Brovina said, and told not to look out of the windows.

''We did not know where we were being taken,'' she said. Some prisoners feared they would be taken to a field and shot. Others wore all their clothes so that in event they were beaten, the blows would not be as punishing. There were few women in the prison convoys, Borvina said, but all the young ones feared they might be raped. There were not.

Many of the 579 ethnic Albanians taken to this prison came from Dubrava prison in the Kosovo town of Istok. Before the war, the Istok prison was the largest, and most modern, in Serbia. Built on the Swedish model, the prison had recreation rooms, a motel for conjugal visits and a decent library.

Enver Ramadani, 21, who was convicted of racketeering before the war, and confessed today he was indeed guilty of the crime, was at Istok. He called the prison ''super.''

But that was before the NATO bombing. In late May, Istok prison was hit for five days by NATO airstrikes. The exact number of dead and wounded are still unknown. What is known is that the prison was filled with prisoners, many of them ethnic Albanians detained in the last weeks of the war.

Initially, Serbian officials said that 44 prisoners and guards were killed. Jankovic, the Serbian justice minister, said his latest information is that only six were killed, and 196 wounded, 20 seriously.

Ramadani said that he saw 30 dead bodies in the prison yard, covered from the sun by blankets. For five days, NATO bombed, and he described a scene from hell: The guards fled into the woods, leaving the prisoners to fend for themselves. They raided the kitchens. They hid from the bombs down manholes into the sewers, packed like rats, waiting for the concussions to end. He said that many were wounded and were treated by ''so-called doctors'' among them, who did the best they could. There was blood everywhere.

Ramadani did not see prisoners executed by Serbian security forces, although reporters who returned to Istok saw bullet holes in the walls and bloody mattresses, where heads would have lain.

Jankovic said that for the five days of the bombing, his people were not in charge. He does not know what happened during the bombardment, and seemed to suggest that if any atrocities occurred, it was others—special police, paramilitaries—who were responsible. NATO officials stated that the site was a legitimate military target. ''That was a military barrack, and we attacked it twice,'' said NATO spokesman Jamie Shea after the initial bombings. ''Whether the Serbs were using it to house other people—that's a different thing.''

Husnija, an ethnic Albanian attorney working in Serbia and Brovina's newly appointed lawyer, said that one of the most disturbing things he has uncovered is that during the war, Serb prisoners in Kosovo were moved north to Serbia, while ethnic Albanians incarcerated in Serbia were moved to Kosovo. He does not know why.

Natasa Kandic, a human rights attorney based in Belgrade, said that she initially feared that many of the missing were dead.

Now, she believes they are in prisons around Serbia. That is not good, she said, but it is better than the missing being found in mass graves.

[From the Los Angeles Times, July 9, 1999]

DETAINEES LOST IN MAZE OF YUGOSLAV PRISON SYSTEM

(By Mark Fineman)

BELGRADE, YUGOSLAVIA.—When they boarded the Fati Tours bus from Slovenia to Kosovo last July, Baljaj Naim, Zogaj Enver and Hrecaj Haljit were much like the 51 other ethnic Albanian passengers.

Like the others, the three men were contract workers going home—their pockets full of hard-earned construction wages—to wives, children and parents they hadn't seen for months.

But nearly a year after all the workers were detained at a Serbian police checkpoint in Kosovo on suspicion of being terrorists, the three men and 12 others still haven't made it home.

After a torturous eight months of trials and appeals that moved them from prison to prison, the 15 men—who were convicted on vague terrorist charges just weeks before NATO launched its air war March 24—personify the problem now known simply as ''the prisoners.''

They are among an estimated 2,000 ethnic Albanian detainees and convicts who, the Yugoslav government acknowledges, were in Kosovo's prisons during NATO's air war. An undetermined number of those prisoners were moved to jails elsewhere in Serbia during the final weeks of the conflict.

The fate of imprisoned ethnic Albanians is moving to center stage in the aftermath of NATO's war on Yugoslavia. And the saga of the men from the bus, say their lawyers here, epitomizes their advocates' frustrated search for justice.

Eight of the 15 passengers, missing since May, finally turned up this week in a Serbian prison in Nis. The other seven—including Naim, Enver and Haljit—simple vanished in the chaos and killing that was Kosovo during and after NATO's 11-week air war. They are among hundreds of prisoners whose fate is unknown.

On Thursday, the head of an International Committee of the Red Cross delegation, which interviewed its first 330 ethnic Albanian prisoners in Serbia this week, said tracing the rest and resolving their cases rank among the most enduring and confounding problems of the postwar period.

''It's Benedictine work,'' Dominique Dufour said. ''This will probably keep us busy for many, many years to come.''

Compounding the problem, he and other Western officials said, is the fact that the North Atlantic Treaty Organization and Yugoslav officials never addressed the issue of the ethnic Albanian prisoners when they negotiated the withdrawal of Yugoslav troops from Kosovo last month.

''The attitude of the Serbian government about these Albanian prisoners is, 'We are holding a number of Yugoslav citizens detained within Yugoslavia and still being detained within Yugoslavia for crimes committed in Yugoslavia,' '' explained Dufour, who stressed that the Justice Ministry of Serbia, the dominant republic in Yugoslavia, has been cooperating in the effort to trace them.

''So now, in their eyes, you're talking about some form of amnesty,'' Dufour said. ''But there was no agreement reached between the Western powers and Yugoslavia regarding these prisoners, and there probably needs to be.''

Human rights workers in Kosovo and elsewhere in Serbia say that, in addition to prisoners who were formally charged before and during the air war, Serbian authorities searching for members and supporters of the separatist Kosovo Liberation Army, or KLA, plucked hundreds of ethnic Albanian refugees out of the columns of those fleeing last spring and detained them despite having little or no known documentation of a crime.

Serbian authorities have, in fact, released about 1,000 of those prisoners in recent weeks: About 800 were freed near the Albanian border last month as Yugoslav troops withdrew from the province, and 166 prisoners were turned over to the Red Cross here this month.

The Yugoslav government says the issue is further complicated by the rapid withdrawal from the province last month of Yugoslav troops, court personnel and judicial staff, which left prisoners' court files in disarray.

But Dufour and others working to resolve the issue say that, in most of the cases involving ethnic Albanian prisoners who were removed from Kosovo or are missing, Serbian authorities kept detailed records of court proceedings and prisoner transfers. Justice Ministry officials, defense lawyers and the Red Cross are working to reconstruct the records.

Extensive court records exist in the case of the 15 ''terrorists'' seized from the Fati Tours bus.

The records obtained by The Times, help illustrate just why so many ethnic Albanians landed in prisons in the first place. Combined with witness accounts during the war and other documents here, the records also indicate that NATO might have helped obscure the fate of those prisoners and hundreds of other missing ethnic Albanians when its warplanes bombed Kosovo's largest prison, in the town of Istok, at the height of the air war.

For the Fati 15, returning last year to the province with pockets filled with wages, the nightmare began when they reached a Serbian police checkpoint in the city of Podujevo on July 20 during heavy fighting between Yugoslav forces and KLA rebels.

Here's how the Serbian judge, who found all 15 guilty after a four-day trial in February, described in this final judgment what happened next:

''Police stopped them. They checked the passengers and luggage and found on them the hard currency. [Police] immediately understood that it was being carried to Kosovo, that they were bound to join the terrorist organization [KLA] to buy arms and ammunition for the hard currency. They were escorted to Pristina . . . and arrests ensued.''

After an investigation that lasted months—during which Serbia's justice minister labeled the 15 passengers ''terrorists'' in an article that appeared in a state-run newspaper months before the trial—prosecutors dropped all charges against 39 other passengers and released them.

For the remaining 15, the court record shows, not a single witness testified against them during their trial in the Serbian city of Prokuplje, about 120 miles southeast of Belgrade, the capital of Yugoslavia and Serbia. No hard evidence was introduced linking them to the KLA, and the judge wrote that his guilty finding was based on the $56,000 worth of German marks the men carried, the fact that they were construction workers who left Slovenia at the height of that former Yugoslav republic's building season, and that they were ''smuggling'' the money into Yugoslavia ''in their pockets.''

In his appeal to Serbia's Supreme Court in April, the passengers' Belgrade-based ethnic Albanian lawyer, Husniya Bitic, called the verdict ''totally upside down . . . an attack on the legal system and the state . . . a political pamphlet or a speech of some political leader at one of his [Serbian] nationalist rallies.''

Bitic stressed in his Supreme Court brief that few of the 54 passengers knew each other when they boarded the bus; that witnesses told the court that the cash was for the workers families and for the families of their co-workers; that the money had come from performing legitimate construction work; and that the bus was on a regularly scheduled, twice-weekly route.

''Had such a verdict been delivered somewhere in Afghanistan [or] Papua New Guinea . . . perhaps it may be said this was being done by people who know nothing of the law,'' Bitic stated in the appeal. ''But for such a verdict to be passed in the middle of civilized Europe . . . this we could not expect.''

That was in April, after NATO had begun bombing Yugoslavia. The court rejected the appeal, and the 15 men continued to serve sentences ranging from 3½ to 4 years.

Then the real trouble started.

''Until April 23, those 15 people were in Prokuplje,'' Bitic said here Wednesday. ''On April 26, they moved them to Istok. And on June 10, all prisons in Kosovo were deserted. Until today, I've only found eight of them in prison in Nis. I'm still searching for the others.''

Given what happened at Istok's Dubrava penitentiary on May 19, it's a miracle Bitic managed to find the eight. NATO bombed the prison several times that day, and foreign journalists who visited the scene between bombing runs described tense, hellish scenes of prison guards struggling to control about 1,000 inmates after the bombs killed 19 inmates and guards, breached the prison wall and left the facility's records in ruin.

When asked that day why NATO had bombed the modern, Swedish-built prison complex, which was widely known throughout Europe as one of the continent's largest such facilities, NATO spokesman Jamie Shea replied: ''That was a military barracks, and we attacked it twice. . . . Whether the Serbs were using it to house other people—that's a different thing.''

But the overwhelming majority of the 1,004 inmates that Serbian authorities and the Red Cross say were being held in Dubrava when the bombs fell were ethnic Albanians. Most of them were like the Fati 15, charged or convicted under counter-terrorism laws. Western reporters and camera crews who visited the abandoned prison after the Yugoslav withdrawal found bullet-pocked walls, bloodied bedclothes and other signs of possible reprisals by prison guards.

An Italian film crew also found 94 fresh, unmarked graves a few miles from the prison, where unconfirmed reports persist among villagers of an unsuccessful prison break and a massacre of inmates after the NATO bombardment.

For Bitic, who is in touch almost daily with relatives of the missing seven, their case is ''a tremendous weight on my back. What will I tell the family? Well, at least for now, we're still looking.''

Mr. GILMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I strongly support the Engel amendment.

Only last week we passed a resolution calling on Mr. Milosevic to release

the humanitarian workers for the CARE organization. Those workers had his thugs arrested and convicted.

It is also reported that Milosevic's troops have imprisoned up to 2,000 citizens of Kosovo inside Serbia long after the war's end. Those prisoners must be released. Serb authorities must provide the Red Cross access to those prisoners and then turn them over to the custody of the U.N.

Our committee is going to be taking a long look at the manner in which Milosevic has been holding on to power and ways in which we can help to bring the Democratic opposition to power through elections in Serbia.

The world now knows Milosevic is a war criminal, and the list of his crimes will only grow as the investigations and investigators continue their work in Kosovo.

This amendment serves notice that we are watching what is happening with regard to the 2,000 prisoners that he is holding. Accordingly, I urge our colleagues to fully support the Engel amendment.

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

Mr. ENGEL. Mr. Chairman, I yield 1 minute to the gentleman from Virginia (Mr. MORAN).

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Mr. MORAN of Virginia. Mr. Chairman, I thank the gentleman from New York for yielding me the time, but more importantly for his leadership on this issue. This is an important amendment. I would hope that it would pass unanimously.

The gentleman from New York has mentioned a list of 5,000 people who are unaccounted for. We know the ruthless, lawless way in which the Serbian military, paramilitary and police have treated Kosovar Albanians. But these 5,000 people are represented by families, thousands of people who do not know whether their loved ones have been executed in any number of the brutal massacres that we know have occurred in Kosovo or whether they are being held in prison.

If we allow access by the International Committee of the Red Cross, we will at least enable the parents, the families, to know what might have happened to their loved ones. It also means that we will be able to impose some limits on the conditions in which these people are living.

There is a good reason why the Red Cross has not been allowed access, we are afraid, and, that is, that they do not want us to know what they are doing, how they are treating the prisoners in their jails.

This is a good amendment and it should pass unanimously.

Mr. GILMAN. Mr. Chairman, I am pleased to yield the balance of my time to the gentleman from New Jersey (Mr. SMITH), the distinguished chairman of our Subcommittee on International Operations and Human Rights.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The gentleman from New Jersey is recognized for 3½ minutes.

Mr. SMITH of New Jersey. Mr. Chairman, I thank my very good friend for yielding me this time and rise in strong support of the Engel amendment and thank him for offering it to us this afternoon.

Mr. Chairman, the people of Kosovo suffered greatly in the past 18 months, especially during the brutal ethnic cleansing campaign which paralleled the NATO air strikes from March to June of this year.

While now is the time for Kosovars to return and rebuild their homes and their lives, many continue to be held in Serbian prisons, wrongly held, and illegally held.

Over the 3 months of the conflict, thousands of Albanians in Kosovo, mostly men, were pulled from their homes and from columns of refugees. Some were killed and only the excavation of mass graves and subsequent forensic investigations will tell their stories. But many were incarcerated in seven prisons around Kosovo, without formal charges, under a martial law decree that governed Yugoslavia during the war. At war's end as NATO forces advanced into Kosovo province, some prisoners escaped, others were marched to the Albanian border and released by Yugoslav forces, and the rest were taken in a long convoy of buses and trucks to Serbia. We do not know the exact numbers, but these are the people that we speak to in this amendment.

I would like to point out that recently I led a delegation to the Organization for Security and Cooperation in Europe Parliamentary Assembly of the OSCE in St. Petersburg. I want to commend the gentleman from Maryland (Mr. CARDIN) because he was able to raise the issue during the course of those deliberations and we got language in the concluding document, the St. Petersburg Declaration, that raised this issue in a way that hopefully will get the attention of the entire international community and especially of Belgrade to let them go.

The bottom line, Mr. Chairman, is that the continued incarceration of Kosovar Albanians by Serbian authorities is in violation of the Geneva Conventions, as is the denial of outside access by other international observers like the Red Cross. This must be corrected. It is very important that we go on the record, hopefully unanimously, saying: Let these people go.

Mr. ENGEL. Mr. Chairman, as I mentioned before, the Parliamentary Assembly of the OSCE, Organization for Security and Cooperation in Europe, passed a resolution similar to our amendment.

Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. CARDIN), the author of that resolution.

Mr. CARDIN. Mr. Chairman, I thank the gentleman from New York (Mr. ENGEL) for authoring this amendment. It is a very important amendment. It does carry out what we have done in the OSCE Parliamentary Assembly.

Mr. Chairman, international organizations, including U.N. officials, have reported that between 1,500 to 5,000 prisoners were transferred from Kosovo to jails in Serbia around the time of the entry of international forces into Kosovo and that the Serbian Ministry of Justice has acknowledged that such transfers were made.

International humanitarian law requires humane treatment of all prisoners seized in conjunction with the Kosovo crisis, and Red Cross access to such prisoners is guaranteed under international law. They must be released without delay after the cessation of active hostilities. That has not occurred.

The Belgrade authorities have provided inaccurate lists and have not allowed access by the Red Cross. The illegal detention of these individuals is unacceptable. The OSCE has adopted a resolution that I authored on behalf of the United States delegation, a very similar resolution.

It is time that the United States Congress also acts. I encourage my colleagues to approve this resolution.

Mr. ENGEL. Mr. Chairman, I ask unanimous consent for an additional 2 minutes.

The CHAIRMAN pro tempore. Without objection, both sides will be granted an additional 2 minutes.

There was no objection.

Mr. ENGEL. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. OLVER).

Mr. OLVER. Mr. Chairman, I appreciate the indulgence of the body for that additional time. This resolution seems not to have any significant opposition and I assume it is going to be adopted unanimously, but I thought I would make just a couple of comments and also describe a little bit of the experience of the congressional delegation that went to Kosovo that was built out of the leadership of the chairman of the Subcommittee on Military Construction of the Committee on Appropriations of which I am the ranking member just a matter of a week or so ago.

The men and boys that are involved in this resolution are those largely that were randomly pulled from columns of refugees and taken without trial, held without trial, without contact as an act really of terrorism on the part of the paramilitary Serbian forces at that time.

Now, they should be released. They should be, and we should adopt that resolution unanimously. If there are

problems, if there are people who were actively law-breakers, then what should happen is that the detention process that is happening in every one of the occupation zones in Kosovo should take over.

We visited a detention camp where there were several Serbs and about twice as many Albanian ethnics, Kosovars, who were being detained because they had committed some crime, which could have been murder or arson or robbery or whatever after the agreement had been reached. And ultimately if there are people who have committed a crime, they should be dealt with in the same way because we need to build a system, a legal system in which people can trust.

I would hope that this amendment would be adopted unanimously without dissent.

Mr. ENGEL. Mr. Chairman, I just want to thank my colleagues. This obviously is supported on both sides of the aisle very strongly. I want to thank the gentleman from New Jersey (Mr. SMITH) for his wonderful work on human rights and the gentleman from New York (Mr. GILMAN) and all the people on both sides of the aisle who have supported this.

Mr. Chairman, I yield back the balance of my time.

Mr. SMITH of New Jersey. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, I rise today in support of the amendment offered by my colleague and good friend from New York. The Kosovar Albanians that are being held in the Serbian prisons must be released and accounted for. Think of the agony felt by the families of these 5,000 men who do not know what happened to their fathers, husbands and sons. The events that have taken place that have affected the families in Kosovo during the last several years have been atrocious and we cannot stand by and continue to allow this blatant disregard for the peace agreement. With the implementation of the Military Technical Agreement on June 9, the peacekeeping forces in Kosovo have been working to bring peace and stability back to this historically troubled region, but this job has only begun. The Kosovar Albanians held in these prisons are there without any formal charge, are being held in clear violation of international law, and this can only prove to erode the faith in the peace agreement.

Mr. Chairman, despite the end of the military action that the international community had engaged in to bring about an end of the Serbian aggression, the war is not over for these 5,000 people. They still have a long way to go, they have lived through a terrible time, until they can live in peace and not fear for their safety.

Mr. Chairman, Congress has to weigh in on this important issue.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. ENGEL).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. ENGEL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, further proceedings on the amendment offered by the gentleman from New York (Mr. ENGEL) will be postponed.

AMENDMENTS EN BLOC OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, pursuant to the authority granted in H. Res. 247, I offer amendments en bloc.

The CHAIRMAN pro tempore. The Clerk will designate the amendments en bloc.

The text of the amendments en bloc is as follows:

Part B amendments en bloc offered by Mr. GILMAN, consisting of the following:

Amendment No. 4 offered by Mr. GEJDENSON:

Page 8, after line 12, insert the following:

(c) CIVIL BUDGET OF THE NORTH ATLANTIC TREATY ORGANIZATION.—For the fiscal year 2000, there are authorized to be appropriated such sums as may be necessary to pay the full amount for the United States assessment for the civil budget of the North Atlantic Treaty Organization.

Amendment No. 11 offered by Mr. GEJDENSON:

Page 35, after line 9, insert the following:

SEC. 211. REPORT CONCERNING PROLIFERATION OF SMALL ARMS.

Not later than 180 days after the date of enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a report containing—

(1) an assessment of whether the global trade in small arms poses any proliferation problems including—

(A) estimates of the numbers and sources of licit and illicit small arms and light arms in circulation and their origins;

(B) the challenges associated with monitoring small arms; and

(C) the political, economic, and security dimensions of this issue, and the threats posed, if any, by these weapons to United States interests, including national security interests;

(2) an assessment of whether the export of small arms of the type sold commercially in the United States should be considered a foreign policy or proliferation issue;

(3) a description and analysis of the adequacy of current Department of State activities to monitor and, to the extent possible ensure adequate control of, both the licit and illicit manufacture, transfer, and proliferation of small arms and light weapons, including efforts to survey and assess this matter with respect to Africa and to survey and assess the scope and scale of the issue, including stockpile security and destruction of excess inventory, in NATO and Partnership for Peace countries;

(4) a description of the impact of the reorganization of the Department of State made by the Foreign Affairs Reform and Restructuring Act of 1998 on the transfer of functions relating to monitoring licensing, analysis, and policy on small arms and light weapons, including—

(A) the integration of and the functions relating to small arms and light weapons of the United States Arms Control and Disarmament Agency with those of the Department of State;

(B) the functions of the Bureau of Arms Control, the Bureau of Nonproliferation, the Bureau of Political-Military Affairs, the Bureau of International Narcotics and Law Enforcement, regional bureaus, and any other relevant bureau or office of the Department of State, including the allocation of personnel and funds, as they pertain to small arms and light weapons;

(C) the functions of the regional bureaus of the Department of State in providing information and policy coordination in bilateral and multilateral settings on small arms and light weapons;

(D) the functions of the Under Secretary of State for Arms Control and International Security pertaining to small arms and light weapons; and

(E) the functions of the scientific and policy advisory board on arms control, nonproliferation, and disarmament pertaining to small arms and light weapons; and

(5) an assessment of whether foreign governments are enforcing their own laws concerning small arms and light weapons import and sale, including commitments under the Inter-American Convention Against the Illicit Manufacturing of an Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials or other relevant international agreements.

Amendment No. 23 offered by Mr. GEJDENSON:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF THE CONGRESS REGARDING COLOMBIA.

(a) FINDINGS.—Congress makes the following findings:

(1) Colombia is a democratic country fighting multiple wars—

(A) a war against the Colombian Revolutionary Armed Forces (FARC);

(B) a war against the National Liberation Army (ELN);

(C) a war against the United Self-Defense Forces of Colombia (AUC) and other paramilitary organizations; and

(D) a war against drug lords who traffic in deadly cocaine and heroin.

(2) In 1998 alone, 308,000 Colombians were internally displaced in Colombia. Over the last decade, 35,000 Colombians have been killed.

(3) The operations of the FARC, ELN, AUC, and other extragovernmental forces have profited from, and become increasingly dependent upon, cooperation with the illicit narcotics trade.

(4) The FARC and ELN have waged the longest-running anti-government insurgenices in Latin America and control roughly 60 percent of the country, including a demilitarized zone ruled by the FARC.

(5) Representatives of the Government of Colombia and the FARC are scheduled to begin peace talks on July 20, 1999.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the United States should recognize the crisis in Colombia and play a more pro-active role in its resolution, including offering U.S. political support to help Colombia with the peace process:

(2) all extragovernmental combatant groups, including the FARC, ELN, and AUC, should demonstrate their commitment to peace by ceasing to engage in violence, kidnapping, and cooperation with the drug trade; and

(3) the United States should mobilize the international community pro-actively engage in resolving the Colombian wars.

Amendment No. 25 offered by Mr. HASTINGS of Florida:

Page 84, after line 16, insert the following:

SEC. 703, SENSE OF THE HOUSE OF REPRESENTATIVES CONCERNING HAITIAN ELECTIONS.

The House of Representatives supports the critically important Haitian parliamentary and local elections scheduled for November 1999 and urges the Department of State to review embassy operations to ensure that the embassy has sufficient personnel and resources necessary to carry out its important responsibilities during the run-up to the fall elections.

Amendment No. 32 offered by Mrs. CAPPS:

Page 84, after line 16, insert the following new section:

SEC. 703. SENSE OF CONGRESS COMMENDING THE PEOPLE OF ISRAEL FOR REAFFIRMING THE DEMOCRATIC IDEALS OF ISRAEL IN ITS ELECTIONS.

(a) FINDINGS.—The Congress makes the following findings:

(1) Since its creation in 1948, Israel has fulfilled the dreams of its founders who envisioned a vigorous, open, and stable democracy.

(2) The centerpiece of Israeli democracy is its system of competitive and free elections.

(3) On May 17, 1999, the Israeli people—Israeli Jews and Israeli Arabs—went to the polls in large numbers in a remarkably peaceful election.

(4) This election is only the latest example of Israel's commitment to the democratic ideals of freedom and pluralism, values that it shares with the United States.

(b) SENSE OF CONGRESS.—The Congress—

(1) commends the people of Israel for reaffirming, in the May 17, 1999, election, its dedication to democratic ideals;

(2) congratulates Ehud Barak on his election as Prime Minister of Israel; and

(3) pledges to work with the President of the United States and the new Government of Israel to strengthen the bonds between the United States and Israel and to advance the cause of peace in the Middle East.

Amendment No. 34 offered by Mr. ANDREWS:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS REGARDING THE SOVEREIGNTY OF TERRITORIES IN THE AEGEAN SEA.

(a) FINDINGS.—Congress makes the following findings:

(1) The maritime borders between Greece and Turkey in the Aegean have been delimited in international law and are regarded as having been agreed, established, and settled.

(2) A fundamental principle of international law is that, once agreed, a boundary shall remain stable and predictable.

(3) Turkey is claiming sovereignty to numerous islands and islets and unspecified ''gray areas'' in the Aegean Sea.

(4) In Article 15 of the Treaty of Peace with Turkey, and Other Instruments, signed at Lausanne on July 24, 1923, Turkey renounced in favor of Italy all right, title, and interest of Turkey in the 12 enumerated island in the Dodecanese region that were occupied at the time of the treaty by Italy, including the Island of Calimnos, and the islets dependent on such islands.

(5) The Convention Between Italy and Turkey for the Delimitation of the Territorial Waters Between the Coasts of Anatolia and the Island of Castellorizo, signed at Ankara on January 4, 1932, established the rights of Italy and Turkey in coastal islands, waters, and rocks in the Aegean Sea and delimited a maritime frontier between the two countries.

(6) A protocol dated December 28, 1932, annexed to that Convention memorialized an agreement on a water boundary between Italy and Turkey which placed the Imia Islets under the sovereignty of Italy.

(7) In Article 14 of the 1947 Paris Treaty of Peace with Italy, Italy ceded to Greece the Dodecanese Islands under Italy's control, including the Island of Calimnos and the adjacent Islets of Imia.

(8) By resolution dated February 15, 1996, the European Parliament resolved that the water boundaries established in the Treaty of Lausanne of 1923 and the 1932 Convention Between Italy and Turkey, including the protocol annexed to such Convention, are the borders between Greece and Turkey.

(9) Greece, as the successor state to Italy under the above-enumerated treaties, conventions, and protocols, acceded to sovereignty under the same treaties, conventions, and protocols.

(10) Turkish Government claims to territories in the Aegean delimited as Greek sovereign territory under the above-enumerated treaties, conventions, and protocols contravene these same treaties, conventions, and treaties.

(11) Both Greece and Turkey are members of the North Atlantic Treaty Organization (NATO) and allies of the United States.

(12) It is in the interest of the United States and other nations to have disputes resolved peacefully.

(13) The Eastern Mediterranean region, in which the Aegean Sea is located, is a region of vital strategic importance to the United States.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the water boundaries established in the Treaty of Lausanne of 1923 and the 1932 Convention Between Italy and Turkey, including the Protocol annexed to such Convention, are the borders between Greece and Turkey in the Aegean Sea; and

(2) any party, including Turkey, objecting to these established boundaries should seek redress in the International Court of Justice at The Hague.

Amendment No. 35 offered by Mr. ANDREWS:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS THAT THE PRESIDENT SHOULD SEEK A PUBLIC RENUNCIATION BY THE PEOPLE'S REPUBLIC OF CHINA OF ANY USE OF FORCE, OR THREAT TO USE FORCE, AGAINST TAIWAN, AND THAT THE UNITED STATES SHOULD HELP TAIWAN IN CASE OF THREATS OR A MILITARY ATTACK BY THE PEOPLE'S REPUBLIC OF CHINA.

(a) FINDINGS.—The Congress makes the following findings:

(1) In March of 1996, the political leadership of the People's Republic of China used provocative military maneuvers, including missile launch exercises in the Taiwan Strait, in an attempt to intimidate the people of Taiwan during their historic, free, and democratic presidential elections.

(2) The People's Republic of China refuses to renounce the use of force against Taiwan.

(3) The House of Representatives passed a resolution by a vote of 411–0 in June 1998 urging the President to seek, during his July 1998 summit meeting in Beijing, a public renunciation by the People's Republic of China of any use of force, or threat of use of force, aainst democratic Taiwan.

(4) Senior United States executive branch officials have called upon the People's Republic of China to renounce the use of force against Taiwan.

(5) The use of force, and the threat to use force, by the People's Republic of China against Taiwan threatens peace and stability in the region.

(6) The Taiwan Relations Act, enacted in 197, states that ''[i]t is the policy of the United States . . . to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States''.

(7) The Taiwan Relations Act states that it is the policy of the United States to provide Taiwan with arms of a defensive character.

(b) SENSE OF CONGRESS.—

(1) The Congress commends the people of Taiwan for having established a democracy in Taiwan over the past decades and repeatedly reaffirming their dedication to democratic ideals.

(2) It is the sense of the Congress that—

(A) the President of the United States should seek a public renunciation by the People's Republic of China of any use of force, or threat to use force, against Taiwan, especially in Taiwan's March 2000 free Presidential elections; and

(B) the United States should help Taiwan defend itself in case of threats or a military attack by the People's Republic of China against Taiwan.

The CHAIRMAN pro tempore. The Clerk will report the amendment, as modified.

The Clerk read as follows:

Amendment No. 41, as modified, offered by Mr. GILMAN:

Page 84, after line 16, insert the following:

SEC. 703. SENSE OF CONGRESS REGARDING SUPPORT FOR THE IRAQI DEMOCRATIC OPPOSITION.

It is the sense of Congress that the United States Government should support the holding of a plenary session of the Iraqi National Assembly in the near future.

Mr. GILMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment, as modified, be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. Pursuant to House Resolution 247, the gentleman from New York (Mr. GILMAN) and the gentleman from Connecticut (Mr. GEJDENSON) each will control 10 minutes.

The Chair recognizes the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I yield myself such time as I may consume. I appreciate the contributions that our Members have made to the bill and their willingness to en bloc their provisions.

One of the provisions included in this group in the en bloc is the amendment

offered by the gentleman from Connecticut (Mr. GEJDENSON), the ranking Democrat of the Committee on International Relations, that addresses the situation in Colombia.

I believe that the gentleman from Connecticut has made a good faith effort in this amendment to identify many of the concerns that we all share regarding the situation in Colombia, and I thank the gentleman for his agreement to include a reference to increased aid in this amendment. We have an obligation to provide political support but appropriate forms of aid as well for a democracy in real trouble. I would hope that the administration would get off the dime and get the aid down where we have already appropriated the moneys for to fight drugs.

I note Colombian President Pastrana himself has stated today, according to news reports, that he is losing patience with the rebels and that they are throwing obstacles in his path to find peace. We may be praising a peace process headed for the dustbin of history as another failed effort at appeasement.

With regard to the amendment offered by the gentleman from New Jersey (Mr. ANDREWS) on Taiwan, the President should continue to call upon the People's Republic of China to renounce the use of force against Taiwan in determining the future of that island democracy. Our Nation has indeed had an abiding interest in peace and stability in East Asia and China's refusal to renounce the use of force against Taiwan is provocative and destabilizing. Any use of force by the PRC against Taiwan would be of grave concern to our Nation as stated in the 1979 Taiwan Relations Act.

I call upon the parties on both sides of the Taiwan Strait to make certain that Taiwan's future will be resolved in a peaceful manner and consistent with the desire of the people of Taiwan.

Let me also state that there are reports circulating that the administration has been considering curtailing security assistance to Taiwan due to its displeasure with President Lee's recent statements and a desire to mend relations with Beijing. If that is true, these shortsighted, wrongheaded sanctions are not in our Nation's best interest, they will undermine Taiwan's fundamental security, and could destabilize the fragile peace in Northeast Asia.

Recently, the appropriate committees in the Congress have expressed willingness to consider two notifications for armed transfers to Taiwan. It appears that these transfers were never notified to the Congress due to the administration's decision to punish Taiwan and to curry favor with China. I cannot accept undercutting Taiwan's national security and its rights under the 1979 Taiwan Relations Act to receive appropriate security assistance from our Nation to meet its legitimate self-defense needs.

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Accordingly, as a result of these concerns, I plan at this point to withhold my approval for arms transfers notified to the Congress until this matter is resolved to our satisfaction.

Finally, Mr. Chairman, I note that the en bloc amendment includes my amendment calling on our Nation's government to support the holding of a plenary session of the Iraqi National Assembly in the near future. This amendment is our response to the July 7, 1999, letter from the Executive Council of the Iraqi National Congress to Secretary of State Albright seeking our support for holding an Iraqi National Assembly meeting in Salahuddin in Iraq. I am supporting the holding of such a meeting. We are reiterating our continued support for the Iraqi democratic opposition and the policy of replacing the Saddam Hussein regime which we endorsed in last year's Iraq Liberation Act.

Mr. Chairman, we have discussed a number of important issues during the debate of this measure and the many amendments for this bill, AIDS in Africa, the North Korean threat and international family planning. Here at the end of this day, however, we must focus on one vital issue, security for those brave Americans who serve our Nation abroad.

Last year, and let me remind our colleagues, 12 Americans were killed when our embassies in Kenya and in Tanzania were bombed by Osama bin Ladin's cowardly terrorists. Bipartisan Review Board chaired by Admiral William Crowe recommended that we fund upgrades to our embassy security at the level of $1.4 billion per year for a 10-year period.

This bill meets those recommended levels, and Admiral Crowe has endorsed it along with several former secretaries of state. Last year, we in Congress indicated our commitment to Americans serving our government abroad by appropriating an initial $1.4 billion for embassy security. Today we have the opportunity to follow through on that commitment.

This measure has been endorsed, as I noted, by former Secretary of State James Baker and Secretary Larry Eagleburger. It is the right thing to do, and I urge my colleagues to fully support this bill, the American Embassy Security Act.

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

Mr. GEJDENSON. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Mrs. CAPPS) who has done such exemplary work on the peace process in the Middle East, a former member of the committee that we miss.

Mrs. CAPPS. Mr. Chairman, I thank my colleague for yielding me the time, and I am very pleased to rise in support of this en bloc amendment, and I thank the gentleman from New York (Mr. GILMAN) and the gentleman from Connecticut (Mr. GEJDENSON) for their hard work and kind support.

This amendment contains a provision that I have authored with the gentleman from New York (Mr. HOUGHTON) commending Israel for reaffirming its democratic ideals in the recent election. The amendment reminds the American people that Israel and the United States share the values of freedom and pluralism.

The amendment also congratulates Ehud Barak on his election as prime minister, and it reaffirms the commitment of Congress to strengthen the bonds between our two nations and to advance the cause of peace. Yesterday, Mr. Barak concluded his first visit to Washington as prime minister. He spent the day here in this capital meeting with many of us in Congress. The Prime Minister has pledged to work hard to nuture warm relations with our country. His trip to Washington has breathed new life into the peace process.

Mr. Chairman, I ask the House to formally congratulate Mr. Barak and commend our friend and ally, Israel, for its magnificent display of democracy.

Mr. GEJDENSON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Chairman, I thank Mr. GEJDENSON for yielding this time. I would like to express my appreciation to the gentleman from New York (Mr. GILMAN) and the gentleman from Connecticut (Mr. GEJDENSON) for their cooperation in including two items of legislation I have proposed in the en bloc amendment.

I am very proud of my country. Throughout history, great powers have used their power usually when they are attacked or to gain treasure or territory. I am very proud of the fact that our country, as a great power, has chosen to exert its considerable power and influence to promote a cause, and that cause is that nations should resort to peaceful means of negotiation and law to resolve their disputes rather than resorting to violence.

My two amendments speak to that principle. Amendment No. 34 expresses our sense that the water boundaries established in the Treaty of Lausanne of 1923 and the 1932 convention between Italy and Turkey established the borders between Greece and Turkey in the Aegean today, and it calls upon Turkey to resort to the ordinary processes of international law and not violence if it objects to that conclusion.

I appreciate the gentleman from New York mentioning my amendment with respect to China. It calls upon the President to continue to urge the People's Republic of China to renounce any offensive strike policy against the free

people of Taiwan. Certainly there are differences between Taiwan and the People's Republic of China, but we recognize that the proper method to resolve those differences is by international law and negotiation, not by conflict. The free people of Taiwan and the free people of the United States deserve no less.

Again I appreciate the cooperation of the chairman and the ranking member, and I urge my colleagues to support these amendments as well as the entire en bloc amendment.

Mr. GILMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. BILIRAKIS).

Mr. BILIRAKIS. Mr. Chairman, I thank the chairman for yielding this time to me.

Mr. Chairman, as to the Andrews amendment and the water boundaries in the Aegean, I rise in support. My parents were born on the island of Kalymnos only miles from an occupied islet of Imia. The group of islets have always been considered Greek territory, and at no previous time has Turkey questioned Imia's territorial ownership.

The European Parliament overwhelmingly approved a resolution which stated that, and I quote, the islets of Imia belong to the Dodecanese group of islands on the basis of the Lausanne Treaty of 1923, the protocol between Italy and Turkey of 1932, the Paris Treaty of 1947, and whereas even on Turkish maps from the 1960s the islets are shown as Greek territory. Turkey has been invited by Greece to take their case to the International Court of Justice at the Hague; and to this day, Turkey has not sought redress. Although Turkey is an ally, Mr. Chairman, its actions must not go unquestioned. Turkey must respect and abide by international law. As President Eisenhower once stated and I quote him, there can be no peace without law, and there could be no law if we were to invoke one code of international conduct for those who oppose us and another for our friends.

Mr. Chairman, enough is enough. We must support the amendment.

Mr. Chairman, I rise also in support of the Andrews amendment regarding Taiwan. Taiwan has been one of our oldest and closest friends in Asia since 1949. The people of that republic live in a free democratic society, and we should commend Taiwan for its dedication to democratic ideals. Last year, the House overwhelmingly approved a resolution reaffirming the importance of the Taiwan Relations Act and our commitment to the people of Taiwan. Congress must once again send a strong message to the People's Republic of China and the world that we intend to stand by our friends and allies. The United States must dispel any notion on the part of China's leaders that we will tolerate the use of force in determining the future of Taiwan. The people of Taiwan must be responsible for determining their own future in a peaceful and democratic fashion.

Mr. Chairman, I rise in support of the Andrews amendment on recognition of the Sovereignty of the Territories in the Aegean Sea. On December 25, 1995, a Turkish cargo ship ran aground on one of the Imia islets. The ships' captain refused assistance from the Greek Coast Guard on the basis that the Islet was Turkish.

Tensions began to mount and by January 29, 1996, both Greece and Turkey had dispatched naval vessels to the area. On January 31st, through U.S. mediation, both sides agreed to withdraw. While I am thankful that this incident did not lead to an armed conflict then, this matter still remains unresolved today because Turkey continues to breach international law.

As you may know, my parents were born on the island of Kalymnos—only miles from Imia. The group of Islets have always been considered Greek territory and at no previous time has Turkey questioned Imia's territorial ownership. Indeed, past Greek foreign minister Theodore Pangalos stated "This is the first time that Turkey has actually laid claim to Greek territory."

The European parliament overwhelmingly approved a resolution which stated that "The Islets of Imia belong to the Dodecanese group of islands, on the basis of the Lausanne Treaty of 1923, the protocol between Italy and Turkey of 1932, the Paris Treaty of 1947, and whereas even on Turkish maps from the 1960's, the Islets are shown as Greek territory."

Moreover, the governments of Italy and France have publicly stated their support of Greek sovereignty over Imia, as provided by international law.

Turkey has been invited by Greece to take their case to the international court of justice at the Hague. To this date, Turkey has not sought redress.

Although Turkey is an ally, its actions must not go unquestioned. Turkey must respect and abide by international law. As President Eisenhower once stated, "There can be no peace without law. And there can be no law if we were to invoke one code of international conduct for those who oppose us and another for our friends."

Mr. Chairman, enough is enough.

Mr. GILMAN. Mr. Chairman, I yield 1¾ minutes to the distinguished gentleman from Nebraska (Mr. BEREUTER), vice chairman of our committee.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for this time as we wind up debate on the Embassy Security Act of 1999. We have had good debate here on a variety of issues. We have had some close votes occasionally; but I think despite those close votes, all Members of this body should feel good about this legislation. The proper emphasis has been on embassy security, as the title implies, and as we close debate, I want to remind my colleagues of our responsibilities here.

Think back just to last August. On August 7, terrorists successfully attacked U.S. embassies in Nairobi and Dar es Salaam. Over 220 people were killed including 12 Americans, 40 local hires. While all in this body would like to believe this could never happen again, unfortunately, it can. And terrorist attacks are becoming more sophisticated, more deadly all the time.

We had a rocket attack against our embassy in Moscow, we had a rocket attack a couple years ago against our embassy in Athens, a NATO country, a friendly country. Only because of technical failures did we escape any damage and loss of life. We had the windows blown out of our embassy in Uzbekistan in February from an auxiliary explosion nearby.

In fact, there have been too many attacks, and we had to close our embassies in Africa last month because of extraordinary threat against a number of them by Bin Ladin. The Crowe report urges a total of $1.4 billion be authorized. In this bill we are and appropriated for dealing with the security issues for our embassies and consulates abroad. Remember it is our responsibility ultimately for the safety and soundness of the people that represent us abroad, the State Department personnel, but it goes beyond that to include personnel from many other agencies that are housed in our consulates and embassies and the people that we hire from those countries. None of us want to have a responsibility falling on this body because we fail to do what is recommended to us by a blue ribbon commission. I urge my colleagues to strongly support an excellent piece of legislation.

Mr. GILMAN. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN pro tempore. The gentleman from New York is recognized for 15 seconds.

Mr. GILMAN. Mr. Chairman, I want to indicate that the legislative history of this bill is the same as the legislative history of the provisions of H.R. 1211 that were identical to those in H.R. 2145. H.R. 1211 was a bill from which H.R. 2415 was derived, and, Mr. Chairman, I want to thank the staff, and I want to thank the Chairman pro tempore for his patience in this bill and thank our minority members for being patient and helping us get this bill through at this point.

Mr. Chairman, I yield back the balance of my time.

Mr. GEJDENSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to join the gentleman from New York in expressing my appreciation for the cooperation and support for Members on both sides of the aisle and staff in accomplishing our work in a good spirit and an effort to try and achieve a bipartisan goal here of a better policy. Sometimes we succeed, sometimes we fail, but we are all working for the best interests of the country.

Mr. PALLONE. Mr. Chairman, I rise in strong support of the Andrews amendment, part of the en bloc, and thank my colleague from New Jersey for offering it. In February of this year, I introduced a bill, H. Con. Res. 36, that is very similar to my colleague's amendment. Like the amendment, it expresses the Sense of the Congress that the islets of Imia in the Aegean Sea are sovereign Greek territory under international law.

As those who are familiar with this issue know, for some three and a half years now Turkey has stood firm in its totally groundless claim that it has sovereignty over the Greek islets of Imia.

On December 25, 1995 a Turkish bulk carrier ran ashore on the islets of Imia, one of two uninhabited islets which are part of the Dodecanese islands group in the Aegean Sea. This incident nearly escalated into armed conflict between NATO allies Turkey and Greece due to Turkey's belligerent claim that the islets, which are sovereign Greek territory, belonged to Turkey. Hostilities were avoided after the Greek government refused to attack a detachment of Turkish commandos who had been dispatched to the islets and President Clinton personally intervened to help defuse the crisis.

Despite Turkey's continued insistence that the islets are Turkish territories, the historical record on this issue is clear. As this amendment, as well as my bill details, the Dodecanese islands group was ceded by Turkey to Italy in the Lausanne Treaty of 1923. The boundaries delineating the exact sovereignty between Turkey and the islands group were finalized in a December 1932 protocol between Turkey and Italy. That protocol, which was annexed to the Convention Between Italy and Turkey for the Delimitation of Anatolia and the Island of Castellorizio, placed the islets of Imia under the sovereignty of Italy. In the 1947 Paris Treaty of Peace with Italy, Italy ceded the Dodecanese islands groups to Greece.

The legal status of the Dodecanese islands group remained unchallenged by Turkey until its bulk carrier ran aground in late 1995 and Ankara began making its unfounded claims in 1996. That same year, the European Parliament approved a resolution reaffirming the historical record. The 1996 resolution stated that the water boundaries established in the Treaty of Lausanne of 1923 and the 1932 protocol to the convention between Italy and Turkey, are the borders between Greece and Turkey.

Despite all of these readily available and irrefutable facts, Turkey continues to promote instability in the region by ignoring the historical record with its claim of sovereignty over the islets of Imia.

Mr. Chairman, Turkey's unfounded claim should not go unnoticed by Congress. The United States Congress should follow the precedent of the European Parliament and reaffirm the historical record in a show of support for territory that is unquestionably sovereign to Greece and for the rule of international law in general. The United States should also pressure Turkey to resolve this issue, and all other outstanding territorial disputes with Greece—the most notable of which is the nearly 25 year old invasion of Cyprus—in a peaceful fashion. To that end, in addition to reaffirming Greece's sovereignty over the islets of Imia, both my bill and the Andrews amendment include language urging Turkey to agree to bring the dispute in the Aegean over Imia to the International Court of Justice at the Hague for a resolution.

I encourage all Members to join myself and Mr. ANDREWS in formally putting the United States on record in support of Greek sovereignty and in opposition to Turkey's seemingly endless campaign to subvert international law and destabilize the entire Mediterranean region.

I urge support of the en bloc amendment.

Mr. MCGOVERN. Mr. Chairman, I rise in strong support of the Andrews amendment, which expresses the Sense of Congress that the water boundaries established by the 1923 Treaty of Lausanne and the 1932 Convention between Italy and Turkey are the borders between Greece and Turkey in the Aegean Sea. The amendment further states that any party, including Turkey, that objects to these boundaries should seek redress in the International Court of Justice at The Hague.

What could be more reasonable? Certainly, the stability of the eastern Mediterranean and the stability of international boundaries are of fundamental interest to the United States, as well as respect for international law.

Yet the Government of Turkey continues to claim sovereignty to the islets in the Aegean Sea called Imia by Greece and Kardak by Turkey. These disputes were settled over 67 years ago. The international community regards them as agreed and settled, yet Turkey continues to raise unilateral objections to these boundaries, but has cited no legal authority for such claims.

As recently as February 15, 1996, the European Parliament adopted a resolution that the water boundaries established in the Treaty of Lausanne of 1923 and the 1932 Convention between Italy and Turkey are indeed the borders between Greece and Turkey. The United States should accept this position, as well as supporting Greece's proposal to Turkey that it should refer its claims to the International Court of Justice in The Hague for adjudication. Turkey has thus far refused to take such a step and has rejected the Greek proposal.

Clearly it is in the interest of the United States, Europe and the Mediterranean region to have this dispute resolved once and for all, and resolved peacefully. Turkey needs to agree to bring this matter before the International Court of Justice at The Hague, Netherlands, for a resolution. And the United States needs to recognize that the islets of Imia in the Aegean Sea are the sovereign territory of Greece under international law and to state that it accepts the present maritime boundaries between Greece and Turkey in the Aegean.

I urge my colleagues to stand up for international law and support the Andrews amendment.

Mrs. MEEK of Florida. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

I rise in strong support of the gentleman from Florida, Mr. HASTINGS' amendment (#36) to the State Department authorization bill, expressing the sense of the House's support for the parliamentary and local elections scheduled for November 1999 in Haiti.

The establishment of a constitutional government and functioning parliament in Haiti demands a commitment to support free and fair elections. It is essential that the State Department ensure that the U.S. Embassy in Haiti have sufficient personnel and resources to carry out its election-related activities.

Earlier this year, President Rene Preval's government and six political parties signed an agreement aimed at resolving a costly and contentious political standoff that has left Haiti without a functioning government for the past two years.

This agreement paves the way for new parliamentary elections. The gentleman's amendment will help to assure that these elections are successful.

Mr. Chairman, the situation in Haiti is fragile. We know that since the resignation of the Prime Minister in June 1997, this impoverished country has been experiencing some very disturbing violence.

These conditions have alerted the country's landscape in ways that, among other things, have limited Haiti's ability to advance business deals and to provide needed services to a desperate people.

The United States has made a significant commitment to democracy in Haiti. A Democratic Haiti is in our national interest. The United States should stay the course and support democracy in Haiti.

Supporting the Hastings amendment.

Mr. GILMAN. Mr. Chairman, along with my colleagues Mr. GOSS, Mr. RANGER and Mr. CONYERS, I returned from a visit to Haiti in January of this year convinced that good elections were essential in Haiti. Judge HASTINGS recently brought a resolution before our International Relations Committee regarding the Haitian elections which was approved. I thank him for his gracious efforts to achieve a consensus with this side of the aisle on that measure.

I thank the gentleman from Florida for offering this amendment which underscores U.S. congressional support for Haiti. However, I am concerned that the upcoming parliamentary and local elections must be credible in order to help Haiti move forward.

Regrettably, the election process in Haiti is getting off to a rocky start. President Preval finally signed a decree prepared by Haiti's electoral authorities on Friday of last week. That measure was carefully framed by Haiti's provisional electoral council to be the cornerstone of the upcoming elections.

I am deeply disappointed that President Preval modified the electoral law and, in particular, eliminated a provision in the law calling for elections for 19 Senate seats. This particular element of the electoral measure would have provided for a transparent resolution of the disputed April 1997 elections.

The State Department is hoping that Haiti's electoral council can act to correct President Preval's elimination of the ''19 seat'' provision. There must not be any further delay in fully enacting this critically important measure.

The United States and our allies in the international community stand poised to provide substantial support for these elections. However, statutory restrictions and common sense require there to be a transparent settlement of the disputed 1997 elections. Only then will

U.S. assistance be able to flow to these critically important elections that can and should be Haiti's way out of its protracted and costly crisis.

I support the Hastings amendment. However, I hope that the gentleman from Florida will agree with me that securing a good election first requires a transparent resolution of the 1997 elections, and will then require both support and sustained vigilance from the international community.

Mr. HASTINGS of Florida. Mr. Chairman, since the time for debate on this amendment is limited, I will be brief. I traveled recently to Haiti with Senator BOB GRAHAM and Congressman DELAHUNT. What I saw there reinforced my strong belief that Haiti is in dire need of our support. The stability of Haiti rests on the transparency and legitimacy of the upcoming parliamentary elections.

Our approach to Haiti must be multi-dimensional. To assist in maintaining stability in Haiti and strengthening the roots of the rule of law there we must do the following: illustrate our support for the election monitors on the ground; recognize the invaluable good works that our armed forces have carried out in Haiti; salute the electoral authorities for striving to be fair and judicious; and condemn any person or persons, including President Preval, who attempts to abrogate, alter, or delay the implementation of the electoral laws which have been so painstakenly crafted.

Mr. Chairman, my amendment is simple: it expresses the sense of this body in support of parliamentary elections in Haiti, and urges the Department of State to ensure that the U.S. Embassy in Haiti has sufficient personnel and resources necessary to carry out its responsibilities related to these elections.

I believe that all persons in this body, no matter where they stand on the issue of U.S. involvement in Haiti, can support this simple resolution. While it demands little of us in the way of expenditures of personnel and resources, it illustrates the importance which the U.S. places on free, fair and transparent elections in Haiti. Please support this amendment.

Mr. GOSS. Mr. Chairman, the Hastings amendment is well meaning in restating the obvious that it is the sense of Congress to support Democratic elections scheduled for November 1999 in Haiti. Continued encouragement is appropriate considering the fact that the Clinton-Gore administration has already committed millions of dollars in election assistance, as have other countries. So I would characterize the Hastings amendment as a benign placebo—the problem is Haiti needs strong medicine—in large doses. Since January, 1999, there has been plenty of bad news from Haiti, only one small piece of it good. Now even that has been spoiled by Haiti's own home-style power mongers. An independent election commission has tentatively announced a transparent reasonable resolution of the fraudulent 1997 elections, which were the trigger event of today's Government crisis in Haiti.

But a spokesman for former President Aristide described this development this way: "You are declaring war on Aristide. This is a second coup d'etat against Aristide . . . The CEP (electoral council) must correct it immediately if it wants elections to really take place . . ." Mr. Chairman, with all due respect to former President Aristide, these are not the words of a democrat or someone committed to the rule of law. They are the threatening words of a dictator intent on maintaining his control over the country at any price. And now Aristide's handpicked successor, President Rene Preval, did not sign the election law as drafted but he gutted it first. Mr. Chairman the United States has given Haiti every possible opportunity to embrace democracy. It is an absolute tragedy that some of the Haitian leaders care more about power than they do democracy and the needs of the Haitian people. I wish my friends on the other side of the Aisle and the political advisors in the Clinton administration would end the pretense and admit that poor Haiti is sick—really sick. My good friend and colleague from Florida's placebo isn't going to cure what's wrong. And neither are the current expensive and misguided policies of the Clinton-Gore administration, which seems to focus more on happy face diagnoses, over-optimistic prognoses and expensive treatments that cure nothing. Democracy in Haiti is dying fast. It is being deliberately smothered by emerging dictatorship. What's worse is that the Clinton-Gore administration is tolerating it—if not helping people hold the pillows. This is equivalent of Dr. Kevorkian foreign policy and it needs to stop.

Mr. GALLEGLY. Mr. Chairman, as Chairman of the Western Hemisphere Subcommittee, I rise in support of the amendment offered by the Ranking Democrat of the International Relations Committee and the other cosponsors who have joined in this bi-partisan effort to support a peaceful resolution of the conflict in Colombia.

I want to thank the distinguished Chairman of the International Relations Committee, BEN GILMAN, for including this important initiative in the en bloc amendment.

This amendment condemns the continued violence being carried out by the FARC and ELN guerrillas and the paramilitaries of the United Self-Defense Forces in the conflict and urges the leadership of the Revolutionary Armed Forces of Colombia to begin substantive negotiations to end the conflict.

I especially want to commend our colleagues, Mr. ACKERMAN, our Subcommittee's Ranking Democrat, Mr. BALLENGER, and Mr. DELAHUNT, for helping to bring this provision to the Floor.

As Subcommittee Chairman I have been very supportive of the counter-narcotics efforts of the Colombian National Police and our own law enforcement agencies to stem the flow of dangerous drugs from Colombia. But despite the valiant efforts of the Colombian Police, who have sacrificed so much in their thus far successful efforts against drugs, I am concerned that their 4,000 strong elite DANTE counter-narcotics force may be no match for the 20,000 strong guerrilla forces of the FARC and the ELN. And, as long as the FARC and ELN continue to use their substantial military power to protect the drug trade, I fear the police will not be able to achieve ultimate success over drugs.

Therefore, I believe it is critical that we support the Colombian government's attempts to bring the long and deadly guerrilla insurgency to an end. Despite the recent announcement that the peace talks have been suspended because of the continued violence, a condition which lies squarely on the shoulders of the FARC, it will only be through a negotiated settlement of this insurgency that Colombia can realistically expect to end the violence and turn its full attentions to a nationwide commitment to end the deadly narcotics trade which plagues that nation and brings so much destruction, human suffering and violence to communities around the world.

While we should support peace efforts, as embodied in this amendment, we must be firm in condemning the unacceptable kidnappings and violence of the guerrillas and paramilitaries against innocent civilian populations, and especially against human rights workers and American citizens. These unprovoked attacks and acts of violence strain the patience of many Americans and others who are willing to give peace a chance.

At the same time, Mr. Speaker, we as a nation, should reassess our current limited support for the Colombian military in the event the peace process fails to bring an end to the violence. The fact that the FARC refuse to enter into a cease fire and continue to attack Colombian government institutions, can only lead one to doubt the sincerity of the FARC's real interest in a peaceful resolution. If this is true, we must help the Colombian government and its military protect the democracy and those freedoms we in this country so cherish.

This amendment expresses our support for the efforts to bring about a peaceful resolution to the conflict being pursued by President Pastrana and will help him in those efforts.

Mr. Chairman, I urge the House to adopt this amendment.

Mr. FARR of California. Mr. Chairman, Colombia, South America is one of the most beautiful and diverse countries in the world. Its location on both the Caribbean and Pacific Oceans where the snow capped mountains can be seen from tropical beaches is the second most biologically diverse country on the planet.

The people of Colombia created and maintain what is now the oldest democracy in Latin America. As one of the original Peace Corps countries, Colombia was a leader in the Alliance for Progress during the 1960's.

Drug demand in North America created a market for illegal cultivation in a country once rich in agricultural diversity. Now, whole regions are dependent on illegal crops. Drug profits corrupted the Colombian economy and led many farmers to stop growing sustenance crops in favor of marijuana, coca, and poppies.

The war against drugs, combined with regional violence, has led Colombia to near collapse. Hundreds of thousands of people are displaced and tens of thousands have died in the civil war that is tearing the country apart. With the election of President Andres Pastrana, Colombians were given new hope that the killings and kidnapings would finally come to an end.

The willingness of the Revolutionary Armed Forces of Colombia (FARC) to negotiate with the Pastrana Administration was a much needed leap toward peace. I was extremely pleased that long sought negotiations between the Colombian government and the FARC

were set to begin this week. Unfortunately, those talks have been postponed.

This, however, does not diminish the importance of Mr. GEJDENSON's amendment to support the peace process in Colombia. In fact, it is all the more important to support peace now when it is in jeopardy of falling apart. I feel that, as their neighbors, we have a responsibility to foster an environment in which that peace can blossom. This will affect the daily lives of Colombians, the stability of the region and the ability to combat drug traffickers.

Having lived in Colombia during my service in the Peace Corps, I have a special affinity for the Colombian people. I know they want peace. I know they are willing to work for it. I know they will be successful given time and support. And I want to do everything possible to help them through this long process. This amendment is one step in that process.

I encourage my colleagues to support this amendment, and send a strong message to the Colombian people that we stand behind them and encourage them to continue to work toward peace.

Mr. GEJDENSON. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendments en bloc offered by the gentleman from New York (Mr. GILMAN).

The amendments en bloc were agreed to.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 247, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 36 in Part B offered by the gentleman from Texas (Mr. DOGGETT); Amendment No. 37 in Part B offered by the gentleman from New York (Mr. ENGEL).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 36 OFFERED BY MR. DOGGETT

The CHAIRMAN pro tempore. The pending business is a demand for a recorded vote on amendment No. 36 offered by the gentleman from Texas (Mr. DOGGETT) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 427, noes 0, not voting 6, as follows:

[Roll No. 328]

AYES—427

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering

NOT VOTING—6

Abercrombie
Chenoweth
Kennedy
McDermott
Peterson (PA)
Towns

□ 1704

Mr. RADANOVICH changed his vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 247, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on the additional amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 37 OFFERED BY MR. ENGEL

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 37 offered by the gentleman from New York (Mr. ENGEL) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 424, noes 0, not voting 9, as follows:

[Roll No. 329]

AYES—424

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English

Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—9

Chenoweth
Coburn
DeLay
Forbes
Kennedy
McDermott
Peterson (PA)
Towns
Watts (OK)

□ 1714

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Stated for:

Mr. DELAY. Mr. Chairman, on rollcall No. 329, I was inadvertently detained. Had I been present, I would have voted "yes."

Mr. BERMAN. Mr. Chairman, Radio Free Europe/Radio Liberty's remarkable response to the Kosovo crisis demonstrates why we need to continue to support this station at current or even enhanced funding levels. As you know, I have been a longtime supporter of RFE/RL both because of its contribution to the cause of freedom during the cold war and because of its continuing assistance to post-communist countries who are still struggling to complete the transition to democracy and free market economies. But RFE/RL's effort during the Kosovo crisis convinces me that we need RFE/RL now more than ever.

As the crisis deepended last year, RFE/RL and in particular its South Slavic Service rapidly expanded their broadcasts to the region. In April, 1999 the Prague-based radios increased surge broadcasting in cooperation with other American and European stations to ensure that the Serbs received the kind of reliable information 24 hours a day that their government sought to prevent them from obtaining. And they set up an Albanian language unit that provided news to Kosovars both in that region and in the refugee camps.

Our government and NATO commanders have praised RFE/RL's efforts, noting that just as in Bosnia, such broadcasting has helped to calm the situation, explain NATO's mission, and thus helped the alliance to overcome the resistance of those who had earlier opposed it. And perhaps even more important, those listening to these broadcasts have sent letters and e-mails pointing out that these broadcasts helped them to survive through a most difficult time.

But despite these contributions, contributions that cost very little, many question why we should maintain RFE/RL when we also spend money to support the Voice of America. To my mind, there are several good reasons for this, all of which have been highlighted by the Kosovo crisis.

First of all, RFE/RL's South Slavic Service is unique in broadcasting to all the peoples of the former Yugoslavia in different languages but with a common perspective on the need for peaceful, democratic development. RFE/RL did not broadcast to Yugoslavia during the Cold War. Had it done so, we might be facing fewer problems today.

In addition, RFE/RL continues to be a "home service" for people whose governments often deny them the chance to have a free media. The Voice of America proudly presents America's position on the issues; RFE/RL makes sure that its listeners be they in Belgrade or in Kosovo have the information they need about their own country as well. These are complementary missions; we need both.

And finally, in Eastern Europe, RFE/RL not only has real brand loyalty but also represents an important symbol of American concern about the region. People there continue to listen to RFE/RL because it provides reliable information that they need, and they see the existence of this station as reflecting America's longstanding commitment to freedom and democracy in their own countries. VOA also plays a role, and it also enjoys this kind of support. But in our time particularly, symbols matter, and RFE/RL's broadcasts remain an extraordinarily important one.

Not only is RFE/RL effective in promoting our national interests, but it is remarkably efficient: It now broadcasts more hours each week than it did a decade ago when both its budget and its number of employees were three times larger than they are now. That is a record few other broadcasters or government agencies can match. And it is one that we should reward rather than punish, continue rather than stop.

As the tragic events of Kosovo and NATO's recent military conflict with Serbia have demonstrated, the transition to a peaceful and democratic Europe is far from complete. We should support RFE/RL's vital work as we enter the 21st century.

□ 1715

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. PEASE) having assumed the chair, Mr. HASTINGS of Washington, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes, pursuant to House Resolution 247, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN THE ENGROSSMENT OF H.R. 2415, AMERICAN EMBASSY SECURITY ACT OF 1999

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 2415, the Clerk be authorized to correct section numbers, cross-references, punctuation, and indentation, and to make the other technical and conforming changes necessary to reflect the actions of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERSONAL EXPLANATION

Mr. HAYES. Mr. Speaker, I was unavoidably absent from Monday evening's votes. Had I been here, I would have supported three measures, H.R. 1033, House Resolution 25, and H.R. 1477, that passed under suspension overwhelmingly. Again, I would have voted ''yea'' on rollcall votes 308, 309, and 310.

CONTINUATION OF NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 106–102)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision I have sent the enclosed notice, stating that the Iraqi emergency is to continue in effect beyond August 2, 1999, to the *Federal Register* for publication.

The crisis between the United States and Iraq that led to the declaration on August 2, 1990, of a national emergency has not been resolved. The Government of Iraq continues to engage in activities inimical to stability in the Middle East and hostile to United States interests in the region. Such Iraqi actions pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these reasons, I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure on the Government of Iraq.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 20, 1999*.

LEGISLATIVE PROGRAM

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

Mr. RANGEL. Mr. Speaker, I would like to inquire from the majority as to what will be the remainder of the schedule for today, specifically as it relates to tax legislation.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Florida.

Mr. GOSS. Mr. Speaker, I do not know how I found myself in the position other than the fact that I am standing at this microphone. But I do have a strong message that we are going to have a brief recess and then plan to reassemble. I would say check in about early evening.

Mr. RANGEL. Mr. Speaker, so that the Members will have an opportunity to plan the rest of the evening, is it possible to have some guesstimate as to what time the majority will be prepared to return to the floor?

Mr. GOSS. Approximately 6 p.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2561, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–247) on the resolution (H. Res. 257) providing for consideration of the bill (H.R. 2561) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1074, REGULATORY RIGHT-TO-KNOW ACT OF 1999

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–248) on the resolution (H. Res. 258) providing for consideration of the bill (H.R. 1074) to provide Government-wide accounting of regulatory costs and benefits, and for other purposes, which was referred to the House Calendar and ordered to be printed.

APPOINTMENT OF CONFEREES ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees on the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes:

Messrs. HOBSON, PORTER, WICKER, TIAHRT, WALSH, MILLER of Florida, ADERHOLT, Ms. GRANGER, Messrs. YOUNG of Florida, OLVER, EDWARDS, FARR of California, BOYD, DICKS, and OBEY.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2490, TREASURY AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees on the bill (H.R. 2490) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 2000, and for other purposes:

Mr. KOLBE, Mr. WOLF, Mrs. NORTHUP, Mrs. EMERSON, Messrs. SUNUNU, PETERSON of Pennsylvania, BLUNT, YOUNG of Florida, HOYER, Mrs. MEEK of Florida, Mr. PRICE of North Carolina, Ms. ROYBAL-ALLARD, and Mr. OBEY.

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 987

Mr. BARCIA. Mr. Speaker, I ask unanimous consent to remove my name as a cosponsor of H.R. 987.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 23 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1018

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. COMBEST) at 10 o'clock and 18 minutes p.m.

FUELS REGULATORY RELIEF ACT

Mr. BLUNT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 880) to amend the Clean Air Act to remove

flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. BROWN of Ohio. Mr. Speaker, reserving the right to object, and I do not intend to object, but I yield to the gentleman from Missouri (Mr. BLUNT) to explain his unanimous consent request.

Mr. BLUNT. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Missouri.

Mr. BLUNT. Mr. Speaker, I thank my friend, the gentleman from Ohio (Mr. BROWN), for yielding.

S. 880, as amended, would resolve the existing national security crisis presented by the EPA's distribution of chemical facility worst-case scenarios. It is critical that we resolve this issue immediately, as EPA already has received Freedom of Information Act requests for this material and cannot, without this bill, prevent inappropriate dissemination of the national database of worst-case scenarios.

The EPA also chose to include propane under the risk management program regulations intended to reduce the risks associated with toxic chemicals accidents. Propane, however, is not toxic.

While the threshold quantity for listed substances is determined by criteria that includes flammability and combustibility because propane is not toxic, it should not be on the list of covered substances in the first place. This legislation removes it from the list.

A bill I had in the House, H.R. 1301, that does this same thing, has 145 cosponsors. S. 880 successfully accomplishes this objective and also meets the important criteria of the risk criteria.

As the gentleman is well aware, S. 880 was amended through the cooperation and careful consideration of the minority and of the administration, and we will include a joint statement in the RECORD describing the bill. It is a balanced, bipartisan measure that will ensure that local citizens receive information concerning the risks presented by local chemical facilities while at the same time protecting our national security.

Mr. BROWN of Ohio. Mr. Speaker, further reserving my right to object, I wish to extend my thanks to my colleagues on both sides of the aisle for working together to reach agreement on the Chemical Safety Information, Site Security, and Fuels Regulatory Relief Act. I concur with the joint statement of the gentleman from Virginia (Mr. BLILEY), the gentleman from Michigan (Mr. DINGELL), the ranking member, the gentleman from Missouri (Mr. BLUNT), and the gentleman from Florida (Mr. BILIRAKIS) concerning S.88O.

This bill places a one-year moratorium on distribution of worst case scenario information to the general public and requires the administration to promulgate regulations on the dissemination of worst-case scenarios to the public after performing two separate assessments: One on the risk of terrorist activity associated with the posting of the information on the Internet and another on the incentives created by public disclosure of worst-case scenarios for reduction in the risk of accidental releases.

I expect the administration will find that the preparation in dissemination of these worst-case scenarios benefits the public in several ways. The public will be better prepared for accidental releases of extremely hazardous substances. The facilities that utilize these substances will manage them responsibly and the workers at these facilities will be able to engage in a productive dialogue with their employers about the use and management of these substances.

I know a number of responsible companies already have convened public meetings to share this worst case scenario information with emergency responders and other citizens in the communities that may be affected by the release of these substances.

To that end, I support the provisions of this bill that would require the facilities to submit worst-case scenarios to conduct an informational meeting in their communities during the moratorium period.

As well, it is my expectation that the regulations developed by the administration in the coming year will recognize the importance of community right to know. A citizen should be able to obtain worst case scenario information for all facilities that could affect her community or his community. With accurate information about chemical facilities in hand, neighbors, workers, local leaders, researchers and emergency response personnel can work with the owners and the managers of chemical facilities to build safer communities for everyone.

Mr. GREEN of Texas. Mr. Speaker, on June 17, with the support of every Democratic Member of the Commerce Health and Environment Subcommittee, I introduced H.R. 2257, the Chemical Security Act of 1999. This bill represented a consensus among Subcommittee Democrats that I believe would have recognized and respected the Right-to-Know laws while shielding chemical facilities and their employees from potential terrorist attacks.

However, after weeks of negotiations with our Republican colleagues, i believe the legislation before us today achieves the same goal and is worthy of all our support.

Most importantly, the House-amended version of S. 880 would preserve the intent of the Clean Air Act Amendments of 1990 by requiring public meetings to inform citizens who would be impacted by off-site worst case scenarios at each covered facility. These meetings, which will take place during the moratorium on information disclosure, will provide every interested resident with the relevant information about the potential dangers in their community.

It is our intent and hope that these meetings will not only include facility representatives, as required by the Act, but also local emergency planning responders who are most qualified to answer questions about safety and security as well as how to react to an accidental off-site chemical release. By bringing different community representatives together to discuss the off-site consequences of a worst case scenario, we maximize the probability that the damage caused by such an event will be minimized for the facility, its employees, and especially the surrounding community.

It is also our intent that the Administration will develop regulations that recognizes every individual's fundamental right to the Off-Site Consequence Analysis (OCA) information affecting their community—including their home, office and children's school. I have not heard any justifiable reason, based on either policy or security, that would allow this information to be compiled by the government but prevent citizens from receiving the OCA data impacting their own community. The widespread public release of public information is being delayed to give the Administration some time to determine how, not if, this information can be distributed safely to the people impacted by worst-case scenarios.

I am also supporting this legislation because it includes the appropriate and necessary site security studies to be completed by the Attorney General. If we agree that the legislation is necessary because of potential risks to site security, than we have a responsibility to aggressively investigate these concerns. With the results of this study, the Administration and Congress will have the necessary tools to base future decisions on site security on substantive and complete information. The results can also be used by the facilities to improve their internal safety procedures to minimize risk to the facility and its employees.

Again, I want to express my appreciation to the Chairmen and Ranking Members of both the full Commerce Committee and Health and Environment Subcommittee for working so hard to develop this consensus bill in a truly bipartisan manner.

Mr. DINGELL. Mr. Speaker, since the Senate passed this bill on June 23rd, Members of our Committee and staff have expended considerable effort to address several problematic issues presented by the Senate-passed version. I commend my colleagues, Mr. GREEN, Mr. WAXMAN, and Mr. BROWN, as well as Mr. BLILEY and Mr. BILIRAKIS for their diligent efforts to make the necessary revisions to this bill in an expeditious and cooperative manner.

This bill amends section 112 of the Clean Air Act, entitled "Prevention of Accidental Releases." To achieve this purpose, the facilities that handle threshold amounts of extremely

hazardous substances are required to implement risk management plans to detect and prevent or minimize accidental releases. An integral part of these plans is the evaluation of worst case accidental releases—also called the worst case scenario.

There is no question that the drafters of the Clean Air Act in 1990 required these risk management plans, as well as the worst case scenarios, be made available to the public on equal footing with emergency responders and other recipients. We may never have anticipated the complex issues posed by impending popularity of the Internet, but we certainly knew the inherent risk of a free and open society. We struck this balance in 1990, but today the national security agencies have urged us to consider that balance once again. I believe we have done so in an appropriate fashion in this bill, although I would not deem this bill perfect by any means.

I remain concerned about the imposition of any penalties, particularly criminal penalties, on the state and local officials who are the statutory recipients of the worst case scenario information. These are the very people we trust to respond in the unlikely event of tragedy, whether caused by accident or criminal act. I would not want to discourage these much-needed individuals from volunteering to serve on local emergency planning committees or emergency response teams, nor would I want to discourage them from obtaining and using this information for its intended purpose. It is not these people, who are performing their official duties, whom we intend to deter or punish. The House amendment to S. 880 improves the Senate product markedly. But by imposing criminal fines for willful violations of the Act or the yet to be promulgated regulations, we nevertheless will punish a local official for sharing this information by electronic means with his constituent, even if the information is related only to a facility in his own neighborhood. I do not believe that such sharing of information, by the very official the community relies upon to inform them, should be deemed a criminal act.

This bill makes clear, however, that state and local officials may summarize the information or discuss the information with constituents or with other local officials. As our only concern is that a national, searchable database of worst case scenario information should not be readily compiled, it is sound policy to freely allow any use of this information, such as discussion of the information or distribution of the information in any other format that avoids compilation of a national database.

We require that the President promulgate regulations that will govern the dissemination of worst case scenario information. As this requires an assessment and balancing of the national security against the public's need to be informed of hazards associated with extremely dangerous substances, I prefer that Congress perform that assessment. However, I believe that we have given clear direction in this bill to the President that he must follow in promulgating the regulations. The bill guarantees that the public will obtain the information, without geographical restriction. Although the President will decide on whether and how to limit the number of requests for this information that an individual may make, I believe that any person should be able to obtain all worst case scenario information on any facility that may affect his or her community.

Further, I would like to clarify the intent of the provisions pertaining to the preservation of state laws. This bill plainly provides that if a state, under an existing law or a law yet to be enacted, were to require the submission of similar or even identical information about chemical releases, no federal restrictions would apply to its distribution. I believe it is sound policy that we allow the state legislatures to strike the appropriate balance between security concerns and the value of this information to the public, as we have attempted to do on the federal level.

I urge my colleagues to support this bill.

Mr. BLILEY. Mr. Speaker, I rise in support of S. 880, the Chemical Safety Information, Site Security and Fuels Regulatory Relief Act. This bipartisan measure proves what I have said all along: that communities can have access to information on chemical facilities in a manner that does not pose a threat to national security.

By way of background, in the Clean Air Act Amendments of 1990, Congress required tens of thousands of facilities to submit chemical accident prevention plans to the Environmental Protection Agency that ultimately would be made available to the public. Back then, Congress and the American people surely never imagined that the EPA would ever propose posting all of this information—including human injury estimates of a worst-case release from chemical facilities—on the Internet in a worldwide electronic database, easily searchable from Boston to Baghdad, from Los Angeles to Libya. But that is exactly what the EPA proposed to do some two years ago.

At that time, the FBI and other law enforcement groups told EPA that the worst-case scenario database should not be available on the Internet because it could be used as a targeting tool by terrorists. Yet EPA still went forward with its plan to put the national database of worst-case scenarios on the Internet. It was only last Fall that, in response to the security concerns raised by the FBI, CIA, the Commerce Committee and others, that EPA abandoned its original, reckless plan to put the worst-case scenario data at every terrorists' fingertips by posting it on EPA's own Internet website.

While this was a good first step, EPA did not have a plan to protect third parties from obtaining the national electronic database of worst-case scenarios from EPA and then posting this database on the Internet. In fact, as EPA admitted in hearings before the Commerce Committee, EPA is now powerless to protect the entire national electronic database of worst-case scenarios from a simple Freedom of Information Act Request. Such requests have been filed with EPA after the agency received the worst-case scenarios on June 21, 1999.

Last February, EPA said that it would quickly solve this problem. Months later, the Administration on May 7th sent a bill to Congress. I introduced that bill by request as H.R. 1790. It was also introduced in the Senate as S. 880. It was soon clear, however, that the Administration had not conducted sufficient public outreach on its proposal, and that the Administration's bill required significant fine tuning.

The Committee asked the Administration to perform this fine tuning, and to that end Commerce Committee staff conducted a number of extensive meetings with Administration officials. Unfortunately, the Administration never supplied us with any suggested changes to H.R. 1790.

However, Congress has acted where the Administration has not. Recently, the Senate's version of the Administration bill, S. 880, was amended in a bipartisan fashion to address these problems. The amended S. 880 passed the Senate by unanimous consent. In a similar bipartisan fashion, a group of Commerce Committee members have developed an amendment to S. 880 that makes further perfecting changes. That amendment is before the House today.

This careful, compromise bill provides a temporary moratorium ensuring that the worst-case scenario information will be managed responsibly during the period in which the Administration develops—through public comment—a permanent distribution system. S. 880 requires that the distribution system be balanced to achieve both an informed local community and protection of national security. It is important to note that, even during this temporary moratorium period, local emergency responders such as fire fighters, police, and hospitals will have full access to the data.

Furthermore, during the moratorium, chemical facilities must conduct a one-time public outreach meeting to ensure that the community will have a point of contact. The meeting provision contains an alternative compliance mechanism for small businesses that takes into account the limited resources of these important enterprises.

Additonally, S. 880 provides that Attorney General will conduct a study of the threat of criminal and terrorist activity against these chemical facilities, and will report her findings on these matters to Congress. The bill also provides that EPA will provide technical assistance to industries that participate in voluntary industry standards to reduce the risk of terrorist activity.

S. 880 also makes an adjustment to the scope of EPA's Risk Management Program regulations. The bill recognizes that the use as a fuel of certain non-toxic flammable substances such as propane is adequately regulated under state and local law. Accordingly, S. 880 provides that non-toxic fuels like propane are not within section 112(r) of the Clean Air Act when used or sold as a fuel.

In addition to my remarks today, I have included a joint statement that discusses in greater detail the elements of S. 880 as amended by the House.

In closing, the amended, S. 880 will protect the public by providing information to communities and by ensuring that methods used to manage this information do not jeopardize national security. As amended, the bill is a bipartisan measure that is reasonable and balanced.

S. 880 shows what Congress can do when it works together to solve an important national policy issue. I ask that you vote in favor of S. 880 to provide an effective solution to the worst-case scenario problem, as Congress has been asked to do by groups such as the

Fraternal Order of Police, the International Association of Fire Chiefs, the International Association of Chiefs of Police, and the National Volunteer Fire Council. Congress must act quickly to resolve this issue, and S. 880 gives us that opportunity. Accordingly, I urge that the House vote to approve S. 880, as amended.

Finally, I wish to thank our colleagues from the minority for their good faith efforts that have yielded this bipartisan legislation. I also wish to thank Chairman HYDE and Chairman BURTON for their cooperation in consideration of this bill, and have included for the RECORD exchanges of correspondence between committees of jurisdiction.

JOINT STATEMENT OF CHAIRMAN TOM BLILEY, RANKING MEMBER JOHN D. DINGELL, SUBCOMMITTEE CHAIRMAN MICHAEL BILIRAKIS AND SUBCOMMITTEE RANKING MEMBER SHERROD BROWN CONCERNING S. 880, AS APPROVED BY THE HOUSE OF REPRESENTATIVES

The House of Representatives has made certain changes to S. 880 as approved by the Senate. These changes both revise and clarify provisions of S. 880 as approved by the Senate, as well as add statutory provisions to that measure.

As approved by the House, Section 1 provides that the Act may be cited as ''The Chemical Safety Information, Site Security and Fuels Regulatory Relief Act.'' This title reflects the fact that the Act both clarifies the application of the section 112(r) of the Clean Air Act to flammable substances as well as addresses the dissemination of offsite consequence analysis information and provides for a review of site security and public meetings with respect to covered facilities.

Section 2 of the Act provides that flammable substances, when used as fuel or held for sale at retail facilities, shall not be listed under Section 112(r)(4) of the Clean Air Act solely because of the explosive or flammable properties of the substance absent certain identified conditions. This section makes it clear that end users and retailers of propane which meet the definition provided in the Act will not be required to file risk management plans under section 112(r)(7) of the Clean Air Act.

Section 3 of the Act adds a new subparagraph (H) to paragraph 112(r)(7) of the Clean Air Act. This new subparagraph provides that off-site consequence analysis information, and any ranking of stationary sources derived from that information, shall not be available under the Freedom of Information Act for a one-year period. During this one-year period, the President is required to complete an assessment of certain risks and incentives with respect to offsite consequence analysis information and, based on this assessment, to promulgate regulations governing the distribution of this information. These regulations are subject to certain identified minimum criteria. Section 3 also provides that off-site consequence analysis information shall not be available under State or local law, except where States make available certain data collected in accordance with State law.

Within one year after the date of enactment, Section 3 additionally provides that the Administrator of the Environmental Protection Agency (EPA) shall make off-site consequence analysis information available to covered persons for official use and provide notice of restrictions and penalties for further dissemination of this information. During this period, the Administrator of EPA is also required to make offsite consequence analysis information available to the public in a form that does not contain information on the identity or location of stationary sources and to qualified researchers, subject to certain limitations. The Administrator must also establish an information technology system that provides for public availability in a ''read only'' format.

Section 3 is intended to address the concerns of the Department of Justice and the Administration, as well as private commentators, that Internet posting of a database of worst case scenario information required of certain facilities under subsection 112(r) of the Clean Air Act could pose a danger to national security and to people who live around such facilities. We also recognize that subsection 112(r) requires that risk management plans shall be available to the public, and that the objective of EPA's risk management program is to prevent accidental releases of regulated substances and to minimize the consequences of any such releases.

The rulemaking required under Section 3 needs to consider and reach an appropriate balance between both public policy priorities. Accordingly, we require that the President perform two separate assessments: (1) an assessment of the increased risk of terrorist and other criminal activity associated with the Internet posting of off-site consequence analysis information, and (2) an assessment of the incentives created by public disclosure of off-site consequence analysis information for reduction in the risk of accidental releases. We intend that the President create written documentation of the two assessments. We also intend that this written documentation, and all information and data that the President utilizes in preparation of the assessments (except for information that will pose a threat to national security), be a part of the administrative record associated with the regulations required under Section 3.

Under new subclause (H)(ii)(II) of the Clean Air Act established by this Act, the regulations promulgated under the authority of Section 3 must meet several minimum criteria. One of these criteria is contained in (H)(ii)(II)(aa) which ensures that any member of the public can obtain a limited number of paper copies of off-site consequence analysis information for facilities whether or not they are located in his or her own community.

We note that other provisions contained in Section 3 of this Act also seek to ensure that citizens will enjoy effective public access to off-site consequence analysis information in their communities and elsewhere. In specific, as referenced above, (H)(ii)(II)(bb) establishes criteria which allows other public access to off-site consequence analysis information as appropriate and clause (H)(viii) requires the Administrator of the Environmental Protection Agency to establish a ''read only'' technology system to provide for the public availability of off-site consequence analysis. We believe that these provisions will work together with (H)(ii)(II)(aa) to allow effective public access to offsite consequence analysis information, while ensuring that risks associated with Internet posting of off-site consequence analysis information are assessed and minimized in the regulations promulgated under subclause (H)(ii)(II).

Section 3 of the Act further requires that the Attorney General, after consultation, shall submit a report to Congress regarding the extent to which regulations promulgated under the Act have resulted in effective actions to detect, prevent and minimize the consequences of releases caused by criminal activity. As part of this report, the Attorney General must also review the vulnerability of covered stationary sources to criminal and terrorist activity, current industry practices regarding site security and the security of transportation of regulated substances. An interim report is due 12 months after the date of enactment.

Section 4 of the Act requires each owner or operator of a stationary source covered by clause 112(r)(7)(B)(ii) of the Clean Air Act to convene a public meeting in order to describe and discuss the local implications of risk management plans. Certain small businesses of less than 100 employees may, in lieu of a public meeting, publicly post a summary of the off-site consequence analysis information. The one-time meeting requirement in Section 5 reflects the temporary circumstances that are presented by the one year moratorium on the widespread distribution of off-site consequence analysis information.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES, COMMITTEE ON THE JUDICIARY,
Washington, DC, July 21, 1999.

Hon. TOM BLILEY,
Chairman, Committee on Commerce, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to you concerning the bill S. 880, the Chemical Safety Information, Site Security, and Fuels Regulatory Relief Act.

It is my understanding that your committee wishes to proceed immediately to the floor with this bill in an amended form which contain language inspections 3 and 4 which fall within the Rule X jurisdiction of this committee. Specifically, the amended bill would create new duties for the Attorney General and the Director of the Federal Bureau of Investigation.

Due to the pressure of time, I am willing to forgo this committee's right to referral of this bill in order to comply with the leadership's desire to proceed expeditiously. However, this action in no way waives our jurisdictional rights with regard to the subject matter contained in the bill. Furthermore, we retain our right to request conferees on this legislation should a House-Senate conference occur. I would appreciate your placing this exchange of correspondence in the Congressional Record when the legislation is considered by the House.

Thank you for working with me on this matter.

Sincerely,

HENRY J. HYDE.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
Washington, DC, July 21, 1999.

Hon. HENRY HYDE,
Chairman, Committee on the Judiciary, U.S. House of Representatives, Washington, DC.

DEAR HENRY: Thank you for your letter regarding your Committee's jurisdictional interest in S. 880, the Chemical Safety Information, Site Security, and Fuels Regulatory Relief Act.

I acknowledge your committee's jurisdiction over sections 3 and 4 of this legislation, as amended by the House, and appreciate your cooperation in moving the bill to the House floor expeditiously. I agree that your decision to forgo further action on the bill will not prejudice the Judiciary Committee with respect to its jurisdictional prerogatives on this or similar provisions, and recognize your right to request conferees on

those provisions within the Committee on the Judiciary's jurisdiction should they be the subject of a House-Senate conference. I will also include a copy of your letter and this response in the Congressional Record when the legislation is considered by the House.

Thank you again for your cooperation.

Sincerely,

TOM BLILEY,
Chairman.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES, COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, July 21, 1999.

Hon. J. DENNIS HASTERT,
The Speaker, Washington, DC.

DEAR MR. SPEAKER: In the interest of expediting floor consideration of S. 880, the Fuels Regulatory Relief Act, the Committee on Government Reform does not intend to exercise its jurisdiction over this bill.

As you know, House Rule X, Organization of Committees, grants the Government Reform Committee with jurisdiction over government management and accounting matters generally. In the interest of moving expeditiously on S. 880, the Committee on Government Reform has decided not to assert its jurisdiction over the bill. This action is not designed to limit our jurisdiction over any future consideration of these issues.

Thank you for your dedication and hard work on this issue. I look forward to working with you on this and other issues throughout the 106th Congress.

Sincerely,

DAN BURTON,
Chairman.

Mr. BILIRAKIS. Mr. Speaker, I rise in support of the bipartisan agreement on S. 880, the Chemical Site Information, Site Security and Fuels Regulatory Relief Act.

As you know, this legislation is the product of hard work and good faith compromise between the majority and the minority members of the House Commerce Committee. The legislation recognizes that there are complex public policy issues to be resolved concerning the dissemination of "worst case scenario" data for chemical and industrial facilities. Thus, the legislation seeks to resolve these issues in a straightforward manner: first, by imposing a one-year moratorium on the release of such information, and second, by requiring the President to assess security risks and the incentives created by public disclosure and then to promulgate regulations based on specified criteria.

During hearings held by the Health and Environment Subcommittee, we learned that security experts inside and outside of the Administration had concerns that widespread dissemination of worst-case scenario data could provide a "roadmap for terrorists." An estimated 35,000 facilities nationwide may eventually file such data with the Environmental Protection Agency (EPA). This data, especially if manipulated in an electronic format, could provide for a ranking of potential targets and a means to select targets of opportunity.

The bipartisan compromise requires additional review of this threat, which balancing such risks against the incentives created by public disclosure of off-site consequence analysis information. Regulations must be based on this analysis and provide for public access to a limited number of paper copies of off-site consequence analysis information and other public access as appropriate. Additionally, qualified researchers may obtain access to this information and the Attorney General must establish a "read only" technology information system to provide further public access.

Under the bipartisan agreement, facilities which are subject to the requirement to file off-site consequence analysis information are also required to inform surrounding communities of the local implications of the risk management plans through public meetings. Small businesses may fulfill this requirement through a public posting of such information, but altogether, it is clear that public outreach concerning risks to the surrounding community must occur. Under separate provisions of the legislation, the Attorney General is to further a review of the vulnerability of covered stationary sources to criminal and terrorist activity, practices concerning site security and transportation security. The Attorney General must then report back to Congress on these matters within 3 years.

The legislation also provides an exemption for certain retail facilities which sell flammable substances used as a fuel. This exemption recognizes that such facilities are regulated under state and local laws and codes and that section 112(r) of the Clean Air Act was designed to address accidental releases of toxic substances, not fuels which are subject to a myriad of other requirements and industry procedures.

Thus, it is clear that this legislation is fundamentally about protecting the public. Rather than cross our fingers and hope that nothing will happen if detailed off-site information on 35,000 facilities was released, our agreement asks for a cold-eye assessment and public rulemaking. During this process, all points of view on access to off-site information will have the opportunity to be heard. Yet, at the same time, we will not take the precipitous and irreversible step of releasing all information without a thorough assessment of the damage to national security and local communities that could occur.

Altogether then, the revisions we have made to S. 880 are prudent, reasonable and balanced. They are based on our committee's hearing record and consultations with the Administration. They protect the public without unduly burdening the flow of information in our free society. And they promote a deliberate process to resolve outstanding issues, instead of a quick legislative fix.

I want to thank my colleagues from the other side of the aisle for the free and frank exchanges which have occurred in reaching agreement on this important legislation. I urge my colleagues to support this agreement and vote to approve S. 880, as amended.

Mr. BROWN of Ohio. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 880

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 "Fuels Regulatory Relief Act".

SEC. 2. FINDINGS.

Congress finds that, because of their low toxicity and because they are regulated sufficiently under other programs, flammable fuels, such as propane, should not be included on the list of substances subject to the risk management plan program under section 112(r) of the Clean Air Act (42 U.S.C. 7412(r)).

SEC. 3. REMOVAL OF FLAMMABLE FUELS FROM RISK MANAGEMENT LIST.

Section 112(r)(4) of the Clean Air Act (42 U.S.C. 7412(r)(4)) is amended—

(1) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and indenting appropriately;

(2) by striking "Administrator shall consider each of the following criteria—" and inserting the following: "Administrator—

"(A) shall consider—";

(3) in subparagraph (A)(iii) (as designated by paragraphs (1) and (2)), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(B) shall not list a flammable substance when used as a fuel or held for sale as a fuel under this subsection solely because of the explosive or flammable properties of the substance, unless a fire or explosion caused by the substance will result in acute adverse heath effects from human exposure to the substance, including the unburned fuel or its combustion byproducts, other than those caused by the heat of the fire or impact of the explosion.".

SEC. 4. PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.

(a) IN GENERAL.—Section 112(r)(7) of the Clean Air Act (42 U.S.C. 7412(r)(7)) is amended by adding at the end the following:

"(H) PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—

"(i) DEFINITIONS.—In this subparagraph:

"(I) COVERED PERSON.—The term 'covered person' means—

"(aa) an officer or employee of the United States;

"(bb) an officer or employee of an agent or contractor of the Federal Government;

"(cc) an officer or employee of a State or local government;

"(dd) an officer or employee of an agent or contractor of a State or local government;

"(ee) an individual affiliated with an entity that has been given, by a State or local government, responsibility for preventing, planning for, or responding to accidental releases and criminal releases;

"(ff) an officer or employee or an agent or contractor of an entity described in item (ee); and

"(gg) a qualified researcher under clause (vii).

"(II) CRIMINAL RELEASE.—The term 'criminal release' means an emission of a regulated substance into the ambient air from a stationary source that is caused, in whole or in part, by a criminal act.

"(III) OFFICIAL USE.—The term 'official use' means an action of a Federal, State, or local government agency or an entity referred to in subclause (I)(ee) intended to carry out a function relevant to preventing, planning for, or responding to accidental releases or criminal releases.

"(IV) OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—The term 'off-site consequence analysis information' means those portions of a risk management plan, excluding the executive summary of the plan, consisting of

an evaluation of 1 or more worst-case scenario or alternative scenario accidental releases, and any electronic data base created by the Administrator from those portions.

''(V) RISK MANAGEMENT PLAN.—The term 'risk management plan' means a risk management plan submitted to the Administrator by an owner or operator of a stationary source under subparagraph (B).

''(ii) REGULATIONS.—Not later than 1 year after the date of enactment of this subparagraph, the President shall—

''(I) assess—

''(aa) the increased risk of terrorist and other criminal activity associated with the posting of off-site consequence analysis information on the Internet; and

''(bb) the incentives created by public disclosure of off-site consequence analysis information for reduction in the risk of accidental releases and criminal releases; and

''(II) based on the assessment under subclause (I), promulgate regulations governing the distribution of off-site consequence analysis information in a manner that, in the opinion of the President, minimizes the likelihood of accidental releases and criminal releases and the likelihood of harm to public health and welfare, and—

''(aa) allows access by any member of the public to paper copies of off-site consequence analysis information for a limited number of stationary sources located anywhere in the United States;

''(bb) allows other public access to off-site consequence analysis information as appropriate;

''(cc) allows access for official use by a covered person described in any of items (cc) through (ff) of clause (i)(I) (referred to in this subclause as a 'State or local covered person') to off-site consequence analysis information relating to stationary sources located in the person's State;

''(dd) allows a State or local covered person to provide, for official use, off-site consequence analysis information relating to stationary sources located in the person's State to a State or local covered person in a contiguous State; and

''(ee) allows a State or local covered person to obtain for official use, by request to the Administrator, off-site consequence analysis information that is not available to the person under item (cc).

''(iii) AVAILABILITY UNDER FREEDOM OF INFORMATION ACT.—

''(I) FIRST YEAR.—Off-site consequence analysis information, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, during the 1-year period beginning on the date of enactment of this subparagraph.

''(II) AFTER FIRST YEAR.—If the regulations under clause (ii) are promulgated on or before the end of the period described in subclause (I), off-site consequence analysis information covered by the regulations, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, after the end of that period.

''(III) APPLICABILITY.—Subclauses (I) and (II) apply to off-site consequence analysis information submitted to the Administrator before, on, or after the date of enactment of this subparagraph.

''(iv) AVAILABILITY OF INFORMATION DURING TRANSITION PERIOD.—The Administrator shall make off-site consequence analysis information available to covered persons for official use in a manner that meets the requirements of items (cc) through (ee) of clause (ii)(II), and to the public in a form that does not make available any information concerning the identity or location of stationary sources, during the period—

''(I) beginning on the date of enactment of this subparagraph; and

''(II) ending on the earlier of the date of promulgation of the regulations under clause (ii) or the date that is 1 year after the date of enactment of this subparagraph.

''(v) PROHIBITION ON UNAUTHORIZED DISCLOSURE OF INFORMATION BY COVERED PERSONS.—

''(I) IN GENERAL.—Beginning on the date of enactment of this subparagraph, a covered person shall not disclose to the public off-site consequence analysis information in any form, or any statewide or national ranking of identified stationary sources derived from such information, except as authorized by this subparagraph (including the regulations promulgated under clause (ii)). After the end of the 1-year period beginning on the date of enactment of this subparagraph, if regulations have not been promulgated under clause (ii), the preceding sentence shall not apply.

''(II) CRIMINAL PENALTIES.—

''(aa) KNOWING VIOLATIONS.—A covered person that knowingly violates a restriction or prohibition established by this subparagraph (including the regulations promulgated under clause (ii)) shall be fined not more than $5,000 for each unauthorized disclosure of off-site consequence analysis information. The disclosure of off-site consequence analysis information for each specific stationary source shall be considered a separate offense. Section 3571 of title 18, United States Code, shall not apply to an offense under this item. The total of all penalties that may be imposed on a single person or organization under this item shall not exceed $100,000 for violations committed during any 1 calendar year.

''(bb) WILLFUL VIOLATIONS.—A covered person that willfully violates a restriction or prohibition established by this subparagraph (including the regulations promulgated under clause (ii)) shall be fined under section 3571 of title 18, United States Code, for each unauthorized disclosure of off-site consequence analysis information, but shall not be subject to imprisonment. The total of all penalties that may be imposed on a single person or organization under this item shall not exceed $1,000,000 for violations committed during any 1 calendar year.

''(III) APPLICABILITY.—If the owner or operator of a stationary source makes off-site consequence analysis information relating to that stationary source available to the public without restriction—

''(aa) subclauses (I) and (II) shall not apply with respect to the information; and

''(bb) the owner or operator shall notify the Administrator of the public availability of the information.

''(IV) LIST.—The Administrator shall maintain and make publicly available a list of all stationary sources that have provided notification under subclause (III)(bb).

''(vi) GUIDANCE.—

''(I) ISSUANCE.—Not later than 60 days after the date of enactment of this subparagraph, the Administrator, after consultation with the Attorney General and the States, shall issue guidance that describes official uses of off-site consequence analysis information in a manner consistent with the restrictions in items (cc) through (ee) of clause (ii)(II).

''(II) RELATIONSHIP TO REGULATIONS.—The guidance describing official uses shall be modified, as appropriate, consistent with the regulations promulgated under clause (ii).

''(III) DISTRIBUTION.—The Administrator shall transmit a copy of the guidance describing official uses to—

''(aa) each covered person to which off-site consequence analysis information is made available under clause (iv); and

''(bb) each covered person to which off-site consequence analysis information is made available for an official use under the regulations promulgated under clause (ii).

''(vii) QUALIFIED RESEARCHERS.—

''(I) IN GENERAL.—Not later than 180 days after the date of enactment of this subparagraph, the Administrator, in consultation with the Attorney General, shall develop and implement a system for providing off-site consequence analysis information, including facility identification, to any qualified researcher, including a qualified researcher from industry or any public interest group.

''(II) LIMITATION ON DISSEMINATION.—The system shall not allow the researcher to disseminate, or make available on the Internet, the off-site consequence analysis information, or any portion of the off-site consequence analysis information, received under this clause.

''(viii) READ-ONLY INFORMATION TECHNOLOGY SYSTEM.—In consultation with the Attorney General and the heads of other appropriate Federal agencies, the Administrator shall establish an information technology system that provides for the availability to the public of off-site consequence analysis information by means of a central data base under the control of the Federal Government that contains information that users may read, but that provides no means by which an electronic or mechanical copy of the information may be made.

''(ix) VOLUNTARY INDUSTRY ACCIDENT PREVENTION STANDARDS.—The Environmental Protection Agency, the Department of Justice, and other appropriate agencies may provide technical assistance to owners and operators of stationary sources and participate in the development of voluntary industry standards that will help achieve the objectives set forth in paragraph (1).

''(x) EFFECT ON STATE OR LOCAL LAW.—

''(I) IN GENERAL.—Subject to subclause (II), this subparagraph (including the regulations promulgated under this subparagraph) shall supersede any provision of State or local law that is inconsistent with this subparagraph (including the regulations).

''(II) AVAILABILITY OF INFORMATION UNDER STATE LAW.—Nothing in this subparagraph precludes a State from making available data on the off-site consequences of chemical releases collected in accordance with State law.

''(xi) REPORT ON ACHIEVEMENT OF OBJECTIVES.—

''(I) IN GENERAL.—Not later than 3 years after the date of enactment of this subparagraph, the Comptroller General shall submit to Congress a report that describes the extent to which the regulations promulgated under this paragraph have resulted in actions, including the design and maintenance of safe facilities, that are effective in detecting, preventing, and minimizing the consequences of releases of regulated substances that may be caused by criminal activity.

''(II) INTERIM REPORT.—Not later than 270 days after the date of enactment of this subparagraph, the Comptroller General shall submit to Congress an interim report that includes, at a minimum—

''(aa) the preliminary findings under subclause (I);

''(bb) the methods used to develop those findings; and

''(cc) an explanation of the activities expected to occur that could cause the findings of the report under subclause (I) to be different from the preliminary findings.

''(xii) SCOPE.—This subparagraph—

''(I) applies only to covered persons; and

''(II) does not restrict the dissemination of off-site consequence analysis information by any covered person in any manner or form except in the form of a risk management plan or an electronic data base created by the Administrator from off-site consequence analysis information.

''(xiii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator and the Attorney General such sums as are necessary to carry out this subparagraph (including the regulations promulgated under clause (ii)), to remain available until expended.''.

(b) REPORTS.—

(1) DEFINITION OF ACCIDENTAL RELEASE.—In this subsection, the term ''accidental release'' has the meaning given the term in section 112(r)(2) of the Clean Air Act (42 U.S.C. 7412(r)(2)).

(2) REPORT ON STATUS OF CERTAIN AMENDMENTS.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the status of the development of amendments to the National Fire Protection Association Code for Liquefied Petroleum Gas that will result in the provision of information to local emergency response personnel concerning the off-site effects of accidental releases of substances exempted from listing under section 112(r)(4)(B) of the Clean Air Act (as added by section 3).

(3) REPORT ON COMPLIANCE WITH CERTAIN INFORMATION SUBMISSION REQUIREMENTS.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report that—

(A) describes the level of compliance with Federal and State requirements relating to the submission to local emergency response personnel of information intended to help the local emergency response personnel respond to chemical accidents or related environmental or public health threats; and

(B) contains an analysis of the adequacy of the information required to be submitted and the efficacy of the methods for delivering the information to local emergency response personnel.

(c) TERMINATION OF AUTHORITY.—The authority provided by this section and the amendment made by this section terminates 6 years after the date of enactment of this Act.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BLUNT

Mr. BLUNT. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. BLUNT:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Chemical Safety Information, Site Security and Fuels Regulatory Relief Act''.

SEC. 2. REMOVAL OF PROPANE SOLD BY RETAILERS AND OTHER FLAMMABLE FUELS FROM RISK MANAGEMENT LIST.

Section 112(r) of the Clean Air Act (42 U.S.C. 7412(r)) is amended—

(1) by redesignating subparagraphs (A) through (C) of paragraph (4) as clauses (i) through (iii), respectively, and indenting appropriately;

(2) by striking in paragraph (4) ''Administrator shall consider each of the following criteria—'' and inserting the following: ''Administrator—

''(A) shall consider—'';

(3) in subparagraph (A)(iii) (as designated by paragraphs (1) and (2)), of paragraph (4)by striking the period at the end and inserting ''; and'';

(4) by adding at the end of paragraph (4) the following:

''(B) shall not list a flammable substance when used as a fuel or held for sale as a fuel at a retail facility under this subsection solely because of the explosive or flammable properties of the substance, unless a fire or explosion caused by the substance will result in acute adverse heath effects from human exposure to the substance, including the unburned fuel or its combustion byproducts, other than those caused by the heat of the fire or impact of the explosion.''; and

(5) by inserting the following new subparagraph at the end of paragraph (2):

''(D) The term 'retail facility' means a stationary source at which more than one-half of the income is obtained from direct sales to end users or at which more than one-half of the fuel sold, by volume, is sold through a cylinder exchange program.''.

SEC. 3. PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.

(a) IN GENERAL.—Section 112(r)(7) of the Clean Air Act (42 U.S.C. 7412(r)(7)) is amended by adding at the end the following:

''(H) PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—

''(i) DEFINITIONS.—In this subparagraph:

''(I) COVERED PERSON.—The term 'covered person' means—

''(aa) an officer or employee of the United States;

''(bb) an officer or employee of an agent or contractor of the Federal Government;

''(cc) an officer or employee of a State or local government;

''(dd) an officer or employee of an agent or contractor of a State or local government;

''(ee) an individual affiliated with an entity that has been given, by a State or local government, responsibility for preventing, planning for, or responding to accidental releases;

''(ff) an officer or employee or an agent or contractor of an entity described in item (ee); and

''(gg) a qualified researcher under clause (vii).

''(II) OFFICIAL USE.—The term 'official use' means an action of a Federal, State, or local government agency or an entity referred to in subclause (I)(ee) intended to carry out a function relevant to preventing, planning for, or responding to accidental releases.

''(III) OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—The term 'off-site consequence analysis information' means those portions of a risk management plan, excluding the executive summary of the plan, consisting of an evaluation of 1 or more worst-case release scenarios or alternative release scenarios, and any electronic data base created by the Administrator from those portions.

''(IV) RISK MANAGEMENT PLAN.—The term 'risk management plan' means a risk management plan submitted to the Administrator by an owner or operator of a stationary source under subparagraph (B)(iii).

''(ii) REGULATIONS.—Not later than 1 year after the date of enactment of this subparagraph, the President shall—

''(I) assess—

''(aa) the increased risk of terrorist and other criminal activity associated with the posting of off-site consequence analysis information on the Internet; and

''(bb) the incentives created by public disclosure of off-site consequence analysis information for reduction in the risk of accidental releases; and

''(II) based on the assessment under subclause (I), promulgate regulations governing the distribution of off-site consequence analysis information in a manner that, in the opinion of the President, minimizes the likelihood of accidental releases and the risk described in subclause (I)(aa) and the likelihood of harm to public health and welfare, and—

''(aa) allows access by any member of the public to paper copies of off-site consequence analysis information for a limited number of stationary sources located anywhere in the United States, without any geographical restriction;

''(bb) allows other public access to off-site consequence analysis information as appropriate;

''(cc) allows access for official use by a covered person described in any of items (cc) through (ff) of clause (i)(I) (referred to in this subclause as a 'State or local covered person') to off-site consequence analysis information relating to stationary sources located in the person's State;

''(dd) allows a State or local covered person to provide, for official use, off-site consequence analysis information relating to stationary sources located in the person's State to a State or local covered person in a contiguous State; and

''(ee) allows a State or local covered person to obtain for official use, by request to the Administrator, off-site consequence analysis information that is not available to the person under item (cc).

''(iii) AVAILABILITY UNDER FREEDOM OF INFORMATION ACT.—

''(I) FIRST YEAR.—Off-site consequence analysis information, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, during the 1-year period beginning on the date of enactment of this subparagraph.

''(II) AFTER FIRST YEAR.—If the regulations under clause (ii) are promulgated on or before the end of the period described in subclause (I), off-site consequence analysis information covered by the regulations, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, after the end of that period.

''(III) APPLICABILITY.—Subclauses (I) and (II) apply to off-site consequence analysis information submitted to the Administrator before, on, or after the date of enactment of this subparagraph.

''(iv) AVAILABILITY OF INFORMATION DURING TRANSITION PERIOD.—The Administrator shall make off-site consequence analysis information available to covered persons for official use in a manner that meets the requirements of items (cc) through (ee) of clause (ii)(II), and to the public in a form that does not make available any information concerning the identity or location of stationary sources, during the period—

''(I) beginning on the date of enactment of this subparagraph; and

''(II) ending on the earlier of the date of promulgation of the regulations under clause (ii) or the date that is 1 year after the date of enactment of this subparagraph.

''(v) PROHIBITION ON UNAUTHORIZED DISCLOSURE OF INFORMATION BY COVERED PERSONS.—

''(I) IN GENERAL.—Beginning on the date of enactment of this subparagraph, a covered person shall not disclose to the public off-site consequence analysis information in any form, or any statewide or national ranking of identified stationary sources derived from such information, except as authorized by this subparagraph (including the regulations promulgated under clause (ii)). After the end of the 1-year period beginning on the date of enactment of this subparagraph, if regulations have not been promulgated under clause (ii), the preceding sentence shall not apply.

''(II) CRIMINAL PENALTIES.—Notwithstanding section 113, a covered person that willfully violates a restriction or prohibition established by this subparagraph (including the regulations promulgated under clause (ii)) shall, upon conviction, be fined for an infraction under section 3571 of title 18, United States Code, (but shall not be subject to imprisonment) for each unauthorized disclosure of off-site consequence analysis information, except that subsection (d) of such section 3571 shall not apply to a case in which the offense results in pecuniary loss unless the defendant knew that such loss would occur. The disclosure of off-site consequence analysis information for each specific stationary source shall be considered a separate offense. The total of all penalties that may be imposed on a single person or organization under this item shall not exceed $1,000,000 for violations committed during any 1 calendar year.

''(III) APPLICABILITY.—If the owner or operator of a stationary source makes off-site consequence analysis information relating to that stationary source available to the public without restriction—

''(aa) subclauses (I) and (II) shall not apply with respect to the information; and

''(bb) the owner or operator shall notify the Administrator of the public availability of the information.

''(IV) LIST.—The Administrator shall maintain and make publicly available a list of all stationary sources that have provided notification under subclause (III)(bb).

''(vi) NOTICE.—The Administrator shall provide notice of the definition of official use as provided in clause (i)(III) and examples of actions that would and would not meet that definition, and notice of the restrictions on further dissemination and the penalties established by this Act to each covered person who receives off-site consequence analysis information under clause (iv) and each covered person who receives off-site consequence analysis information for an official use under the regulations promulgated under clause (ii).

''(vii) QUALIFIED RESEARCHERS.—

''(I) IN GENERAL.—Not later than 180 days after the date of enactment of this subparagraph, the Administrator, in consultation with the Attorney General, shall develop and implement a system for providing off-site consequence analysis information, including facility identification, to any qualified researcher, including a qualified researcher from industry or any public interest group.

''(II) LIMITATION ON DISSEMINATION.—The system shall not allow the researcher to disseminate, or make available on the Internet, the off-site consequence analysis information, or any portion of the off-site consequence analysis information, received under this clause.

''(viii) READ-ONLY INFORMATION TECHNOLOGY SYSTEM.—In consultation with the Attorney General and the heads of other appropriate Federal agencies, the Administrator shall establish an information technology system that provides for the availability to the public of off-site consequence analysis information by means of a central data base under the control of the Federal Government that contains information that users may read, but that provides no means by which an electronic or mechanical copy of the information may be made.

''(ix) VOLUNTARY INDUSTRY ACCIDENT PREVENTION STANDARDS.—The Environmental Protection Agency, the Department of Justice, and other appropriate agencies may provide technical assistance to owners and operators of stationary sources and participate in the development of voluntary industry standards that will help achieve the objectives set forth in paragraph (1).

''(x) EFFECT ON STATE OR LOCAL LAW.—

''(I) IN GENERAL.—Subject to subclause (II), this subparagraph (including the regulations promulgated under this subparagraph) shall supersede any provision of State or local law that is inconsistent with this subparagraph (including the regulations).

''(II) AVAILABILITY OF INFORMATION UNDER STATE LAW.—Nothing in this subparagraph precludes a State from making available data on the off-site consequences of chemical releases collected in accordance with State law.

''(xi) REPORT.—

''(I) IN GENERAL.—Not later than 3 years after the date of enactment of this subparagraph, the Attorney General, in consultation with appropriate State, local, and Federal Government agencies, affected industry, and the public, shall submit to Congress a report that describes the extent to which regulations promulgated under this paragraph have resulted in actions, including the design and maintenance of safe facilities, that are effective in detecting, preventing, and minimizing the consequences of releases of regulated substances that may be caused by criminal activity. As part of this report, the Attorney General, using available data to the extent possible, and a sampling of covered stationary sources selected at the discretion of the Attorney General, and in consultation with appropriate State, local, and Federal governmental agencies, affected industry, and the public, shall review the vulnerability of covered stationary sources to criminal and terrorist activity, current industry practices regarding site security, and security of transportation of regulated substances. The Attorney General shall submit this report, containing the results of the review, together with recommendations, if any, for reducing vulnerability of covered stationary sources to criminal and terrorist activity, to the Committee on Commerce of the United States House of Representatives and the Committee on Environment and Public Works of the United States Senate and other relevant committees of Congress.

''(II) INTERIM REPORT.—Not later than 12 months after the date of enactment of this subparagraph, the Attorney General shall submit to the Committee on Commerce of the United States House of Representatives and the Committee on Environment and Public Works of the United States Senate, and other relevant committees of Congress, an interim report that includes, at a minimum—

''(aa) the preliminary findings under subclause (I);

''(bb) the methods used to develop the findings; and

''(cc) an explanation of the activities expected to occur that could cause the findings of the report under subclause (I) to be different than the preliminary findings.

''(III) AVAILABILITY OF INFORMATION.—Information that is developed by the Attorney General or requested by the Attorney General and received from a covered stationary source for the purpose of conducting the review under subclauses (I) and (II) shall be exempt from disclosure under section 552 of title 5, United States Code, if such information would pose a threat to national security.

''(xii) SCOPE.—This subparagraph—

''(I) applies only to covered persons; and

''(II) does not restrict the dissemination of off-site consequence analysis information by any covered person in any manner or form except in the form of a risk management plan or an electronic data base created by the Administrator from off-site consequence analysis information.

''(xiii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator and the Attorney General such sums as are necessary to carry out this subparagraph (including the regulations promulgated under clause (ii)), to remain available until expended.''.

(b) REPORTS.—

(1) DEFINITION OF ACCIDENTAL RELEASE.—In this subsection, the term ''accidental release'' has the meaning given the term in section 112(r)(2) of the Clean Air Act (42 U.S.C. 7412(r)(2)).

(2) REPORT ON STATUS OF CERTAIN AMENDMENTS.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the status of the development of amendments to the National Fire Protection Association Code for Liquefied Petroleum Gas that will result in the provision of information to local emergency response personnel concerning the off-site effects of accidental releases of substances exempted from listing under section 112(r)(4)(B) of the Clean Air Act (as added by section 3).

(3) REPORT ON COMPLIANCE WITH CERTAIN INFORMATION SUBMISSION REQUIREMENTS.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report that—

(A) describes the level of compliance with Federal and State requirements relating to the submission to local emergency response personnel of information intended to help the local emergency response personnel respond to chemical accidents or related environmental or public health threats; and

(B) contains an analysis of the adequacy of the information required to be submitted and the efficacy of the methods for delivering the information to local emergency response personnel.

(c) REEVALUATION OF REGULATIONS.—The President shall reevaluate the regulations promulgated under this section within 6 years after the enactment of this Act. If the President determines not to modify such regulations, the President shall publish a notice in the Federal Register stating that such reevaluation has been completed and that a determination has been made not to modify the regulations. Such notice shall include an explanation of the basis of such decision.

SEC. 4. PUBLIC MEETING DURING MORATORIUM PERIOD.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, each owner or operator of a stationary source covered by section 112(r)(7)(B)(ii) of the Clean Air Act shall convene a public meeting, after reasonable public notice, in order to describe and discuss the local implications of the risk management plan submitted by the stationary source pursuant to section

112(r)(7)(B)(iii) of the Clean Air Act, including a summary of the off-site consequence analysis portion of the plan. Two or more stationary sources may conduct a joint meeting. In lieu of conducting such a meeting, small business stationary sources as defined in section 507(c)(1) of the Clean Air Act may comply with this section by publicly posting a summary of the off-site consequence analysis information for their facility not later than 180 days after the enactment of this Act. Not later than 10 months after the date of enactment of this Act, each such owner or operator shall send a certification to the director of the Federal Bureau of Investigation stating that such meeting has been held, or that such summary has been posted, within 1 year prior to, or within 6 months after, the date of the enactment of this Act. This section shall not apply to sources that employ only Program 1 processes within the meaning of regulations promulgated under section 112(r)(7)(B)(i) of the Clean Air Act.

(b) ENFORCEMENT.—The Administrator of the Environmental Protection Agency may bring an action in the appropriate United States district court against any person who fails or refuses to comply with the requirements of this section, and such court may issue such orders, and take such other actions, as may be necessary to require compliance with such requirements.

Mr. BLUNT (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The amendment in the nature of a substitute was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read:

''A bill to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program and for other purposes.''.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BLUNT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on S. 880.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 2488, FINANCIAL FREEDOM ACT OF 1999

Ms. PRYCE of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 256 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 256

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 2488) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, to provide marriage penalty relief, to reduce taxes on savings and investments, to provide estate and gift tax relief, to provide incentives for education savings and health care, and for other purposes. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Ways and Means now printed in the bill, modified by the amendments printed in part A of the report of the Committee on Rules accompanying this resolution, shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) two hours of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) a further amendment in the nature of a substitute printed in part B of the report of the Committee on Rules, if offered by Representative Rangel of New York or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentlewoman from Ohio (Ms. PRYCE) is recognized for 1 hour.

Ms. PRYCE of Ohio. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to my friend, the gentleman from Massachusetts (Mr. MOAKLEY), the ranking member of the Committee on Rules, pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, House Resolution 256 is a structured rule that provides for the consideration of H.R. 2488, the Financial Freedom Act. This fair rule provides for 2 hours of general debate, equally divided and controlled by the chairman and ranking member of the Committee on Ways and Means. With the adoption of this rule, the House will amend the bill that was reported by the Committee on Ways and Means.

This amendment, which was printed in part A of the Committee on Rules report, will reduce the size of the bill from $864 billion to $792 billion in an effort to comply with the Senate's interpretation of the budget resolution.

To achieve this reduction, the amendment slows the phase-in period for several provisions in the bill, including the 10-percent reduction in income taxes, the repeal of the individual alternative minimum tax, the repeal of the death tax and the reduction of the corporate capital gains tax.

In addition, the small-saver provision, corporate AMT changes, and certain pension provisions are also modified by the amendment.

More importantly, this rule adds a new title to the Financial Freedom Act that strengthens our commitment to debt reduction. Tax relief and debt reduction are not at odds with one another and achieving both goals simultaneously makes good economic sense.

For years, Republicans fought tooth and nail to achieve the balanced budget we enjoy today. We argued that it was immoral to continue a pattern of deficit spending that adds to our debt and places a burden of higher interest payments on the backs of our children and grandchildren. We stand by those arguments today and will continue to pursue our priority of debt reduction through this legislation.

A vote for this rule will be a vote in favor of reducing our national public debt by $2 trillion over the next 10 years, and this is not an empty promise. The fact is that we are paying down debt as we speak. The Social Security surplus that we have locked away, which is not currently being used to pay benefits, is reducing our debt now. America's debt is shrinking fast. Debt as a share of our economy is rapidly heading toward its post-World War II low of 23.8 percent. This is compared to just 5 years ago when debt as a share of the economy was above 50 percent.

So we are making significant progress and by voting for this rule we will ensure that we continue down this path of steady debt reduction.

At the conclusion of the debate on the rule, I will seek to amend the rule to further address the issue of debt reduction. My amendment will self-execute a change requiring across-the-board tax relief to take effect only if specific debt reduction targets are met. In addition to these changes, the House will have the opportunity to debate and vote on a minority substitute to be offered by the gentleman from New York (Mr. RANGEL) or his designee.

This amendment, which provides an alternative to the Financial Freedom Act, is printed in part B of the Committee on Rules report and will be debatable for 1 hour. All points of order against the Rangel amendment are waived.

Finally, the minority will have an additional opportunity to change the bill through a motion to recommit with or without instructions.

□ 2230

Mr. Speaker, today is a great day for America. For the first time in decades, the Federal Government is living within its means and actually spending less money than it has received from the taxpayers.

Twenty, 10 or even 5 years ago, who would have thought it possible that the Federal Government could muster the discipline to curb its appetite for

spending, slow the growth of government, and actually have some money left over at the end of the year? Amazing.

But we stand here today to tell the American people that it is true. This year, there will be a total surplus of $161 billion, and, over 10 years, we expect a surplus of $2.8 trillion. Even to the government, that is a lot of money.

Let us be clear. We are not just talking about the dollars we have locked away in the Social Security Trust Fund. We are also talking about an on-budget surplus that has not been identified for any specific program or purpose. It is extra money that the government has no plans to spend.

So, today, we say to the American people, we are sorry that we overcharged you. We have enough money to run the government and to meet our obligations. So we are going to give back some of your hard-earned tax dollars. That is what the Financial Freedom Act is all about.

This comprehensive legislation will provide tax relief for all Americans to manage their most important needs at virtually every stage of life. We believe that every taxpayer deserves relief. So the bill provides a 10 percent reduction in taxes across the board.

In addition, the bill includes a number of specific tax relief provisions that will give people greater freedom to fulfill their personal priorities. If one is a student, one will benefit through the expanded education savings accounts and more interest deductions for student loans.

If one is married, one can expect relief from the marriage penalty to the tune of $250 a year.

If one is a small business owner, one will get an increased deduction for your health care premiums. One will be able to expense more of one's office equipment, and one will escape the extra surcharge on the unemployment taxes that one pays.

If one is planning for retirement, the Financial Freedom Act offers one a stronger pension system, a 100 percent deduction for the purchase of long-term care insurance and capital gains relief.

If one lives in a low-income community, one will see one's neighborhood improved through targeted pro-growth tax initiatives that help start-up businesses, encourage revitalization of buildings, and help poor families save more of their money.

When one dies, one's family business, family farm, or personal savings will no longer suffer a fate of extinction. This bill phases out the destructive death tax.

Mr. Speaker, I could go on and on. I am sure many of my colleagues will discuss the details of these many provisions. But the point is that all taxpayers deserve a share in the rewards of a balanced budget, and this bill seeks to give back to all American taxpayers what is rightfully theirs, the overpayment they have made to the Federal Government.

Now, Mr. Speaker, some of my colleagues do not share this view. They want to hang on to the taxpayers' money, and they are fighting tax relief with the rhetoric that relies on erroneous claims that we are forsaking our commitment to Social Security and Medicare if we pass this bill. Well, I am pleased to have this opportunity to set the record straight.

The Republican budget plan, along with the Social Security lockbox legislation which the House passed and the President supports will reserve $1.9 trillion for the Social Security and Medicare programs. That is far more money than we are devoting to tax relief. In fact, $2 out of every $3 of the total budget surplus will go to strengthen Social Security and Medicare. Every dime of payroll taxes will be used for these retirement programs, every dime.

So given the facts which demonstrate an honest commitment to the long-term stability of Social Security and Medicare, I have to wonder whether my colleagues' protests are heartfelt or if some other issue is really driving their opposition to this bill.

I know it is hard for some of my colleagues to part with a surplus. But today, Americans are paying a record high 21 percent of GDP in taxes. What is the justification for this financial punishment that we are asking the American people to endure? If we cannot provide tax relief in a time of peace and prosperity when the Federal Government is awash in money and people are being taxed at record rates, then when will the time be right?

I hope I live to see better circumstances, but I believe we have a rare opportunity today to return some money and control back to the individuals who make this Nation strong so that they can make decisions for their families and their futures with the money they have earned.

By giving this money back, we are imposing additional discipline on politicians who will not have the money to spend on bigger government.

Mr. Speaker, we should all be proud of the part we have played in moving our government down a path of fiscal responsibility that has contributed to the economic prosperity our Nation enjoys today.

I hope my colleagues will join me in taking this next step toward creating a limited government that meets its core responsibilities but then gets out of the way so that the people can be free to pursue their personal priorities and seize on the opportunities that will allow them to live their American dream.

I urge my colleagues to support this fair rule so the House can move forward to debate and pass the Financial Freedom Act.

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

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume, and I thank the gentlewoman from Ohio (Ms. PRYCE) for yielding me the customary half hour.

Mr. Speaker, we reported this bill out of Committee on Rules at 12:30 this morning, and we have been on notice since 6 o'clock. In fact, I was clean shaven when I was first given notice that we were going to have this bill on the floor. But I am glad we finally do have the bill on the floor.

Mr. Speaker, next year, our government will make history. Next year, the Federal Government of the United States of America will no longer be running a deficit. Even though we still have a debt, Mr. Speaker, people are already lining up to spend the surplus.

Democrats want to save the surplus to protect Social Security. They want to protect Medicare which will run into trouble starting in the year 2015.

Republicans, as usual, want to raid the Social Security and Medicare trust funds to give the huge breaks to the very rich. A tax break will actually end up putting us back in the red to the tune of about $3 trillion. Like so many other Republican proposals, it will benefit very few at the expense of very many.

The top 1 percent of American taxpayers, people making an average of $833,000, will each get a tax cut of $37,854. But the bottom 60 percent of the American taxpayers, people making an average of $20,000, will only get an average of $138.33.

To make matters worse, Mr. Speaker, the Republican plan does not extend the life of either the Medicare or Social Security trust funds one single day. Instead, it uses the entire on-budget surplus for tax breaks for those very wealthy Americans.

Mr. Speaker, this enormous tax break is not without consequences. It will cost nearly $3 trillion to give a tax break to the rich while Medicare and Social Security crumble before our very eyes.

This tax break will force Head Start to cut services to 260,000 children. It will force the Veterans Administration to treat 986,000 fewer hospital cases. It will force HUD to end rent subsidies for about 1 million people.

Mr. Speaker, in the next century, the number of people enrolled in Medicare will double from 40 million to 80 million. Unless we do something and we do something now, Medicare will run out of money in the year 2015.

Mr. Speaker, the deficit is nearly gone. The economy is strong. The baby boomers have not yet retired. The time to fix Medicare is now, right now, not a few years down the road when American seniors will be hungry and be sick.

That is exactly what the Democratic plan will do. The Democratic substitute will extend the life of Medicare until the year 2027 and extend the life of Social Security till the year 2050. It will also pay down the debt and provide middle-class families with education credits and long-term care credits.

So I urge my colleagues to oppose this rule and oppose the bill. As strong as our economy is, we can ill-afford to be offering nearly $400 billion in tax breaks to the richest 5 percent of Americans, while Medicare and Social Security fall apart.

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

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Missouri (Mr. BLUNT), our deputy whip.

Mr. BLUNT. Mr. Speaker, I thank the gentlewoman from Ohio for yielding me this time, and I urge my colleagues to support the rule and to support the bill.

This bill, like this debate, is really all about who this money belongs to. Does this money belong to the people that sent it to Washington? If it does, we should send it back. Or does it belong to the people here who many, in many cases, think they are smarter than the folks who send it here and work hard for it? If we believe this money belongs to the people that send it, we will decide to give this money back.

Certainly, we are about to do something that no Congress has done in 40 years, and that is approve a budget and an appropriations process that is balanced without using a penny of Social Security.

Even above that, we still have a $3 trillion anticipated surplus. What happens with that $3 trillion? The money that comes from Social Security, for the first time in 29 years, gets set aside for the retirement future of the Americans that sent that money in.

The other trillion dollars we are saying we would like to take 790-plus billion dollars of that and let the people who earned it keep it, let them spend it for the benefit of their family, let them spend it for the benefit of their future, let them spend it for the benefit of their small business, eliminate over the course of this time the death tax, reduce taxes for every single American that pays taxes, and in an important late addition to this rule, even today, have a guarantee that there will be a $2 trillion reduction in the debt held by the public that the government each and every time that the debt is reissued will be competing for less of that debt because we are applying that to the future of Social Security.

Beyond that, there is a requirement that the debt not be allowed to increase as this across-the-board tax provision goes into effect. This is a good rule. It is a good bill. I urge my colleagues to remember who the money belongs to.

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. FROST), the chairman of the Democratic Caucus.

Mr. FROST. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time.

I would like to talk a little bit about procedure and a little bit about substance. First of all, I would like to observe that the incompetence on the other side of the aisle is appalling. Time after time this year, in this Congress, the Republicans have had to amend rules after bringing them out of the Committee on Rules, amend them on the floor, and even withdraw rules. They simply cannot run this House in an orderly manner.

Mr. Speaker, tonight Americans have the opportunity to see revealed in crisp, bright colors the contrasting priorities, the very different fundamental values that separate the Democratic and Republican parties.

Democrats have a fiscally responsible plan that uses the surplus to extend the solvency of Social Security and Medicare, to pay down the debt and keep interest rates low and the economy growing, to allow us to fund America's priorities like a prescription drug benefit, and to provide targeted tax relief for middle-class families.

On the other hand, Republican leaders want to risk Social Security, Medicare, and our economy on a fiscally irresponsible budget-busting tax break for the wealthiest that will cost us more than $3 trillion over the next 20 years.

What, Mr. Speaker, does this say about the priorities of the Republican Party? Well, it reminds me of another very revealing debate we had on the floor a few months ago.

□ 2245

Then the Republican whip, my colleague from Texas (Mr. DELAY), gave us his party's answer to the epidemic of school violence: stop sending kids to day care and start teaching creationism in our schools. That was the answer of the gentleman from Texas.

Today, yet again, it is clear that Republican leaders believe the only function of this House is providing red meat for their right wing extremists. In so doing today, Mr. Speaker, Republican leaders are asking Members to overlook the dangerous, long-term costs of this irresponsible tax bill. It fails to extend the solvency of Social Security and Medicare, the twin pillars of retirement security for Americans by even a single day; it will blow a hole in the deficit and risk driving up interest rates and endangering our economy; and it squanders resources we should be using to address America's families' priorities, like helping seniors pay the high cost of prescription drugs.

Make no mistake, Mr. Speaker, the majority could have worked with Democrats to pass responsible tax relief on a bipartisan basis, but as they have done so many times in this year, Republican leaders have chosen political rhetoric over problem solving. For all these reasons, Mr. Speaker, I urge my colleagues to defeat this bill and support the Democratic alternative.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. TOOMEY), and I might just point out that if we had had any cooperation or assistance from the minority we would not have to amend rules on the floor.

Mr. TOOMEY. Mr. Speaker, I thank the gentlewoman for yielding me this time, and I would like to urge my colleagues to vote ''yes'' on this very fair and reasonable rule.

Mr. Speaker, I would like to put this bill in some context. First of all, the Federal Government today is bigger than it has ever been in our history. We will spend more money this year than ever before, and next year more money still, and the year after more money than that. Taxes are at a record high level. Not since World War II has the Federal Government assumed a larger share of our economic output.

And let us look at the budget. Our budget has taken Social Security totally off the table. Every penny of Social Security revenue is going to go to the Social Security program; $1.9 trillion over 10 years. We have set aside the money to start rebuilding our defensive forces. We have set aside the money to increase spending for primary and secondary education, more than the President called for in his budget. And we refused to make the cuts in Medicare that the President called for in his proposal.

Now, after paying all those bills, and keeping the budget balanced, and setting aside two-thirds of total surpluses for debt reduction and Social Security and Medicare, when the American people have paid for all that, I say they have paid enough. And that is when we have an opportunity and, in fact, a moral obligation to allow them to keep the surplus that they are creating.

Why? Yes, because tax cuts are good for the economy. It will in fact increase the growth and opportunity, increase the savings rate, create more jobs and more wealth. And, yes, in fact these cuts will increase the probability that the revenue and expenditure projections will materialize rather than new spending programs, which will most likely result in excess of their original projections. But there is a more important reason, Mr. Speaker, and that is that in a free society, it is people who are sovereign. And it is the people's money, not the government's money.

That is why we have an obligation to let them keep as much of their hard-

earned money as we possibly can. That is why I urge a ''yes'' vote on this rule and a ''yes'' vote on final passage of this bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ), vice chairman of the Democratic Caucus.

Mr. MENENDEZ. Mr. Speaker, Republicans are asking us to consider trillion dollar legislation that could affect the entire economy, put our Nation's jobs and prosperity at risk, sink our country into deficits, debt, and red ink, and they drew it all together in a few hours, like a patchwork quilt, and it is so ugly that they bring it out in the darkest of night.

Republicans talk about the value of a trillion dollar tax cut for our wealthiest citizens. Their idea of family values is to leave a legacy of debt and fiscal irresponsibility for the next generation of taxpayers to clean up. The Democrats' idea of fiscal responsibility has been to resist budget-busting tax giveaways, and the result has been the first balanced budget in more than a generation.

We have shown that fiscal discipline works, and that fiscal discipline is giving working Americans the biggest tax break of all: low interest rates, so they can afford to buy a home or a car; so their savings are not eaten away by inflation; so businesses can invest in new equipment and capital and create new jobs; and so workers' salaries maintain their value. But ever since they became the majority in this Congress, their only real value has been to propose one fiscally irresponsible giveaway after another.

We Democrats believe in a different value: honoring our commitments. We believe in honoring our commitment to our senior citizens, who have paid into Social Security and Medicare over a lifetime of hard work and who deserve security in their retirement. We believe in honoring our commitment to our children's education, to make sure that every child in this Nation has the opportunity to reach his or her God-given potential. And we believe in honoring our commitment to future generations by using the budget surplus to truly pay down the national debt.

Republicans, on the other hand, want to give a risky trillion dollar tax cut to the very wealthiest citizens that jeopardize all of these important commitments. And under their plan nearly half of those tax cuts would go to the wealthiest 1 percent.

Mr. Speaker, the difference could not be clearer. Democrats want to honor our commitments to all of our citizens and the next generation. Their risk is a risk we cannot afford. Oppose the rule.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. SESSIONS), a member of the Committee on Rules.

Mr. SESSIONS. Mr. Speaker, I thank my colleague on the Committee on Rules for yielding me this time and allowing me a few minutes to respond back to our colleagues.

Mr. Speaker, I sit on the Committee on Rules and on a regular basis have an opportunity to hear the minority talk time, after time, after time about all the things that Republicans are doing to ruin our country; like welfare reform, and a balanced budget for the first time in 30 years, tax cuts for the first time in 16 years, our pledge to take 100 percent of Social Security dollars and the interest to Social Security.

Over, and over, and over, and over Republican ideas are simply beaten up by the minority party. What they want to do is argue every single time that government should be better off than the middle class of this country. They want to argue that government should be the first one with their hand out and paid first. We happen to believe that the people who produce the income, the people who get up and go to work every single day, the people who are taking care of their families, the people who are taking care of their parents and their children, these are the people who deserve to get the money back.

The previous speaker was talking about what it would mean, all these things the Republicans would take away. The fact of the matter is that in the State of New Jersey, over the next 10 years, the average person from New Jersey will get back $3,747. That is money that will go to people, the average person in New Jersey, so they will be able to take care of themselves, they will be able to take care of their family. It is their money and they earned it.

The bottom line is that day, after day, after day we hear the same worn-out statements of what Republicans are doing to ruin this country. Let me tell my colleagues, it is all about freedom, it is all about economic prosperity, and it is all about more take-home pay. I believe that the American public understands the difference. I believe the American public will understand that when they get back this average, just like in New Jersey, $3,747 over the next 10 years, that they will recognize that it is something that they earned, that they will put it in their pocket and that it will help them take care of their own families.

The difference between begging and freedom is what we are talking about here today.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. RANGEL), the ranking member of the Committee on Ways and Means and the author of the Rangel amendment.

Mr. RANGEL. Mr. Speaker, I do not know exactly what they put in the water over there in the Republican cloakroom, but it cannot be that they really think that we are going through a legitimate procedure on this floor tonight with this rule.

It is bad enough that the Committee on Ways and Means got the bill already drafted when we got there. I was not disappointed, because my Republican colleagues did not know about the bill anyway. I was hoping that it had come from the Speaker's office, but he did not know about it. And so 2 days later they are still working on it.

And I would have hoped that perhaps someone might come and share with us. Not with a meeting, that would be too constitutional, but certainly with just a flyer to say what is in the bill. But, surprise, It is now the Committee on Rules that writes the tax bill. Because in the middle of the night, while they said that we could go on recess and trust them, they went to the Committee on Rules.

And in the rule it is Greenspan that determines whether or not there is a 10 percent across-the-board tax cut. I cannot believe it. Whether or not there is going to be a 10 percent tax cut is going to be determined by whether or not there is a debt increase. And who determines the debt increase? The Congress? The Committee on Ways and Means? The Speaker? Oh no, It is in the water that they are drinking. Because Greenspan will then tell the American people, yes, the Republicans promised a tax cut, but, my God, the interest rate went up, as a matter of fact, I made it go up, and now we will have it denied.

Thank God we have a President that is going to veto this foolishness, and thank God we have a Congress that is not going to override that veto.

What the Republicans have done is started their campaign with this dog-gone tax bill. They have done it. And, believe me, it is going to be the nails in the coffin that denies them the majority for the year 2000.

We tried to work with the other side. We tried to make it bipartisan. We reached out across the aisle. And what I am saying to my colleagues on the other side is this, it is bad enough that they do not leave it up to the Committee on Ways and Means; it is bad enough that they exclude the Democrats and Republicans, but it should hurt the very nature of this institution to know that we have to go to the Committee on Rules close to midnight to find out what else they have put in the bill.

Now, I know the Republicans do not want to circulate it, and I know that they are talking about great political statements when they talk about the rule, but why do they not talk about what is in the rule? Where is Chairman Greenspan in the rule?

I tell my colleagues this: on tomorrow, and maybe tonight, we will find out what Chairman Greenspan thinks about a 10 percent cut across the board. He testified in front of our committee.

He said it was wrong then, it is wrong tonight, and it is going to be wrong when it gets to the President's office.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Speaker, all I would like to say to the gentleman from New York and the gentleman from New Jersey, who have commented this is in the dark of the night, that it gets dark up here at night and we are going to work at night. We are not going to lay out at 6 o'clock; we are going to keep working. So I would like a unanimous consent that we all agree it is dark now, it is night, and so let us get started.

Mr. Speaker, this bill addresses several things that we should not put up with in this country. The first: when a brides goes down the aisle to meet her groom, the preacher is down there, the groom is down there, and the tax man is down there.

□ 2300

We should not penalize marriages. This bill puts an end to the marriage penalty.

Another thing we should not penalize. We are killing hometown businesses. The death tax is death tax not only to family businesses but to hometown businesses.

In my district, we have lost hometown drugstores, hometown car dealers, hometown funeral homes. The only funeral home in my hometown is owned by a Texas company because they could not pay the death taxes. I am for hometown businesses, so I am for ending these death taxes.

We talked about them killing family businesses. It does that. It kills hometown businesses. How often have my colleagues said, I am tired of every business in town being owned by some company in another country, if not another State? This puts an end to it.

The third thing, 30 million American families will benefit from this plan because it makes college more affordable for their children. How many times do we hear people say to the people we represent, how will I ever afford to send my children to college?

This bill, according to the Center for Data Analysis, says 30 million American children will be able to go to college, it will be more affordable.

Let us send them to college. Let us give them a chance. Let us invest in their future with an education.

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

Mr. Speaker, the gentleman said it is the dark of the night. I have been here a little longer than him. I remember when this job used to be a day job.

Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MALONEY).

Mr. MALONEY of Connecticut. Mr. Speaker, I rise to oppose this rule.

I start by thanking the gentleman from Massachusetts (Mr. MOAKLEY) for yielding to allow members of the new Democratic Coalition an opportunity during this debate to speak about the tax relief proposal that we have prepared and that I and my colleague from Indiana (Mr. ROEMER) on behalf of 30 other Democratic Members of Congress presented yesterday at the Committee on Rules hearing on this resolution.

The new Democratic Coalition tax bill is pro-family, pro-growth, and pro-reform tax relief for American families and businesses. It is fiscally responsible and stays within the outlines contained in the President's budget proposal to dedicate 12 percent of the surplus to targeted tax relief after reserving 77 percent of the budget surplus for strengthening Social Security and Medicare.

Our proposal strikes exactly the right balance, a fiscally responsible balance, between paying down the national debt, strengthening Social Security and Medicare, providing targeted tax relief, and addressing pressing national priorities such as education, defense, and the environment.

We are disappointed that the Committee on Rules did not make our proposal in order. Our proposal also calls for substantial simplification of the Tax Code and specifically calls for the establishment of a commission to offer recommendations on comprehensively simplifying and reforming our Nation's Tax Code modeled on the successful Social Security Reform Commission of 1983.

We have the opportunity to pass a fiscally responsible pro-family, pro-growth, pro-reform tax measure, and we should do so now.

We are pleased to see that many of the new Democratic Coalition tax proposals have been incorporated under the leadership of the gentleman from New York (Chairman RANGEL) into the Democratic substitute, and we look forward to working with our colleagues to enact tax legislation that is both fiscally responsible and directed to where it is most needed, American families and continued economic growth.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1 minute to my distinguished colleague, the gentleman from California (Mr. KUYKENDALL).

Mr. KUYKENDALL. Mr. Speaker, the point that I am most impressed with in this package we bring before my colleagues in the rule and will eventually vote on it when we vote on the amendment is the fact that we put a trigger in here that is going to protect the fact that we pay down debt or we do not do the tax cut.

That is a very simple premise. This is a responsible premise. There should not be anybody in here opposed to that, especially as to the fact that the Government is now operating at a surplus and we have now designed a mechanism in here to do that. That is the kind of policy that makes good politics, and it is good for America.

We are going to talk about the kinds of tax cuts we have and how much of the tax cuts and which ones they are and all that. But we have protected the ability to keep getting the tax cuts as long as we are responsible with paying down the debt that this Nation has incurred so that we can again fight a Cold War that took all of these trillions of dollars to win it.

We may never have to do that again. But if we are not prepared to and have the ability as a Government to go back up that course, we would never have it again. I urge my colleagues to vote ''yes''.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BONIOR) the minority whip.

Mr. BONIOR. Mr. Speaker, a trillion-dollar tax cut, a third to the top one percent, a third to the top 10 percent, and a third to the other 90 percent. My colleagues heard me right. A third of it to the top one percent. A third of it to the top 90 percent of the American taxpayers. This is an irresponsible tax plan that will explode the national debt and will wreck the U.S. economy.

America is enjoying the strongest economy in a generation. Unemployment is low. Inflation is low. Interest rates are low. And because of that, we have a unique opportunity, a once-in-a-lifetime opportunity, to pay down our national debt.

Our debt is so big that Americans have to spend $230 billion a year just to cover the interest payment. That is money that could be set aside to strengthen Medicare and Social Security, to make prescription drugs possible for our seniors, to modernize our schools.

Unfortunately, this trillion-dollar tax scheme is just the beginning. The Republicans do not want to tell the American people the true cost of their plan. Over time, the real cost would triple to nearly $3 trillion.

Remember, Jackie Gleason used to say, ''Va-vavoom, to the Moon, Alice.'' That is where this is going, to the Moon.

Now, I do not call this a tax cut. This is an economic hangover. Economists all across the spectrum agree that the GOP plan would drive up interest rates, drive up our debt, and drive our economy right over the cliff. It could drive Social Security and Medicare straight into the ground just when the baby-boomers would be retiring in record numbers.

This is irresponsible. It is wrong. Vote ''no'' on the rule and ''no'' on the bill.

Ms. PRYCE of Ohio. Mr. Speaker, may I inquire as to how much time is remaining?

The SPEAKER pro tempore (Mr. COMBEST). The gentlewoman from Ohio

(Ms. PRYCE) has 11 minutes remaining. The gentleman from Massachusetts (Mr. MOAKLEY) has 14 minutes remaining.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1 minute to my distinguished colleague, the gentleman from Montana (Mr. HILL).

Mr. HILL of Montana. Mr. Speaker, I thank the gentlewoman for yielding me the time.

Mr. Speaker, I am excited to stand here in support of a bill that has a theme of simpler, fairer, and lower taxes for Americans. But I want to talk about the reforms to the estate tax, which are very important to the folks in agriculture, particularly the farm and ranch families in my home State of Montana.

In the suburbs and the cities, the economy is going very well. But in farming and ranching today, it is not very lucrative.

Most family farms and ranches do not show a profit. Few even can generate a cash flow. But their land can be quite valuable. Some will call that property poor, lots of net worth on paper but not much money.

But when these families look at the daunting task of trying to find a way to transfer these farms and ranches to the next generation, they are truly discouraged because it is virtually impossible to pay the death taxes and to keep the family farm in the family. So they sell. Sometimes they sell to a movie star. Other times they sell to a subdivider.

But what is likely to happen is that family agriculture in this country is going to end with this generation. But tonight we can lay the foundation to change that. We can phase out, eventually eliminate the death tax. We can save these family farms and ranches.

I urge my colleagues to support this. The Democrats have said they have written off rural America. We need to stand for it.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, my question for my Republican colleagues: Time and again, why is it that those who pay the most to our society come home with the least?

I heard my friend from California talk about a woman walking down the aisle. This woman walked down the aisle. She is married to a United States Marine. This is a photograph from the front page of the Washington Post of her picking up used furniture on the side of the road so that other Marines will have some furniture in their house.

□ 2310

What do you do for them? After 5 years of Republican defense budgets, what do you do for them? You do nothing.

For $100 million, we could get every single soldier, sailor, airman, marine and coast guardsman off of food stamps. You cannot find the money for that. For $1.2 billion, we could fulfill the promise of lifetime health care for every single military retiree. You cannot find the money for that. But you have got $400 billion for the fat cats, the guys who write the $1,000 checks to you and the $10,000 checks to the Republican National Committee and that are delivering cases of champagne right now over to the Capitol Hill Club and the steaks are lined up because they know they are going to get a big tax break, the top 1 percent.

But my question is, what do you do for those who pay the price to keep our country free? You do nothing.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 30 seconds to the gentleman from Ohio (Mr. HOBSON).

Mr. HOBSON. Mr. Speaker, to the previous speaker, I would just suggest that he look at the President's suggestions and submission on the defense versus ours and he will see that we do a lot for the troops, including a pay raise, including money for retention of pilots. The President does not do anything.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, in the last hour, this bill has been made obscenely worse, in the dead of night, with very few of the press here.

We already knew that most of the benefit, two-thirds of the benefit, goes to the richest 10 percent of Americans, but now they have added a trigger that allows Alan Greenspan to fatally shoot the 10 percent across-the-board tax cut provided for the middle class. But no matter what Alan Greenspan does, no matter what happens to interest costs, no trigger can prevent the huge tax loopholes for the superwealthy.

This is a bad rule because it prevents us from dealing with the New Democratic Coalition proposal to provide a roughly $300 billion tax cut. This rule allows only a discussion of the lowest possible tax cut or the most extreme and biased tax cut.

Do not muzzle the moderates. Defeat the rule.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 3 minutes to the very distinguished gentleman from Illinois (Mr. HASTERT), the Speaker of the House of Representatives of the United States of America.

Mr. HASTERT. Ladies and gentlemen, we have a great opportunity. We are on the cusp of doing something for the American people that has not been done in this House for a long, long time. We are giving the American people the opportunity to take more money home to put in their own pockets instead of putting it in the pockets of bureaucracies.

The American people are going to have a choice. They are going to have a choice to be able to decide how their kids' education is going to be done because they will have education savings accounts. We are going to give them the fairness to be able to decide how that is spent.

We are going to be fair because we are going to treat people who are married the same way as people who are single. We are going to try to say that those folks who punch a time clock or commute to work or have to contribute to the economy will be able to take more of those dollars home and put them in their pocket.

We will have over the first 5 years $800 billion of debt retirement and $156 billion of tax relief for the American people. If you look out over the next 10 years, American taxpayers will be paying over $28 trillion in taxes.

We give the American people the chance to take a little bit of that money back home, decide how they are going to treat their kids' education, decide what they are going to do with their future and their retirement. And also in this bill for senior citizens, who are over the age of 65, that decide that they want to be productive and they want to work, we take the earnings test penalty away so that they are not penalized $2 in their Social Security for every $1 they earn, twice the rate that millionaires have to pay.

This is a tax cut for fairness, it is a tax cut for the American working people, and it is a tax cut that the American people deserve, not a tax increase like our friends on the other side of the aisle would like to give.

Mr. Speaker, I rise in support of this rule and in support of the Financial Freedom Act. I urge my colleagues to vote for both. I want to commend Chairman ARCHER for his fine work on this bill.

Over the last four years, the nation has seen a remarkable turnaround in our financial fortunes.

Four years ago, the President submitted a budget that had 200 billion dollar deficits for as far as the eye could see.

We said that the President was wrong. We said it was time to balance the budget, to make the government smaller and smarter, and to give tax relief to the American people.

They said that it couldn't be done. They said our budget plans were irresponsible. They said that our tax proposals were unrealistic.

Well, they were wrong.

Because of our efforts to cut wasteful spending, because of our efforts to move people off of welfare and into work, and because of our efforts to give tax relief to the American people, we have the healthiest economy in our nation's history.

Today, we have the largest surplus in history. This surplus gives us two options.

We can do what the President wants. He wants to spend the surplus, including a portion of the social security surplus, on more Washington programs.

The President thinks more Washington spending is responsible. He believes that giving this money back to the people is risky, because he doesn't know how the people will spend their own money.

Once again the President is wrong. It is not risky to give the American people their money back.

We have a better plan.

First, we lock away the social security surplus so that is can be spent only on retirement security.

Over ten years, we put two dollars away for retirement security for every one dollar of tax relief.

Second, we allow for government to grow slowly. In fact, the government will increase its spending by close to a half a trillion dollars in the next ten years, under our plan.

This means we can keep funding programs that are important to the American people, while we keep working to cut wasteful Washington spending.

And finally, we give some of the surplus back to the American people by targeting the unfair parts of our tax code.

We believe it is unfair to tax marriage, so we reduce the marriage penalty.

We believe it is unfair to tax people when they die, so we phase out the death tax.

We believe it unfair to tax people who want to save for the children's education, so we include education savings accounts.

And we believe that it is unfair to tax people at the highest rate since the Second World War. We include a 10 percent across the board tax cut that phases in over 10 years.

Our tax relief proposal is responsible and balanced.

It will keep the budget balanced. It will keep the economy growing. And it will return power back to the American people.

Today, the House has a simple choice: We can give some of the surplus back to the people or we can spend it here in Washington.

I urge my colleagues to make the right choice. Vote for this rule, vote for this responsible tax relief measure and vote to give some money back to the American people.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. STUPAK).

Mr. STUPAK. Mr. Speaker, we just heard about the GOP bill and what it claims to do. It claims to do many things which is not fiscally possible or fiscally responsible.

I proposed a simple amendment at the Committee on Rules. My amendment said, no surplus, no tax breaks. We cannot follow the Republicans back to the days of budget deficits and uncontrollable spending. When there is no surplus, we cannot afford more tax breaks. We must keep our fiscal house in order. Democrats believe in fiscal responsibility. Let us not spend a surplus if it is not there.

Mr. Speaker, what my amendment said, after we take care of our obligations to Social Security and Medicare for this and future generations, then certify to us what the surplus is, and then and only then do we use that surplus for tax breaks. Unfortunately, the Committee on Rules would not make this amendment in order. No more raiding of the Social Security trust funds, no more raiding of the Medicare trust funds. No tax breaks until there is a surplus. Let us take care of our obligations first. Let us be honest. No surplus, no tax breaks.

Vote ''no'' on the rule.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 1 minute to the distinguished gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Well, it is tax reduction time and the rhetorical terrorism is at its height, designed to scare seniors, children, teachers and the needy. We know the Washington bureaucrats are scared because any time we try to shrink the size of government, they get frightened. And frightened because we want to return more money to the people who earned it.

This surplus does not exist because of the great wisdom of your party which passed the largest tax increase in history. If it did, let us pass it again. Let us give people some real relief and do another Clinton tax increase. The fact is that is what you are trying to do.

This is the Joint Tax Committee review of the Democrat Rangel plan. After 10 years, this plan, ladies and gentlemen, increases taxes $3.9 billion. Talk about a Trojan horse.

Go back to the drawing board, get your folks in the back room to take some smart pills, and do not try to increase taxes one more time. We know you love it, but do not try to do it. We are trying to honestly give back to people who earn the money their money back and you are trying to take another hit off of them.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN).

Mr. LEVIN. Mr. Speaker, first of all I do not know if the speaker is here. Unless he is reading a bill that we have not seen, there is no reference to the earnings test. I think that indicates the sloppiness with which this matter is being confronted. We have changes at the last minute. I want to comment on that.

But before I do that, I want to say this. We should be giving back our constituents some money in the form of a long-term guarantee for their Social Security and Medicare and you do not do that one iota. And we should also be giving back constituents their money in terms of really paying down the national debt, and you do essentially lip service to that; lip service to that. You created this national debt, at least you ought to get together with us and pay it down.

□ 2320

Listen, I was here when they passed those budgets.

Look, this proposal of the Republicans would reduce the revenues by almost 800 billion in 10 years and 3 trillion in the second 10 years, and I want my colleagues to think about this:

The second 10 years, according to the actuaries, those are the exact years when the Medicare and the Social Security surplus begins to decline, and so does the on-budget surplus.

So essentially, when those revenues begin to decline, they take $3 trillion out of the budget. It will not work.

What they are doing, the Republicans, is playing for the next election, and what we are doing is planning for the next generation for Social Security and Medicare.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 1 minute to my distinguished colleague, the gentleman from Michigan (Mr. UPTON).

Mr. UPTON. Mr. Speaker, I came here for one reason, eliminate the deficit and the decades of runaway spending, and now we have a surplus. We do not have a deficit. None of the provisions in this rule; we now trigger about half of the tax cut to make sure that the debt really does come down. Because of the years of runaway spending we have a debt, a national debt of about $5.5 trillion dollars.

Yes, the deficits are gone every year, but we still have a debt, and that debt has got to go down. The triggers that are in place ensure that before we see these tax cuts come into play, we see a real reduction in the national debt.

That is fair, that is reasonable, and that is where we ought to be, and we ought to be proud of this rule and proud of the tax bill we are going to take up tomorrow.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, as the hour grows late and the exaggeration and hyperbole rises, let us get down to the facts.

The fact of the matter is Democrats and Republicans deserve some credit for balancing the budget.

Fact: Democrats and Republicans deserve some credit for some surpluses.

Fact: Democrats and Republicans now have significant and profound differences on what to do with those so-called surpluses.

There are two major differences. One is what to do with the so-called surplus, and secondly, the scope of the tax cuts that Democrats also support.

On the first fact:

Democrats are for drawing down the national debt. Democrats are for committing to our obligation to our seniors on Social Security. And fact: Democrats are for making sure Medicaid has a longer life for our seniors. That is a big difference.

Now Republicans want to give a trillion dollars in tax cuts to defense companies, to utilities, to oil and gas interests.

Special interests over our obligations and our commitments to Social Security and debt relief.

Now the other profound difference is the scope of the tax cut. The Democrats want to draw down the debt and provide lower interest rates for every single American. Everybody benefits from that tax cut, paying lower interest rates, lower rates on their car payments, better access to cheaper capital for small businesses and farmers.

We Democrats are also for paid-for and responsible tax cuts such as estate tax relief for small businesses and small farmers.

Let us vote for the Democratic proposal for debt relief and for Social Security.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to my distinguished colleague, the gentleman from Kansas (Mr. TIAHRT).

Mr. TIAHRT. Mr. Speaker, I thank the gentlewoman from Ohio for yielding this time to me.

Mr. Speaker, here is the classic battle philosophy in Washington.

The liberals say it is too risky to give working Americans some of their own money back, money they worked hard to earn. They see hundreds of billions of dollars slipping between their fingers, money that will be gone, gone from Washington, D.C., and the liberals will not be able to feed the beast of big government. The beast will have to go on a diet.

Republicans, Mr. Speaker, trust American workers. We trust them to love their families better than any Federal program. We trust them to spend their own money more wisely than any Federal Government.

But this is not a new idea. In the 1991 tax relief, ignited the largest peacetime expansion in our Nation's history. In 1995, we passed tax relief. The Dow Jones industrial average went from 4000 to 11,000. Now it is time to do it again, and let us see what the Senator, the Democrat Senator from Nebraska, has to say about our Federal surplus and our tax relief.

When we have got 3 trillion coming, it is hardly outrageous or irresponsible for this type of move. It was in today's Washington Post, Mr. Speaker. This is the right thing to do. Let us vote for the rule, let us vote for the bill, let us starve the beast and feed the pocketbooks and the family budgets of working Americans.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Mr. Speaker, I rise tonight, or is it morning yet, in opposition to this rule. This tax cut is huge and depends on surpluses that do not exist yet. I always called this funny money.

When Americans read in their local newspapers that two-thirds of the majority of this trillion-dollar tax cut is targeted to the wealthiest 10 percent of American public, I do not think my friends on the other side of the aisle will be touted as heroes.

If interest rates and inflation and our national debt rise, eating up the benefits of this tax cut by creating higher mortgage payments, higher credit card payments, voters will not be pleased with those who sent this bill to the floor.

If Medicare is not strengthened and the fiscal stability of Social Security is not extended, I think Americans will ask why did Congress not do something about this.

Finally, if these projected surpluses do not materialize, this tax cut begins to do harm, and taxpayers will have a lot more questions.

Let us provide a balanced approach that protects Social Security and Medicare first, pays down the debt and makes tax cuts for those that need it the most. Send back this bill to the committee. Defeat the rule.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I rise in the strongest possible opposition to the most fiscally irresponsible bill to come before this House in the 20½ years that I have served here.

I want to be sure that my colleagues understand why I say that. It is the second 10 years of the effect on this Social Security bill that causes me pain because it is when our children and grandchildren are going to regret that which we proposed to do tonight.

Let me also share another secret with my friends on this side. We have already busted the caps, so any moneys that we are going to be spending on defense, on veterans, on health care, on education, on agriculture, is going to come from Social Security trust funds if my colleagues should, by chance, pass that which they propose tonight.

□ 2330

On the deficit side of the question, the Blue Dog proposal that will be in the motion to recommit will reduce the national debt $1,650 per man, woman and child in the next 20 years over what my colleagues propose in their revised, extended version of that which they propose tonight. Please deal with the facts. Let us stop the rhetoric. We cannot afford this kind of a tax cut. What we ought to do right now is pay down the debt, solve Social Security and Medicare, and then deal with tax cuts.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Mr. Speaker, the Republican tax bill is wrong for America for three reasons. First, it spends money we do not have. The Republican theme is return it, but we cannot return what we do not have. Mr. Speaker, the $2.9 trillion surplus is an estimate of future revenues not yet seen, not yet collected, not yet in the bank.

The Federal Government has run up an annual deficit for 30 years. Only next year will we see a true, on-budget surplus. Do we not think we could wait for at least one real actual surplus before we spend one not here yet, only in the forecast estimated surplus.

Secondly, the best tax cut we can give the American people is lower interest rates for all Americans. Eliminating the debt would mean that no longer would we spend more on interest than we spend on national defense.

Finally, the Republican tax bill puts our economic security, our economic health, and our retirement at risk.

The Republican tax bill gives it back, all right, and more. On-budget, zero for Social Security, zero for Medicare, zero for national defense, zero for veterans, zero for reducing the national debt. Do we not think it is time to be fiscally conservative?

The Republican tax reduction bill is wrong for the American people for 3 reasons:

First, it spends money we don't have. The Republican theme is "Return it." But you can't return what you don't yet have. The 2.9 trillion dollar surplus is an estimate of future revenues not yet seen, not yet collected, and not yet in the bank. In addition, the assumptions and economic predictions on which the surplus number is based may not turn out to be true.

What if federal spending merely increases with inflation (even at today's low rate) rather than going down 8% over the next three years as projected in the surplus estimate?

What if Medicare spending grows just 1% faster than projected?

What if our nation's productivity grows at 1.1% annually, the average rate since 1993, rather than at 1.8%, the projected rate in the surplus estimate?

What if the unemployment rate is just one quarter of 1% more than the projected rate?

If all 4 "what ifs" occur—there is no surplus. In fact, there would be a deficit over the next 10 years, not a surplus. If we spend our projected surplus on an 800 billion dollar budget-busting tax cut and the surplus never shows up, we will generate an even bigger national debt for our children, and we will have bankrupted Social Security just when the bulk of the baby boomers begin to be entitled to their benefits. The federal government has run up an annual deficit for 30 years. Only next year will we see a true on-budget surplus. Don't we think we could wait to see at least one real, actual surplus before we spend a not-here-yet, only-in-the-forecast, estimated 10-year surplus.

Secondly, this budget-busting tax cut is not the best use of any surplus for working families. The best use of any surplus is to pay down the 5.6 trillion dollar national debt rather than to pass this debt on to our children.

The best tax cut we can give all Americans is paying down the 5.6 trillion national debt.

Less debt means lower interest rates for working families, lower mortgage payments, lower car payments, lower student loan payments. Each percentage point decrease in interest rates means over $200 billion in lower debt payments over 10 years for working families. Eliminating the debt would mean that no longer will we spend 25% of all individual federal income taxes collected just to pay the annual interest on the federal debt and no longer would we spend more on interest payments than the combined total of all spending on national defense.

Finally, the Republican tax reduction bill puts our economic security, our health security, and our retirement security at risk. Our generation has a historic opportunity to put America on a stable economic path by continuing down the road of fiscally conservative, pro-growth economics by paying down our debt rather than passing it on to our children, by keeping interest rates down, by protecting Social Security and preparing for the demands of the baby boomers' retirements that begin in earnest in 2014, and by restoring our Medicare system to future solvency, building a strong national defense and keeping our commitments to our veterans.

The Republican tax bill gives it all back alright and more.

On-budget:

Zero for Social Security.

Zero for Medicare.

Zero for national defense.

Zero for veterans.

Zero for reducing the national debt.

Where have all the fiscal conservatives gone? Fiscal conservatives don't spend money they don't have. Fiscal conservatives don't return it until they earn it. Vote no on the Republican tax bill and yes for the future of America's children.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. SNYDER).

Mr. SNYDER. Mr. Speaker, this irresponsible tax bill is wrong for Arkansas. I have a dozen reasons why I will not vote for it: World War I veterans, World War II veterans, Korean War veterans, Vietnam veterans, Gulf War veterans, veterans of the Balkans, Cold War veterans, all other veterans. Social Security recipients, Medicare recipients, future recipients of Social Security, and most importantly, future generations.

At the very time we are debating an irresponsible tax cut, we have not begun to solve the long-term challenges of Social Security and Medicare. We fail in our duty to future generations by not paying down the $5.5 trillion national debt, and worst of all, we have not even adequately funded this year's veterans budget, much less future budgets.

Mr. Speaker, I want to give my constituents a tax cut, but I want to do it without saddling future generations with debt, without threatening the future of Social Security and Medicare, and most important of all, without breaking promises to all of our Nation's veterans.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. Mr. Speaker, I rise in opposition to this rule which will return us back to the deficits of the 1980s.

Mr. Speaker, I rise in strong opposition to this risky tax scheme and urge my colleagues to vote against it.

Through the hard work of America's families and with responsible fiscal policy, our nation has produced an economic engine that would have been unimaginable a few short years ago. Just this week, officials in my state reported that the unemployment rate is the lowest it has ever been. And this risky tax scheme would cut the legs out from under that accomplishment and deny us the opportunity to address the challenges we face in the years to come.

Mr. Speaker, we need to save Social Security and Medicare for today's senior citizens and for future generations, but this bill would prevent us from doing that. We need to invest in education, research and technology to keep this nation's economy strong. This bill would return us to the bad old days of massive deficits, crushing inflation and a weak economy. We need to pass balanced targeted tax relief for hard working middle class families, and this bill benefits the wealthy special interests at the expense of the middle class.

Now that we have balanced the budget, we must provide for a sound future for America's families. We need to save Social Security and Medicare for our seniors, provide targeted tax relief for middle class priorities like school construction and pay down the national debt to keep our economy strong. The Rangel substitute achieves these goals, and we should support it. I urge my colleagues to vote against this risky tax scheme.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, more than two-thirds of this extravagant bauble of a tax cut has been unceremoniously transferred from programs that were put on a starvation diet in the 1997 Balanced Budget Act, which included hospital cuts, cuts to home health care and visiting nurses, and cuts to Medicare benefits. That is why we have this surplus.

Do the Republicans say, let us now replenish home health care? Let us now replenish Medicare? No. This is the pluperfect form of the Republican Robin Hood in reverse. The wealthiest Americans get huge tax breaks, and the vast majority of ordinary people get nothing. No money for Medicare, no money for Social Security, no money for over-crowded schools, no money for the environment.

Our Republican reverse Robin Hoods could not be more proud. It is tax cuts for the wealthy and nothing for the unhealthy, and the longer we go, the worse it is going to get.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve my time.

Mr. MOAKLEY. Mr. Speaker, may I inquire as to the remaining time.

The SPEAKER pro tempore (Mr. COMBEST). The gentleman from Massachusetts (Mr. MOAKLEY) has 2 minutes remaining; the gentlewoman from Ohio (Ms. PRYCE) has 3½ minutes remaining.

Mr. MOAKLEY. Mr. Speaker, can I inquire as to how many speakers the gentlewoman has remaining.

Ms. PRYCE of Ohio. Mr. Speaker, we have one speaker remaining.

Mr. MOAKLEY. Mr. Speaker, I yield the balance of my time to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, it is rather fitting that we are here late at night, because for weeks we have heard from conservative Republicans how they were upset about the failure of their bill to provide for debt reduction. Then we heard from the moderate Republicans how they were concerned about the size of the tax cut and the failure to meet deficit reduction and some of the programs they were worried that were going to be sacrificed on the alter of this trillion dollar tax cut. Somewhere tonight, they lost the courage of their convictions. On the way to the Committee on Rules, they lost their convictions.

But I should say to them, do not fear. The leadership will respect you in the morning.

The Speaker said that tonight we are doing something to the American people that has not been done to them in a long, long time. He is right. It has been 18 years since the last time in the middle of the night we passed a Republican tax bill that set this Nation on a sea of red ink, unlike anything we have ever seen. Never had we had a deficit larger than $70 billion, and until Bill Clinton came to office, we were headed for $400 billion deficits every year, each and every year, each and every year.

Mr. Speaker, I guess the Republican Party has not learned from history, but the American family has, because they have experienced in the last 8 years the greatest economic recovery since the Second World War, maybe in our history. More of them are working, earning more money; they are buying more houses, more automobiles; they are able to educate their children, because interest rates and inflation are low.

But my Republican colleagues have decided tonight, after beating their Members around the head, that they will take out the dice and roll them. They will play dice with the American economy. They will play dice with people's ability in the future to refinance their homes, to pay for their college educations, to take care of their parents, to take care of their children, to provide a first-class elementary and secondary education.

That is what my colleagues put at risk tonight with this trillion dollar and soon-to-be $3 trillion tax cut. That is the sea of red ink that my colleagues threaten to launch in this Nation again, and my colleagues should not be allowed to do it. They should take care of the people's money. They should take very good care of the people's money.

Mr. Speaker, the Republican Party should take care of the American people's money.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 3 minutes to the distinguished Chairman of the Committee on Rules, the gentleman from California (Mr. DREIER).

Mr. DREIER. Mr. Speaker, this has been a very interesting debate, and we are poised to make history. At the beginning of the 106th Congress, Speaker HASTERT stood right here in this well and made a very eloquent speech. He came from the Speaker's chair down here to address the House, and he said that he had several things that he wanted to see us address.

My colleagues will recall that improving public education was a top priority. We earlier passed the Education Flexibility Act, and just earlier we passed the Teacher Empowerment Act. He said that he wanted to save Social Security and Medicare. What have we done? Well, with bipartisan support we passed a Social Security lockbox, and we also had a very strong commitment to rebuild our Nation's defense capability. And what have we seen from that? Well, we have seen, obviously, very strong support in a bipartisan way for the Department of Defense authorization bill and at the same time, we are now getting ready to proceed with the defense appropriations bill, with bipartisan support.

□ 2340

Today we are going to, in just a very few minutes, pass the rule that will lay the groundwork for us to pass this very, very important opportunity to do exactly what we did back in 1981, say a little bit of money should be able to stay in the pockets of the American worker.

The fact of the matter is this rule, under which we are considering it, is a very generous rule, much more generous than rules that have been used for consideration in the past. We are giving the Democrats not only the substitute that my friend, the gentleman from New York (Mr. RANGEL), will offer, but we are also allowing them a motion to recommit with instructions, something that they did not often give us in the past.

So we are being overly generous in this rule, even though many of them have come down here and criticized us on it.

When we think about this issue of debt reduction, my friend, the gentleman from California (Mr. MILLER), is right, we want to deal with the issue of debt relief. In the first 5 years, what is it we are going to see? For every one dollar in taxes reduced we are going to see $6 in debt reduction. That seems to be a very strong commitment that we have been able to work out.

We have to work only on our side because we get no cooperation on legislation like this. We do not get any support or help for what it is we are trying to do here.

Now, I guess they are trying to help us. It sounds like they want to step forward and help us, Mr. Speaker, and we welcome it.

The fact of the matter is, if we were to walk down the street and find a wallet that had an identification in it and some cash, we would return those dollars. Similarly, as we look at the issue of an over charge that is there, we would return it. Well, I am very proud of the fact that since we have had Republican Congresses, it has been the Republican Congress that has brought us this surplus. We have a responsibility to turn dollars back to the American people, and we are going to do that. We are going to do that.

So I urge my colleagues to support this rule and proceed with strong support for the Archer bill.

The SPEAKER pro tempore (Mr. COMBEST). The gentlewoman from Ohio has 30 seconds remaining.

Ms. PRYCE of Ohio. Mr. Speaker, I ask unanimous consent to insert a description of the amendment that I will offer in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

The description previously referred to follows:

DESCRIPTION OF PROPOSED MODIFICATIONS TO H.R. 2488, AS REPORTED BY THE HOUSE COMMITTEE ON WAYS AND MEANS ON JULY 16, 1999

Section 101 (10-percent reduction in individual income tax rates) would be modified to phase in the 10-percent across-the-board rate reduction as follows: 1.0 percent for 2001 through 2003, 2.5 percent for 2004, 5.0 percent for 2005 through 2007, 7.5 percent for 2008, and 10 percent for 2009 and thereafter. Beginning in 2002, the reduction in rates would be contingent upon no increase in interest outlays for the public debt and trust fund debt of the Federal government.

Section 121 (repeal of individual alternative minimum tax on individuals) would be modified so that, during the period when the individual alternative minimum tax (''AMT'') is being phased out, taxpayers would pay the following percentages of individual AMT liability: 80 percent in 2005, 70 percent in 2006, 60 percent in 2007, 50 percent in 2008, and 0 percent in 2009 and thereafter.

Section 201 (exemption of certain interest and dividend income from tax) would be modified to provide the following exclusion from income: $50 ($100 in the case of a married couple filing a joint return) for 2001 through 2002, $100 ($200 in the case of a married couple filing a joint return) for 2003 through 2004, and $200 ($400 in the case of a married couple filing a joint return) for 2005 and thereafter.

Section 301 (reduction in corporate capital gain tax rate) would be modified to reduce the tax on capital gains of corporations to 30 percent in 2005 and thereafter.

Section 302(a) (repeal of alternative minimum tax on corporations) would be modified to allow AMT credit carryovers to offset the current year's minimum tax liability as follows: 20 percent in 2005, 30 percent in 2006, 40 percent in 2007, 50 percent in 2008, and 100 percent in 2009 and thereafter.

Section 601 (repeal of estate, gift, and generation-skipping taxes) and section 611 (additional reductions of estate and gift tax rates) would be modified to phase in the repeal of the estate, gift, and generation-skipping taxes as follows: in 2001, repeal rates in excess of 53 percent; in 2002, repeal rates in excess of 50 percent; in 2003 through 2006, reduce all rates by 1 percentage point per year; in 2007, reduce all rates by 1.5 percentage point; and in 2008, reduce all rates by 2 percentage points.

Sections 1205 (reduced PBGC premium for new plans of small employers), section 1206 (reduction of additional PBGC premium for new and small plans), 1243 (missing participants), and section 1254 (substantial owner benefits in terminated plans) would be deleted.

A new provision would be added to Title XII—Provisions Relating to Pensions—to provide that the 100 percent of compensation limitation does not apply to multiemployer defined benefit pension plans. The modification would be effective with respect to years beginning after December 31, 2000.

A new Title XVII—Commitment to Debt Reduction would be added. This title contains a provision regarding the commitment of the Congress to debt reduction. The provision would reflect the sense of the Congress that: (1) the national debt of the United States held by the public is $3.619 trillion as of fiscal year 1999; (2) the Federal budget is projected to produce a surplus each year in the next 10 fiscal years; (3) refunding taxes and reducing the national debt held by the public will assure continued economic growth and financial freedom for future generations; and (4) the national debt held by the public shall be reduced from $3.619 trillion to a level below $1.61 trillion by fiscal year 2009.

A new Title XVIII—Budgetary Treatment would be added. This title contains a provision that would provide that, upon enactment of the Act, the Director of the Office of Management and Budget shall not make any estimate of the changes in direct spending outlays and receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of the Act.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MS. PRYCE OF OHIO

Ms. PRYCE of Ohio. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Ms. PRYCE of Ohio:

Strike all after the resolved clause and insert in lieu thereof the following:

''That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 2488) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, to provide marriage penalty

relief, to reduce taxes on savings and investments, to provide estate and gift tax relief, to provide incentives for education savings and health care, and for other purposes. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Ways and Means now printed in the bill, modified by the amendments printed in section 3 of this resolution, shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto final passage without interviewing motion except: (1) two hours of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the further amendment in the nature of a substitute printed in part B of House Report 106–246, if offered by Representatives Rangel of New York or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with our without instructions.

''SEC. 2. During consideration of H.R. 2488, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill until the following legislation day, when consideration shall resume at a time designated by the Speaker.

''SEC. 3. The amendments specified in the first section of this resolution are as follows:

Amendments to H.R. 2488, as Reported

OFFERED BY MR. ARCHER OF TEXAS

Page 10, strike the table after line 18 and insert the following:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2001 through 2003	1.0
2004	2.5
2005 through 2007	5.0
2008	7.5
2009 and thereafter	10.0.

In the case of taxable years beginning in calendar year 2001, the rounding referred to in the preceding sentence shall be to the next highest tenth.

''(9) POST-2001 RATE REDUCTIONS CONTINGENT ON NO INCREASE IN INTEREST ON TOTAL UNITED STATES DEBT.—

''(A) IN GENERAL.—In the case of taxable years beginning after December 31, 2001, paragraph (8) shall apply only to taxable years beginning after the first debt reduction calendar year.

''(B) DELAY OF FURTHER RATE REDUCTIONS IF INCREASE IN INTEREST ON TOTAL UNITED STATES DEBT.—For each calendar year after 2000 which is not a debt reduction calendar year, the table in paragraph (8) shall be applied for each subsequent calendar year by substituting the calendar year which is 1 year later. The preceding sentence shall cease to apply after the earliest calendar year with respect to which the applicable percentage under paragraph (8) is 10 percent (after the application of the preceding sentence).

''(C) DEBT REDUCTION CALENDAR YEAR.—For purposes of this paragraph, the term 'debt reduction calendar year' means any calendar year after 2000 if, for the 12-month period ending on July 31 of such calendar year, the interest expense on the total United States debt is not greater than such interest expense for the 12-month period ending on July 31 of the preceding calendar year.

''(D) TOTAL UNITED STATES DEBT.—For purposes of this paragraph, the term 'total United States debt' means obligations which are subject to the public debt limit in section 3101 of title 31, United States Code.''

Page 16, line 24, strike ''2007'' and insert ''2008''.

Page 17, line 7, strike ''2002'' and insert ''2004''.

Page 17, line 8, strike ''2008'' and insert ''2009''.

Page 17, strike the table after line 13 and insert the following new table:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2005	80
2006	70
2007	60
2008	50.''

Page 18, lines 18 and 19, strike ''2007'' and insert ''2008''.

Page 20, strike lines 1 through 6 and insert the following:

''(A) in the case of any taxable year beginning in 2001 or 2002, $50 ($100 in the case of a joint return),

''(B) in the case of any taxable year beginning in 2003 or 2004, $100 ($200 in the case of a joint return), and

''(C) in the case of any taxable year beginning after 2004, $200 ($400 in the case of a joint return).

Page 38, strike line 24 and all that follows through page 40, line 17, and insert the following:

''(2) a tax of 30 percent of the net capital gain (or, if less, taxable income).

''(b) CROSS REFERENCES.—For computation of the alternative tax—

''(1) in the case of life insurance companies, see section 801(a)(2),

''(2) in the case of regulated investment companies and their shareholders, see section 852(b)(3)(A) and (D), and

''(3) in the case of real estate investment trusts, see section 857(b)(3)(A).''

(b) TECHNICAL AMENDMENTS.—

(1) Paragraphs (1) and (2) of section 1445(e) are each amended by striking ''35 percent'' and inserting ''30 percent''.

(2)(A) The second sentence of section 7518(g)(6)(A) is amended by striking ''34 percent'' and inserting ''30 percent''.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, is amended by striking ''34 percent'' and inserting ''30 percent''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(2) WITHHOLDING.—The amendment made by subsection (b)(1) shall apply to amounts paid after December 31, 2004.

Page 41, strike line 16 and all that follows through the end of the page and insert the following:

''(2) CORPORATIONS FOR TAXABLE YEARS BEGINNING AFTER 2004.—In the case of a corporation for any taxable year beginning after 2004 and before 2009, the limitation under paragraph (1) shall be increased by the applicable percentage (determined in accordance with the following table) of the tentative minimum tax for the taxable year.

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2005	20
2006	30
2007	40
2008	50.

Page 42, line 17, strike ''2002'' and insert ''2004''.

Page 42, line 24, strike ''2007'' and insert ''2008''.

Page 85, strike line 20 and all that follows through page 88, line 7, and insert the following new section:

SEC. 611. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—

(1) IN GENERAL.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

''Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000.''

(2) PHASE-IN OF REDUCED RATE.—Subsection (c) of section 2001 is amended by adding at the end the following new paragraph:

''(3) PHASE-IN OF REDUCED RATE.—In the case of decedents dying, and gifts made, during 2001, the last item in the table contained in paragraph (1) shall be applied by substituting '53%' for '50%'.''

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2) and redesignating paragraph (3), as added by subsection (a), as paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as so amended, is amended by adding at the end the following new paragraph:

''(3) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2004 and before 2009—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

''For calendar year:	**The number of percentage points is:**
2003	1.0
2004	2.0
2005	3.0
2006	4.0
2007	5.5
2008	7.5.

''(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

''(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

''(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).''

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (C).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2004.

Page 278, strike line 1 and all that follows through page 282, line 6.

Page 334, strike line 6 and all that follows through page 336, line 13.

Page 345, strike line 10 and all that follows through page 349, line 15.

Page 358, after line 2, insert the following new section:

SEC. 1264. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) IN GENERAL.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

At the end of the bill insert the following new titles:

TITLE XVII—COMMITMENT TO DEBT REDUCTION

SEC. 1701. COMMITMENT TO DEBT REDUCTION.

(a) FINDINGS.—The Congress finds that—

(1) the national debt of the United States held by the public is $3.619 trillion as of fiscal year 1999,

(2) the Federal budget is projected to produce a surplus each year in the next 10 fiscal years, and

(3) refunding taxes and reducing the national debt held by the public will assure continued economic growth and financial freedom for future generations.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the national debt held by the public shall be reduced from $3.619 trillion to a level below $1.61 trillion by fiscal year 2009.

TITLE XVIII—BUDGETARY TREATMENT

SEC. 1801. EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.

Upon the enactment of this Act, the Director of the Office of Management and Budget shall not make any estimate of changes in direct spending outlays and receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of this Act.

Conform the section numbering and the table of contents accordingly.

Ms. PRYCE of Ohio (during the reading). Mr. Speaker, I ask unanimous consent that section 3 of the amendment in the nature of a substitute be considered as read and printed in the RECORD, and that this request not be considered a precedent.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

Mr. RANGEL. Mr. Speaker, reserving the right to object.

Ms. PRYCE of Ohio. Mr. Speaker, I withdraw my unanimous consent request.

The SPEAKER pro tempore. The Clerk will read.

The Clerk continued reading the amendment.

PARLIAMENTARY INQUIRY

Mr. RANGEL (during the reading). Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. RANGEL. Mr. Speaker, in order to avoid the full reading of the rule, my parliamentary inquiry is that are there any provisions in this rule that restricts the tax cut from taking place based on the amount of the debt, the Federal debt? That is my only question?

The SPEAKER pro tempore (Mr. COMBEST). The gentlewoman from Ohio (Ms. PRYCE) may repeat her unanimous consent and, under a reservation, someone may yield to her to explain or to answer the question of the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, I ask the gentlewoman from Ohio (Ms. PRYCE) to renew her request. Because my reserving the right to object is only to find out whether or not someplace in the rule is the provision that I made inquiry of the Speaker.

The SPEAKER pro tempore. Absent a unanimous consent request, the Clerk will read.

The Clerk continued reading the amendment.

Mr. GEORGE MILLER of California (during the reading). Mr. Speaker, I ask unanimous consent that we suspend with the reading of the bill until my colleagues are done writing the bill.

The SPEAKER pro tempore. The Clerk will read.

The Clerk continued reading the amendment.

Mr. RANGEL (during the reading). Mr. Speaker, I ask unanimous consent that we dispense with the reading of the rule in view of the fact that the majority really does not want to tell us what is in it. Then there is no sense reading it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. NUSSLE. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The Clerk will read.

The Clerk continued reading the amendment.

Mr. LEACH (during the reading). Mr. Speaker, I ask unanimous consent that the section be considered as read, printed in the RECORD, and that the request not be considered a precedent.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Ms. PRYCE of Ohio. Mr. Speaker, I move the previous question on the amendment and the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentlewoman from Ohio (Ms. PRYCE).

The amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is the resolution, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MOAKLEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 219, noes 208, not voting 7, as follows:

[Roll No. 330]

AYES—219

Aderholt	Gillmor	Paul
Archer	Gilman	Pease
Armey	Goodlatte	Petri
Bachus	Goodling	Pickering
Baker	Goss	Pitts
Ballenger	Graham	Pombo
Barr	Granger	Porter
Barrett (NE)	Green (WI)	Portman
Bartlett	Greenwood	Pryce (OH)
Barton	Gutknecht	Quinn
Bass	Hansen	Radanovich
Bateman	Hastert	Ramstad
Bereuter	Hastings (WA)	Regula
Biggert	Hayes	Reynolds
Bilbray	Hayworth	Riley
Bilirakis	Hefley	Rogan
Bliley	Herger	Rogers
Blunt	Hill (MT)	Rohrabacher
Boehlert	Hilleary	Ros-Lehtinen
Boehner	Hobson	Roukema
Bonilla	Hoekstra	Royce
Bono	Horn	Ryan (WI)
Brady (TX)	Hostettler	Ryun (KS)
Bryant	Houghton	Salmon
Burr	Hulshof	Sanford
Burton	Hunter	Saxton
Buyer	Hutchinson	Scarborough
Callahan	Hyde	Schaffer
Calvert	Isakson	Sensenbrenner
Camp	Istook	Sessions
Campbell	Jenkins	Shadegg
Canady	Johnson (CT)	Shaw
Cannon	Johnson, Sam	Shays
Castle	Jones (NC)	Sherwood
Chabot	Kasich	Shimkus
Chambliss	Kelly	Shuster
Chenoweth	King (NY)	Simpson
Coble	Kingston	Skeen
Coburn	Knollenberg	Smith (MI)
Collins	Kolbe	Smith (NJ)
Combest	Kuykendall	Smith (TX)
Cook	LaHood	Souder
Cooksey	Largent	Spence
Cox	Latham	Stearns
Crane	LaTourette	Stump
Cubin	Lazio	Sununu
Cunningham	Leach	Sweeney
Davis (VA)	Lewis (CA)	Talent
Deal	Lewis (KY)	Tancredo
DeLay	Linder	Tauzin
DeMint	LoBiondo	Taylor (NC)
Diaz-Balart	Lucas (OK)	Terry
Dickey	Manzullo	Thomas
Doolittle	McCollum	Thornberry
Dreier	McCrery	Thune
Duncan	McHugh	Tiahrt
Dunn	McInnis	Toomey
Ehlers	McIntosh	Upton
Ehrlich	McKeon	Vitter
Emerson	Metcalf	Walden
English	Mica	Walsh
Everett	Miller (FL)	Wamp
Ewing	Miller, Gary	Watkins
Fletcher	Moran (KS)	Watts (OK)
Foley	Myrick	Weldon (FL)
Fossella	Nethercutt	Weldon (PA)
Fowler	Ney	Weller
Franks (NJ)	Northup	Whitfield
Frelinghuysen	Norwood	Wicker
Gallegly	Nussle	Wilson
Gekas	Ose	Wolf
Gibbons	Oxley	Young (AK)
Gilchrest	Packard	Young (FL)

NOES—208

Abercrombie	Gordon	Napolitano
Ackerman	Green (TX)	Neal
Allen	Gutierrez	Oberstar
Andrews	Hall (OH)	Obey
Baird	Hall (TX)	Olver
Baldacci	Hastings (FL)	Ortiz
Baldwin	Hill (IN)	Owens
Barcia	Hilliard	Pallone
Barrett (WI)	Hinchey	Pascrell
Becerra	Hinojosa	Pastor
Bentsen	Hoeffel	Payne
Berkley	Holden	Pelosi
Berman	Holt	Peterson (MN)
Berry	Hooley	Phelps
Bishop	Hoyer	Pomeroy
Blagojevich	Inslee	Price (NC)
Blumenauer	Jackson (IL)	Rahall
Bonior	Jackson-Lee (TX)	Rangel
Borski	Jefferson	Reyes
Boswell	John	Rivers
Boucher	Johnson, E.B.	Rodriguez
Boyd	Jones (OH)	Roemer
Brady (PA)	Kanjorski	Rothman
Brown (FL)	Kaptur	Roybal-Allard
Brown (OH)	Kildee	Rush
Capps	Kilpatrick	Sanchez
Capuano	Kind (WI)	Sanders
Cardin	Kleczka	Sandlin
Carson	Klink	Sawyer
Clay	Kucinich	Schakowsky
Clayton	LaFalce	Scott
Clement	Lampson	Serrano
Clyburn	Lantos	Sherman
Condit	Larson	Shows
Conyers	Lee	Sisisky
Costello	Levin	Skelton
Coyne	Lewis (GA)	Slaughter
Cramer	Lipinski	Smith (WA)
Crowley	Lofgren	Snyder
Cummings	Lowey	Spratt
Danner	Lucas (KY)	Stabenow
Davis (FL)	Luther	Stark
Davis (IL)	Maloney (CT)	Stenholm
DeFazio	Maloney (NY)	Strickland
DeGette	Markey	Stupak
Delahunt	Martinez	Tanner
DeLauro	Mascara	Tauscher
Deutsch	Matsui	Taylor (MS)
Dicks	McCarthy (MO)	Thompson (CA)
Dingell	McCarthy (NY)	Thompson (MS)
Dixon	McGovern	Thurman
Doggett	McIntyre	Tierney
Dooley	McKinney	Towns
Doyle	McNulty	Traficant
Edwards	Meehan	Turner
Eshoo	Meek (FL)	Udall (CO)
Etheridge	Meeks (NY)	Udall (NM)
Evans	Menendez	Velazquez
Farr	Millender-McDonald	Vento
Fattah	Miller, George	Visclosky
Filner	Minge	Waters
Forbes	Mink	Watt (NC)
Ford	Moakley	Waxman
Frank (MA)	Moore	Weiner
Frost	Moran (VA)	Wexler
Ganske	Morella	Weygand
Gejdenson	Murtha	Wise
Gephardt	Nadler	Woolsey
Gonzalez		Wu
Goode		Wynn

NOT VOTING—7

Engel	Mollohan	Sabo
Kennedy	Peterson (PA)	
McDermott	Pickett	

□ 0012

So the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Ms. PRYCE of Ohio. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H. Res. 256.

The SPEAKER pro tempore (Mr. COMBEST). Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

FINANCIAL FREEDOM ACT OF 1999

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 256, I call up the bill (H.R. 2488) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, to provide marriage penalty relief, to reduce taxes on savings and investments, to provide estate and gift tax relief, to provide incentives for education savings and health care, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. COMBEST). Pursuant to House Resolution 256, the bill is considered read for amendment.

The text of H.R. 2488 is as follows:

H.R. 2488

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

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Freedom Act of 1999''.

(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) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

TITLE I—BROAD-BASED TAX RELIEF

Subtitle A—10-Percent Reduction in Individual Income Tax Rates

Sec. 101. 10-percent reduction in individual income tax rates.

Subtitle B—Marriage Penalty Tax Relief

Sec. 111. Elimination of marriage penalty in standard deduction.

Sec. 112. Elimination of marriage penalty in deduction for interest on education loans.

Sec. 113. Rollover from regular IRA to Roth IRA.

Subtitle C—Repeal of Alternative Minimum Tax on Individuals

Sec. 121. Repeal of Alternative Minimum Tax on Individuals.

TITLE II—RELIEF FROM TAXATION ON SAVINGS AND INVESTMENTS

Sec. 201. Exemption of certain interest and dividend income from tax.

Sec. 202. Reduction in individual capital gain tax rates.

Sec. 203. Capital gains tax rates applied to capital gains of designated settlement funds.

Sec. 204. Special rule for members of uniformed services and foreign service, and other employees, in determining exclusion of gain from sale of principal residence.

Sec. 205. Treatment of certain dealer derivative financial instruments, hedging transactions, and supplies as ordinary assets.

Sec. 206. Worthless securities of financial institutions.

TITLE III—INCENTIVES FOR BUSINESS INVESTMENT AND JOB CREATION

Sec. 301. Reduction in corporate capital gain tax rate.

Sec. 302. Repeal of alternative minimum tax on corporations.

TITLE IV—EDUCATION SAVINGS INCENTIVES

Sec. 401. Modifications to education individual retirement accounts.

Sec. 402. Modifications to qualified tuition programs.

Sec. 403. Exclusion of certain amounts received under the National Health Service Corps scholarship program, the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program, and certain other programs.

Sec. 404. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.

Sec. 405. Modification of arbitrage rebate rules applicable to public school construction bonds.

Sec. 406. Repeal of 60-month limitation on deduction for interest on education loans.

TITLE V—HEALTH CARE PROVISIONS

Sec. 501. Deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.

Sec. 502. Long-term care insurance permitted to be offered under cafeteria plans and flexible spending arrangements.

Sec. 503. Expansion of availability of medical savings accounts.

Sec. 504. Additional personal exemption for taxpayer caring for elderly family member in taxpayer's home.

Sec. 505. Expanded human clinical trials qualifying for orphan drug credit.

Sec. 506. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines.

TITLE VI—ESTATE TAX RELIEF

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

Sec. 601. Repeal of estate, gift, and generation-skipping taxes.

Sec. 602. Termination of step up in basis at death.

Sec. 603. Carryover basis at death.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

Sec. 611. Additional reductions of estate and gift tax rates.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

Sec. 621. Unified credit against estate and gift taxes replaced with unified exemption amount.

Subtitle D—Modifications of Generation-Skipping Transfer Tax

Sec. 631. Deemed allocation of GST exemption to lifetime transfers to trusts; retroactive allocations.

Sec. 632. Severing of trusts.

Sec. 633. Modification of certain valuation rules.
Sec. 634. Relief provisions.

TITLE VII—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 1999

Sec. 701. Short title.
Sec. 702. Designation of and tax incentives for renewal communities.
Sec. 703. Extension of expensing of environmental remediation costs to renewal communities.
Sec. 704. Extension of work opportunity tax credit for renewal communities
Sec. 705. Conforming and clerical amendments.
Sec. 706. Evaluation and reporting requirements.

Subtitle B—Farming Incentive

Sec. 711. Production flexibility contract payments.

Subtitle C—Oil and Gas Incentive

Sec. 721. 5-year net operating loss carryback for losses attributable to operating mineral interests of independent oil and gas producers.

Subtitle D—Timber Incentive

Sec. 731. Increase in maximum permitted amortization of reforestation expenditures.

Subtitle E—Steel Industry Incentive

Sec. 741. Minimum tax relief for steel industry.

TITLE VIII—RELIEF FOR SMALL BUSINESSES

Sec. 801. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 802. Increase in expense treatment for small businesses.
Sec. 803. Repeal of Federal unemployment surtax.
Sec. 804. Restoration of 80 percent deduction for meal expenses.

TITLE IX—INTERNATIONAL TAX RELIEF

Sec. 901. Interest allocation rules.
Sec. 902. Look-thru rules to apply to dividends from noncontrolled section 902 corporations.
Sec. 903. Clarification of treatment of pipeline transportation income.
Sec. 904. Subpart F treatment of income from transmission of high voltage electricity.
Sec. 905. Recharacterization of overall domestic loss.
Sec. 906. Treatment of military property of foreign sales corporations.
Sec. 907. Treatment of certain dividends of regulated investment companies.
Sec. 908. Repeal of special rules for applying foreign tax credit in case of foreign oil and gas income.
Sec. 909. Study of proper treatment of European Union under same country exceptions.
Sec. 910. Application of denial of foreign tax credit with respect to certain foreign countries.
Sec. 911. Advance pricing agreements treated as confidential taxpayer information.
Sec. 912. Increase in dollar limitation on section 911 exclusion.

TITLE X—PROVISIONS RELATING TO TAX-EXEMPT ORGANIZATIONS

Sec. 1001. Exemption from income tax for State-created organizations providing property and casualty insurance for property for which such coverage is otherwise unavailable.
Sec. 1002. Modification of special arbitrage rule for certain funds.
Sec. 1003. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1004. Exemption procedure from taxes on self-dealing.
Sec. 1005. Expansion of declaratory judgment remedy to tax-exempt organizations.
Sec. 1006. Modifications to section 512(b)(13).

TITLE XI—REAL ESTATE PROVISIONS

Subtitle A—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

Sec. 1101. Modifications to asset diversification test.
Sec. 1102. Treatment of income and services provided by taxable REIT subsidiaries.
Sec. 1103. Taxable REIT subsidiary.
Sec. 1104. Limitation on earnings stripping.
Sec. 1105. 100 percent tax on improperly allocated amounts.
Sec. 1106. Effective date.

PART II—HEALTH CARE REITS

Sec. 1111. Health care REITs.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

Sec. 1121. Conformity with regulated investment company rules.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

Sec. 1131. Clarification of exception for independent operators.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

Sec. 1141. Modification of earnings and profits rules.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

Sec. 1151. Study relating to taxable REIT subsidiaries.

Subtitle B—Modification of At-Risk Rules for Publicly Traded Securities

Sec. 1161. Treatment under at-risk rules of publicly traded nonrecourse debt.

Subtitle C—Treatment of Construction Allowances and Certain Contributions To Capital of Retailers

Sec. 1171. Exclusion from gross income of qualified lessee construction allowances not limited for certain retailers to short-term leases.
Sec. 1172. Exclusion from gross income for certain contributions to the capital of certain retailers.

TITLE XII—PROVISIONS RELATING TO PENSIONS

Subtitle A—Expanding Coverage

Sec. 1201. Increase in benefit and contribution limits.
Sec. 1202. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 1203. Modification of top-heavy rules.
Sec. 1204. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 1205. Reduced PBGC premium for new plans of small employers.
Sec. 1206. Reduction of additional PBGC premium for new and small plans.
Sec. 1207. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 1208. Elimination of user fee for requests to IRS regarding pension plans.
Sec. 1209. Deduction limits.
Sec. 1210. Option to treat elective deferrals as after-tax contributions.

Subtitle B—Enhancing Fairness for Women

Sec. 1211. Additional salary reduction catch-up contributions.
Sec. 1212. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 1213. Faster vesting of certain employer matching contributions.
Sec. 1214. Simplify and update the minimum distribution rules.
Sec. 1215. Clarification of tax treatment of division of section 457 plan benefits upon divorce.

Subtitle C—Increasing Portability for Participants

Sec. 1221. Rollovers allowed among various types of plans.
Sec. 1222. Rollovers of IRAs into workplace retirement plans.
Sec. 1223. Rollovers of after-tax contributions.
Sec. 1224. Hardship exception to 60-day rule.
Sec. 1225. Treatment of forms of distribution.
Sec. 1226. Rationalization of restrictions on distributions.
Sec. 1227. Purchase of service credit in governmental defined benefit plans.
Sec. 1228. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 1229. Minimum distribution and inclusion requirements for deferred compensation plans of State and local governments.

Subtitle D—Strengthening Pension Security and Enforcement

Sec. 1231. Repeal of 150 percent of current liability funding limit.
Sec. 1232. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 1233. Missing participants.
Sec. 1234. Excise tax relief for sound pension funding.
Sec. 1235. Excise tax on failure to provide notice by defined benefit plans significantly reducing future benefit accruals.

Subtitle E—Reducing Regulatory Burdens

Sec. 1241. Repeal of the multiple use test.
Sec. 1242. Modification of timing of plan valuations.
Sec. 1243. Flexibility and nondiscrimination and line of business rules.
Sec. 1244. Substantial owner benefits in terminated plans.
Sec. 1245. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 1246. Notice and consent period regarding distributions.
Sec. 1247. Repeal of transition rule relating to certain highly compensated employees.
Sec. 1248. Employees of tax-exempt entities.

Sec. 1249. Clarification of treatment of employer-provided retirement advice.
Sec. 1250. Provisions relating to plan amendments.
Sec. 1251. Model plans for small businesses.
Sec. 1252. Simplified annual filing requirement for plans with fewer than 25 employees.
Sec. 1253. Intermediate sanctions for inadvertent failures.

TITLE XIII—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Primarily Affecting Individuals

Sec. 1301. Exclusion for foster care payments to apply to payments by qualified placement agencies.
Sec. 1302. Mileage reimbursements to charitable volunteers excluded from gross income.
Sec. 1303. W–2 to include employer social security taxes.

Subtitle B—Provisions Primarily Affecting Businesses

Sec. 1311. Distributions from publicly traded partnerships treated as qualifying income of regulated investment companies.
Sec. 1312. Special passive activity rule for publicly traded partnerships to apply to regulated investment companies.
Sec. 1313. Large electric trucks, vans, and buses eligible for deduction for clean-fuel vehicles in lieu of credit.
Sec. 1314. Modifications to special rules for nuclear decommissioning costs.
Sec. 1315. Consolidation of life insurance companies with other corporations.

Subtitle C—Provisions Relating to Excise Taxes

Sec. 1321. Consolidation of Hazardous Substance Superfund and Leaking Underground Storage Tank Trust Fund.
Sec. 1322. Repeal of certain motor fuel excise taxes on fuel used by railroads and on inland waterway transportation.
Sec. 1323. Repeal of excise tax on fishing tackle boxes.

Subtitle D—Other Provisions

Sec. 1331. Increase in volume cap on private activity bonds.
Sec. 1332. Tax treatment of Alaska Native Settlement Trusts.
Sec. 1333. Increase in threshold for Joint Committee reports on refunds and credits.

Subtitle E—Tax Court Provisions

Sec. 1341. Tax Court filing fee in all cases commenced by filing petition.
Sec. 1342. Expanded use of Tax Court practice fee.
Sec. 1343. Confirmation of authority of Tax Court to apply doctrine of equitable recoupment.

TITLE XIV—EXTENSIONS OF EXPIRING PROVISIONS

Sec. 1401. Research credit.
Sec. 1402. Subpart F exemption for active financing income.
Sec. 1403. Taxable income limit on percentage depletion for marginal production.
Sec. 1404. Work Opportunity Credit and Welfare-to-Work Credit.

TITLE XV—REVENUE OFFSETS

Sec. 1501. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1502. Extension of Internal Revenue Service user fees.
Sec. 1503. Limitations on welfare benefit funds of 10 or more employer plans.
Sec. 1504. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1505. Controlled entities ineligible for REIT status.
Sec. 1506. Treatment of gain from constructive ownership transactions.
Sec. 1507. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1508. Modification of installment method and repeal of installment method for accrual method taxpayers.

TITLE XVI—TECHNICAL CORRECTIONS

Sec. 1601. Amendments related to Tax and Trade Relief Extension Act of 1998.
Sec. 1602. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.
Sec. 1603. Amendments related to Taxpayer Relief Act of 1997.
Sec. 1604. Other technical corrections.
Sec. 1605. Clerical changes.

TITLE I—BROAD-BASED TAX RELIEF

Subtitle A—10-Percent Reduction in Individual Income Tax Rates

SEC. 101. 10-PERCENT REDUCTION IN INDIVIDUAL INCOME TAX RATES.

(a) REGULAR INCOME TAX RATES.—

(1) IN GENERAL.—Subsection (f) of section 1 is amended by adding at the end the following new paragraph:

''(8) RATE REDUCTIONS.—In prescribing the tables under paragraph (1) which apply with respect to taxable years beginning in a calendar year after 2000, each rate in such tables (without regard to this paragraph) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with the following table) of such rate:

''For taxable years beginning in calendar year—	The applicable percentage is—
2001 through 2004	2.5
2005 through 2007	5.0
2008	7.5
2009 and thereafter	10.0.''

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (B) of section 1(f)(2) is amended by inserting ''except as provided in paragraph (8),'' before ''by not changing''.

(B) Subparagraph (C) of section 1(f)(2) is amended by inserting ''and the reductions under paragraph (8) in the rates of tax'' before the period.

(C) The heading for subsection (f) of section 1 is amended by inserting ''RATE REDUCTIONS;'' before ''ADJUSTMENTS''.

(D) Section 1(g)(7)(B)(ii)(II) is amended by striking ''15 percent'' and inserting ''the percentage applicable to the lowest income bracket in subsection (c)''.

(E) Subparagraphs (A)(ii)(I) and (B)(i) of section 1(h)(1) are each amended by striking ''28 percent'' and inserting ''25.2 percent''.

(F) Section 531 is amended by striking ''39.6 percent of the accumulated taxable income'' and inserting ''the product of the accumulated taxable income and the percentage applicable to the highest income bracket in section 1(c)''.

(G) Section 541 is amended by striking ''39.6 percent of the undistributed personal holding company income'' and inserting ''the product of the undistributed personal holding company income and the percentage applicable to the highest income bracket in section 1(c)''.

(H) Section 3402(p)(1)(B) is amended by striking ''specified is 7, 15, 28, or 31 percent'' and all that follows and inserting ''specified is—

''(i) 7 percent,

''(ii) a percentage applicable to 1 of the 3 lowest income brackets in section 1(c), or

''(iii) such other percentage as is permitted under regulations prescribed by the Secretary.''

(I) Section 3402(p)(2) is amended by striking ''15 percent of such payment'' and inserting ''the product of such payment and the percentage applicable to the lowest income bracket in section 1(c)''.

(J) Section 3402(q)(1) is amended by striking ''28 percent of such payment'' and inserting ''the product of such payment and the percentage applicable to the next to the lowest income bracket in section 1(c)''.

(K) Section 3402(r)(3) is amended by striking ''31 percent'' and inserting ''the rate applicable to the third income bracket in such section''.

(L) Section 3406(a)(1) is amended by striking ''31 percent of such payment'' and inserting ''the product of such payment and the percentage applicable to the third income bracket in section 1(c)''.

(b) MINIMUM TAX RATES.—Subparagraph (A) of section 55(b)(1) is amended by adding at the end the following new clause:

''(iv) RATE REDUCTION.—In the case of taxable years beginning after 2000, each rate in clause (i) (without regard to this clause) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with section 1(f)(8)) of such rate.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle B—Marriage Penalty Tax Relief

SEC. 111. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''twice the dollar amount in effect under subparagraph (C) for the taxable year'',

(2) by adding ''or'' at the end of subparagraph (B),

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.'', and

(4) by striking subparagraph (D).

(b) PHASE-IN.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

''(7) PHASE-IN OF INCREASE IN BASIC STANDARD DEDUCTION.—In the case of taxable years beginning before January 1, 2003—

''(A) paragraph (2)(A) shall be applied by substituting for 'twice'—

''(i) '1.778 times' in the case of taxable years beginning during 2001, and

''(ii) '1.889 times' in the case of taxable years beginning during 2002, and

''(B) the basic standard deduction for a married individual filing a separate return shall be one-half of the amount applicable under paragraph (2)(A).

If any amount determined under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 112. ELIMINATION OF MARRIAGE PENALTY IN DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) IN GENERAL.—Subparagraph (B) of section 221(b)(2) (relating to limitation based on modified adjusted gross income) is amended—

(1) by striking ''$60,000'' in clause (i)(II) and inserting ''twice such amount'', and

(2) by inserting ''($30,000 in the case of a joint return)'' after ''$15,000'' in clause (ii).

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 221(g) is amended by striking ''and $60,000 amounts in subsection (b)(2) shall each'' and inserting ''amount in subsection (b)(2) shall''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 113. ROLLOVER FROM REGULAR IRA TO ROTH IRA.

(a) IN GENERAL.—Clause (i) of section 408A(c)(3)(B) is amended by inserting ''($160,000 in the case of a joint return)'' after ''$100,000''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle C—Repeal of Alternative Minimum Tax on Individuals

SEC. 121. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.

(a) IN GENERAL.—Subsection (a) of section 55 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, 2007, shall be zero.''

(b) REDUCTION OF TAX ON INDIVIDUALS PRIOR TO REPEAL.—Section 55 is amended by adding at the end the following new subsection:

''(f) PHASEOUT OF TAX ON INDIVIDUALS.—

''(1) IN GENERAL.—The tax imposed by this section on a taxpayer other than a corporation for any taxable year beginning after December 31, 2002, and before January 1, 2008, shall be the applicable percentage of the tax which would be imposed but for this subsection.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2003	80
2004	70
2005	60
2006 or 2007	50.''

(c) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(1) IN GENERAL.—Subsection (a) of section 26 (relating to limitation based on amount of tax) is amended to read as follows:

''(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's regular tax liability for the taxable year.''

(2) CHILD CREDIT.—Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(d) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—Subsection (c) of section 53 is amended to read as follows:

''(c) LIMITATION.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, 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 2007.—In the case of any taxable year beginning after 2007, the credit allowable under subsection (a) to a taxpayer other than a corporation for any taxable year shall not exceed 90 percent of the excess (if any) of—

''(A) regular tax liability of the taxpayer for such taxable year, over

''(B) the sum of the credits allowable under subparts A, B, D, E, and F of this part.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—RELIEF FROM TAXATION ON SAVINGS AND INVESTMENTS

SEC. 201. EXEMPTION OF CERTAIN INTEREST AND DIVIDEND INCOME FROM TAX.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to amounts specifically excluded from gross income) is amended by inserting after section 115 the following new section:

''SEC. 116. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST RECEIVED BY INDIVIDUALS.

''(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include dividends and interest otherwise includible in gross income which are received during the taxable year by an individual.

''(b) LIMITATIONS.—

''(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed—

''(A) in the case of any taxable year beginning in 2001 or 2002, $100 ($200 in the case of a joint return), and

''(B) in the case of any taxable year beginning after 2002, $200 ($400 in the case of a joint return).

''(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a) shall not apply to any dividend from a corporation which for the taxable year of the corporation in which the distribution is made is a corporation exempt from tax under section 521 (relating to farmers' cooperative associations).

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

''(1) EXCLUSION NOT TO APPLY TO CAPITAL GAIN DIVIDENDS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

''For treatment of capital gain dividends, see sections 854(a) and 857(c).

''(2) CERTAIN NONRESIDENT ALIENS INELIGIBLE FOR EXCLUSION.—In the case of a nonresident alien individual, subsection (a) shall apply only in determining the taxes imposed for the taxable year pursuant to sections 871(b)(1) and 877(b).

''(3) DIVIDENDS FROM EMPLOYEE STOCK OWNERSHIP PLANS.—Subsection (a) shall not apply to any dividend described in section 404(k).''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 32(c)(5) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting ''; or'', and by inserting after clause (ii) the following new clause:

''(iii) interest and dividends received during the taxable year which are excluded from gross income under section 116.''.

(2) Subparagraph (A) of section 32(i)(2) is amended by inserting ''(determined without regard to section 116)'' before the comma.

(3) Subparagraph (B) of section 86(b)(2) is amended to read as follows:

''(B) increased by the sum of—

''(i) the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax, and

''(ii) the amount of interest and dividends received during the taxable year which are excluded from gross income under section 116.''.

(4) Subsection (d) of section 135 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) COORDINATION WITH SECTION 116.—This section shall be applied before section 116.''.

(5) Paragraph (2) of section 265(a) is amended by inserting before the period '', or to purchase or carry obligations or shares, or to make deposits, to the extent the interest thereon is excludable from gross income under section 116''.

(6) Subsection (c) of section 584 is amended by adding at the end the following new flush sentence:

''The proportionate share of each participant in the amount of dividends or interest received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant.''.

(7) Subsection (a) of section 643 is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

''(7) DIVIDENDS OR INTEREST.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116.''.

(8) Section 854(a) is amended by inserting ''section 116 (relating to partial exclusion of dividends and interest received by individuals) and'' after ''For purposes of''.

(9) Section 857(c) is amended to read as follows:

''(c) RESTRICTIONS APPLICABLE TO DIVIDENDS RECEIVED FROM REAL ESTATE INVESTMENT TRUSTS.—

''(1) TREATMENT FOR SECTION 116.—For purposes of section 116 (relating to partial exclusion of dividends and interest received by individuals), a capital gain dividend (as defined in subsection (b)(3)(C)) received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.

''(2) TREATMENT FOR SECTION 243.—For purposes of section 243 (relating to deductions for dividends received by corporations), a dividend received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.''.

(10) The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 115 the following new item:

''Sec. 116. Partial exclusion of dividends and interest received by individuals.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 202. REDUCTION IN INDIVIDUAL CAPITAL GAIN TAX RATES.

(a) IN GENERAL.—

(1) Sections 1(h)(1)(B) and 55(b)(3)(B) are each amended by striking ''10 percent'' and inserting ''7.5 percent''.

(2) The following sections are each amended by striking ''20 percent'' and inserting ''15 percent'':

(A) Section 1(h)(1)(C).

(B) Section 55(b)(3)(C).

(C) Section 1445(e)(1).

(D) The second sentence of section 7518(g)(6)(A).

(E) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936.

(3) Sections 1(h)(1)(D) and 55(b)(3)(D) are each amended by striking ''25 percent'' and inserting ''20 percent''.

(b) CONFORMING AMENDMENTS.—

(1) Section 311 of the Taxpayer Relief Act of 1997 is amended by striking subsection (e).

(2) Section 1(h) is amended—

(A) by striking paragraphs (2), (9), and (13),

(B) by redesignating paragraphs (3) through (8) as paragraphs (2) through (7), respectively, and

(C) by redesignating paragraphs (10), (11), and (12) as paragraphs (8), (9), and (10), respectively.

(3) Paragraph (3) of section 55(b) is amended by striking ''In the case of taxable years beginning after December 31, 2000, rules similar to the rules of section 1(h)(2) shall apply for purposes of subparagraphs (B) and (C).''.

(4) Paragraph (7) of section 57(a) is amended—

(A) by striking ''42 percent'' and inserting ''6 percent'', and

(B) by striking the last sentence.

(c) TRANSITIONAL RULES FOR TAXABLE YEARS WHICH INCLUDE JULY 1, 1999.—For purposes of applying section 1(h) of the Internal Revenue Code of 1986 in the case of a taxable year which includes July 1, 1999—

(1) The amount of tax determined under subparagraph (B) of section 1(h)(1) of such Code shall be the sum of—

(A) 7.5 percent of the lesser of—

(i) the net capital gain taking into account only gain or loss properly taken into account for the portion of the taxable year on or after such date (determined without regard to collectibles gain or loss, gain described in section (1)(h)(6)(A)(i) of such Code, and section 1202 gain), or

(ii) the amount on which a tax is determined under such subparagraph (without regard to this subsection), plus

(B) 10 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A).

(2) The amount of tax determined under subparagraph (C) of section (1)(h)(1) of such Code shall be the sum of—

(A) 15 percent of the lesser of—

(i) the excess (if any) of the amount of net capital gain determined under subparagraph (A)(i) of paragraph (1) of this subsection over the amount on which a tax is determined under subparagraph (A) of paragraph (1) of this subsection, or

(ii) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), plus

(B) 20 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(3) The amount of tax determined under subparagraph (D) of section (1)(h)(1) of such Code shall be the sum of—

(A) 20 percent of the lesser of—

(i) the amount which would be determined under section 1(h)(6)(A)(i) of such Code taking into account only gain properly taken into account for the portion of the taxable year on or after such date, or

(ii) the amount on which a tax is determined under such subparagraph (D) (without regard to this subsection), plus

(B) 25 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (D) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(4) For purposes of applying section 55(b)(3) of such Code, rules similar to the rules of paragraphs (1), (2), and (3) of this subsection shall apply.

(5) In applying this subsection with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

(6) Terms used in this subsection which are also used in section 1(h) of such Code shall have the respective meanings that such terms have in such section.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided by this subsection, the amendments made by this section shall apply to taxable years ending after June 30, 1999.

(2) WITHHOLDING.—The amendment made by subsection (a)(2)(C) shall apply to amounts paid after the date of the enactment of this Act.

(3) SMALL BUSINESS STOCK.—The amendments made by subsection (b)(4) shall apply to dispositions on or after July 1, 1999.

SEC. 203. CAPITAL GAINS TAX RATES APPLIED TO CAPITAL GAINS OF DESIGNATED SETTLEMENT FUNDS.

(a) IN GENERAL.—Paragraph (1) of section 468B(b) (relating to taxation of designated settlement funds) is amended by inserting ''(subject to section 1(h))'' after ''maximum rate''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 204. SPECIAL RULE FOR MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE, AND OTHER EMPLOYEES, IN DETERMINING EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (d) of section 121 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new paragraphs:

''(9) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—

''(A) IN GENERAL.—The running of the 5-year period described in subsection (a) shall be suspended with respect to an individual during any time that such individual or such individual's spouse is serving on qualified official extended duty as a member of the uniformed services or of the Foreign Service.

''(B) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified official extended duty' means any period of extended duty as a member of the uniformed services or a member of the Foreign Service during which the member serves at a duty station which is at least 50 miles from such property or is under Government orders to reside in Government quarters.

''(ii) UNIFORMED SERVICES.—The term 'uniformed services' has the meaning given such term by section 101(a)(5) of title 10, United States Code, as in effect on the date of the enactment of the Financial Freedom Act of 1999.

''(iii) FOREIGN SERVICE OF THE UNITED STATES.—The term 'member of the Foreign Service' has the meaning given the term 'member of the Service' by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980, as in effect on the date of the enactment of the Financial Freedom Act of 1999.

''(iv) EXTENDED DUTY.—The term 'extended duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

''(10) OTHER EMPLOYEES.—

''(A) IN GENERAL.—The running of the 5-year period described in subsection (a) shall be suspended with respect to an individual during any time that such individual or such individual's spouse is serving as an employee for a period in excess of 90 days in an assignment by the such employee's employer outside the United States.

''(B) LIMITATIONS AND SPECIAL RULES.—

''(i) MAXIMUM PERIOD OF SUSPENSION.—The suspension under subparagraph (A) with respect to a principal residence shall not exceed (in the aggregate) 5 years.

''(ii) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—Subparagraph (A) shall not apply to an individual to whom paragraph (9) applies.

''(iii) SELF-EMPLOYED INDIVIDUAL NOT CONSIDERED AN EMPLOYEE.—For purposes of this paragraph, the term 'employee' does not include an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after the date of the enactment of this Act.

SEC. 205. TREATMENT OF CERTAIN DEALER DERIVATIVE FINANCIAL INSTRUMENTS, HEDGING TRANSACTIONS, AND SUPPLIES AS ORDINARY ASSETS.

(a) IN GENERAL.—Section 1221 (defining capital assets) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(a) IN GENERAL.—For purposes'',

(2) by striking the period at the end of paragraph (5) and inserting a semicolon, and

(3) by adding at the end the following:

''(6) any commodities derivative financial instrument held by a commodities derivatives dealer, unless—

''(A) it is established to the satisfaction of the Secretary that such instrument has no connection to the activities of such dealer as a dealer, and

''(B) such instrument is clearly identified in such dealer's records as being described in subparagraph (A) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe);

''(7) any hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated,

or entered into (or such other time as the Secretary may by regulations prescribe); or

''(8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business of the taxpayer.

''(b) DEFINITIONS AND SPECIAL RULES.—

''(1) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENTS.—For purposes of subsection (a)(6)—

''(A) COMMODITIES DERIVATIVES DEALER.—The term 'commodities derivatives dealer' means a person which regularly offers to enter into, assume, offset, assign, or terminate positions in commodities derivative financial instruments with customers in the ordinary course of a trade or business.

''(B) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENT.—

''(i) IN GENERAL.—The term 'commodities derivative financial instrument' means any contract or financial instrument with respect to commodities (other than a share of stock in a corporation, a beneficial interest in a partnership or trust, a note, bond, debenture, or other evidence of indebtedness, or a section 1256 contract (as defined in section 1256(b)) the value or settlement price of which is calculated by or determined by reference to a specified index.

''(ii) SPECIFIED INDEX.—The term 'specified index' means any one or more or any combination of—

''(I) a fixed rate, price, or amount, or

''(II) a variable rate, price, or amount,

which is based on any current, objectively determinable financial or economic information which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties' circumstances.

''(2) HEDGING TRANSACTION.—

''(A) IN GENERAL.—For purposes of this section, the term 'hedging transaction' means any transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

''(i) to manage risk of price changes or currency fluctuations with respect to ordinary property which is held or to be held by the taxpayer, or

''(ii) to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the taxpayer.

''(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize of any income, gain, expense, or loss arising from a transaction—

''(i) which is a hedging transaction but which was not identified as such in accordance with subsection (a)(7), or

''(ii) which was so identified but is not a hedging transaction.

''(3) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of paragraph (6) and (7) of subsection (a) in the case of transactions involving related parties.''.

(b) MANAGEMENT OF RISK.—

(1) Section 475(c)(3) is amended by striking ''reduces'' and inserting ''manages''.

(2) Section 871(h)(4)(C)(iv) is amended by striking ''to reduce'' and inserting ''to manage''.

(3) Clauses (i) and (ii) of section 988(d)(2)(A) are each amended by striking ''to reduce'' and inserting ''to manage''.

(4) Paragraph (2) of section 1256(e) is amended to read as follows:

''(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any hedging transaction (as defined in section 1221(b)(2)(A)) if, before the close of the day on which such transaction was entered into (or such earlier time as the Secretary may prescribe by regulations), the taxpayer clearly identifies such transaction as being a hedging transaction.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after the date of enactment of this Act.

SEC. 206. WORTHLESS SECURITIES OF FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—The first sentence following section 165(g)(3)(B) (relating to securities of affiliated corporation) is amended to read as follows: ''In computing gross receipts for purposes of the preceding sentence, (i) gross receipts from sales or exchanges of stocks and securities shall be taken into account only to the extent of gains therefrom, and (ii) gross receipts from royalties, rents, dividends, interest, annuities, and gains from sales or exchanges of stocks and securities derived from (or directly related to) the conduct of an active trade or business of an insurance company subject to tax under subchapter L or a qualified financial institution (as defined in subsection (l)(3)) shall be treated as from such sources other than royalties, rents, dividends, interest, annuities, and gains.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to securities which become worthless in taxable years beginning after December 31, 1999.

TITLE III—INCENTIVES FOR BUSINESS INVESTMENT AND JOB CREATION

SEC. 301. REDUCTION IN CORPORATE CAPITAL GAIN TAX RATE.

(a) IN GENERAL.—Section 1201 is amended to read as follows:

''SEC. 1201. ALTERNATIVE TAX FOR CORPORATIONS.

''(a) GENERAL RULE.—If for any taxable year a corporation has a net capital gain, then, in lieu of the tax imposed by sections 11, 511, or 831(a) or (b), there is hereby imposed a tax (if such tax is less than the tax imposed by such sections) which shall consist of the sum of—

''(1) a tax computed on the taxable income reduced by the net capital gain, at the rates and in the manner as if this subsection had not been enacted, plus

''(2) the applicable percentage of the net capital gain (or, if less, taxable income).

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2000	34
2001	33
2002	32
2003	31
2004	30
2005	29
2006	28
2007	27
2008	26
2009 and thereafter	25.

''(c) CROSS REFERENCES.—For computation of the alternative tax—

''(1) in the case of life insurance companies, see section 801(a)(2),

''(2) in the case of regulated investment companies and their shareholders, see section 852(b)(3)(A) and (D), and

''(3) in the case of real estate investment trusts, see section 857(b)(3)(A).''

(b) TECHNICAL AMENDMENTS.—

(1) Paragraphs (1) and (2) of section 1445(e) are each amended by striking ''35 percent'' and inserting ''the applicable percentage determined under section 1201(b) for the calendar year in which the payment is made''.

(2)(A) The second sentence of section 7518(g)(6)(A) is amended by striking ''34 percent'' and inserting ''the applicable percentage (within the meaning of section 1201(b))''.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, is amended by striking ''34 percent'' and inserting ''the applicable percentage (within the meaning of section 1201(b) of the Internal Revenue Code of 1986)''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1999.

(2) WITHHOLDING.—The amendment made by subsection (b)(1) shall apply to amounts paid after December 31, 1999.

SEC. 302. REPEAL OF ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

(a) IN GENERAL.—The last sentence of section 55(a), as amended by section 121, is amended by striking ''on any taxpayer other than a corporation''.

(b) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—

(1) IN GENERAL.—Section 59(a) (relating to alternative minimum tax foreign tax credit) is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENT.—Section 53(d)(1)(B)(i)(II) is amended by striking ''and if section 59(a)(2) did not apply''.

(c) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—

(1) IN GENERAL.—Subsection (c) of section 53, as amended by section 121, is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

''(2) CORPORATIONS FOR TAXABLE YEARS BEGINNING AFTER 2002.—In the case of corporation for any taxable year beginning after 2002 and before 2008, the limitation under paragraph (1) shall be increased by the applicable percentage (determined in accordance with the following table) of the tentative minimum tax for the taxable year.

''For taxable years beginning in calendar year—	The applicable percentage is—
2003	20
2004	30
2005	40
2006 or 2007	50.

In no event shall the limitation determined under this paragraph be greater than the sum of the tax imposed by section 55 and the regular tax reduced by the sum of the credits allowed under subparts A, B, D, E, and F of this part.''

(2) CONFORMING AMENDMENT.—Section 55(e) is amended by striking paragraph (5).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to taxable years beginning after December 31, 2002.

(2) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2001.

(3) SUBSECTION (c)(2).—The amendment made by subsection (c)(2) shall apply to taxable years beginning after December 31, 2007.

TITLE IV—EDUCATION SAVINGS INCENTIVES

SEC. 401. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) (defining education individual retirement account) is amended by striking ''$500'' and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking ''$500'' and inserting ''$2,000''.

(b) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 530(b)(2) (defining qualified higher education expenses) is amended to read as follows:

''(2) QUALIFIED EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified education expenses' means—

''(i) qualified higher education expenses (as defined in section 529(e)(3)), and

''(ii) qualified elementary and secondary education expenses (as defined in paragraph (4)).

''(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include any contribution to a qualified State tuition program (as defined in section 529(b)) on behalf of the designated beneficiary (as defined in section 529(e)(1)); but there shall be no increase in the investment in the contract for purposes of applying section 72 by reason of any portion of such contribution which is not includible in gross income by reason of subsection (d)(2).''

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means—

''(i) expenses for tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment (including related software and services), and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school, and

''(ii) expenses for room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private, or religious school in connection with such enrollment or attendance.

''(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A)(i) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.

''(C) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.''

(3) CONFORMING AMENDMENTS.—Section 530 is amended—

(A) by striking ''higher'' each place it appears in subsections (b)(1) and (d)(2), and

(B) by striking ''HIGHER'' in the heading for subsection (d)(2).

(c) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

''The age limitations in subparagraphs (A)(ii) and (E) and paragraphs (5) and (6) of subsection (d) shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary).''

(d) ENTITIES PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking ''The maximum amount which a contributor'' and inserting ''In the case of a contributor who is an individual, the maximum amount the contributor''.

(e) TIME WHEN CONTRIBUTIONS DEEMED MADE.—

(1) IN GENERAL.—Section 530(b) (relating to definitions and special rules), as amended by subsection (b)(2), is amended by adding at the end the following new paragraph:

''(5) TIME WHEN CONTRIBUTIONS DEEMED MADE.—An individual shall be deemed to have made a contribution to an education individual retirement account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).''

(2) EXTENSION OF TIME TO RETURN EXCESS CONTRIBUTIONS.—Subparagraph (C) of section 530(d)(4) (relating to additional tax for distributions not used for educational expenses) is amended—

(A) by striking clause (i) and inserting the following new clause:

''(i) such distribution is made before the 1st day of the 6th month of the taxable year following the taxable year, and'', and

(B) by striking ''DUE DATE OF RETURN'' in the heading and inserting ''CERTAIN DATE''.

(f) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 530(d)(2)(C) is amended to read as follows:

''(C) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—For purposes of subparagraph (A)—

''(i) CREDIT COORDINATION.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

''(I) as provided in section 25A(g)(2), and

''(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

''(ii) COORDINATION WITH QUALIFIED TUITION PROGRAMS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions during such year to which subparagraph (A) and section 529(c)(3)(B) apply, exceed

''(II) the total amount of qualified education expenses (after the application of clause (i)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under subparagraph (A) and section 529(c)(3)(B).''

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25A is amended to read as follows:

''(e) ELECTION NOT TO HAVE SECTION APPLY.—A taxpayer may elect not to have this section apply with respect to the qualified tuition and related expenses of an individual for any taxable year.''

(B) Section 135(d)(2)(A) is amended by striking ''allowable'' and inserting ''allowed''.

(C) Section 530(d)(2)(D) is amended—

(i) by striking ''or credit'', and

(ii) by striking ''CREDIT OR'' in the heading.

(D) Section 4973(e)(1) is amended by adding ''and'' at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(g) RENAMING EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS AS EDUCATION SAVINGS ACCOUNTS.—

(1) IN GENERAL.—

(A) Section 530 (as amended by the preceding provisions of this section) is amended by striking ''education individual retirement account'' each place it appears and inserting ''education savings account''.

(B) The heading for paragraph (1) of section 530(b) is amended by striking ''EDUCATION INDIVIDUAL RETIREMENT ACCOUNT'' and inserting ''EDUCATION SAVINGS ACCOUNT''.

(C) The heading for section 530 is amended to read as follows:

''SEC. 530. EDUCATION SAVINGS ACCOUNTS.''.

(D) The item in the table of contents for part VII of subchapter F of chapter 1 relating to section 530 is amended to read as follows:

''Sec. 530. Education savings accounts.''.

(2) CONFORMING AMENDMENTS.—

(A) The following provisions are each amended by striking ''education individual retirement'' each place it appears and inserting ''education savings'':

(i) Section 25A(e)(2).

(ii) Section 26(b)(2)(E).

(iii) Section 72(e)(9).

(iv) Section 135(c)(2)(C).

(v) Subsections (a) and (e) of section 4973.

(vi) Subsections (c) and (e) of section 4975.

(vii) Section 6693(a)(2)(D).

(B) The headings for each of the following provisions are amended by striking ''EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS'' each place it appears and inserting ''EDUCATION SAVINGS ACCOUNTS''.

(i) Section 72(e)(9).

(ii) Section 135(c)(2)(C).

(iii) Section 4973(e).

(iv) Section 4975(c)(5).

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) SUBSECTION (g).—The amendments made by subsection (g) shall take effect on the date of the enactment of this Act.

SEC. 402. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(b)(1) (defining qualified State tuition program) is amended by inserting ''or by 1 or more eligible educational institutions'' after ''maintained by a State or agency or instrumentality thereof''.

(2) PRIVATE QUALIFIED TUITION PROGRAMS LIMITED TO BENEFIT PLANS.—Clause (ii) of section 529(b)(1)(A) is amended by inserting ''in the case of a program established and maintained by a State or agency or instrumentality thereof,'' before ''may make''.

(3) CONFORMING AMENDMENTS.—

(A) Sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(C) are each amended by striking ''qualified State tuition'' each place it appears and inserting ''qualified tuition''.

(B) The headings for sections 72(e)(9) and 135(c)(2)(C) are each amended by striking ''QUALIFIED STATE TUITION'' and inserting ''QUALIFIED TUITION''.

(C) The headings for sections 529(b) and 530(b)(2)(B) are each amended by striking

''QUALIFIED STATE TUITION'' and inserting ''QUALIFIED TUITION''.

(D) The heading for section 529 is amended by striking ''state''.

(E) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking ''State''.

(b) EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

''(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

''(i) IN GENERAL.—For purposes of this paragraph—

''(I) no amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense, and

''(II) in the case of distributions not described in subclause (I), the amount otherwise includible in gross income under subparagraph (A) shall be reduced by an amount which bears the same ratio to the otherwise includible amount as the qualified higher education expenses (other than expenses paid by distributions described in subclause (I)) bear to the aggregate of such distributions.

''(ii) EXCEPTION FOR INSTITUTIONAL PROGRAMS.—In the case of any taxable year beginning before January 1, 2004, clause (i) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

''(iii) IN-KIND DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

''(iv) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

''(I) as provided in section 25A(g)(2), and

''(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

''(v) COORDINATION WITH EDUCATION SAVINGS ACCOUNTS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions to which clause (i) and section 530(d)(2)(A) apply, exceed

''(II) the total amount of qualified higher education expenses otherwise taken into account under clause (i) (after the application of clause (iv)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clause (i) and section 530(d)(2)(A).''

(2) CONFORMING AMENDMENTS.—

(A) Section 135(d)(2)(B) is amended by striking ''the exclusion under section 530(d)(2)'' and inserting ''the exclusions under sections 529(c)(3)(B)(i) and 530(d)(2)''.

(B) Section 221(e)(2)(A) is amended by inserting ''529,'' after ''135,''.

(c) ROLLOVER TO DIFFERENT PROGRAM FOR BENEFIT OF SAME DESIGNATED BENEFICIARY.—Section 529(c)(3)(C) (relating to change in beneficiaries) is amended—

(1) by striking ''transferred to the credit'' in clause (i) and inserting ''transferred—

''(I) to another qualified tuition program for the benefit of the designated beneficiary, or

''(II) to the credit'',

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

''(iii) LIMITATION ON CERTAIN ROLLOVERS.—Clause (i)(I) shall not apply to any amount transferred with respect to a designated beneficiary if, at any time during the 1-year period ending on the day of such transfer, any other amount was transferred which was not includible in gross income by reason of clause (i)(I).'', and

(3) by inserting ''OR PROGRAMS'' after ''BENEFICIARIES'' in the heading.

(d) MEMBER OF FAMILY INCLUDES FIRST COUSIN.—Section 529(e)(2) (defining member of family) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and by inserting ''; and'', and by adding at the end the following new subparagraph:

''(D) any first cousin of such beneficiary.''

(e) DEFINITION OF QUALIFIED HIGHER EDUCATION EXPENSES.—

(1) IN GENERAL.—Subparagraph (A) of section 529(e)(3) (relating to definition of qualified higher education expenses) is amended to read as follows:

''(A) IN GENERAL.—The term 'qualified higher education expenses' means—

''(i) tuition and fees required for the enrollment or attendance of a designated beneficiary at an eligible educational institution for courses of instruction of such beneficiary at such institution, and

''(ii) expenses for books, supplies, and equipment which are incurred in connection with such enrollment or attendance, but not to exceed the allowance for books and supplies included in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll), as in effect on the date of enactment of the Financial Freedom Act of 1999) as determined by the eligible educational institution.''.

(2) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Paragraph (3) of section 529(e) (relating to qualified higher education expenses) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—The term 'qualified higher education expenses' shall not include expenses with respect to any course or other education involving sports, games, or hobbies unless such course or other education is part of the beneficiary's degree program or is taken to acquire or improve job skills of the beneficiary.''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) QUALIFIED HIGHER EDUCATION EXPENSES.—The amendments made by subsection (e) shall apply to amounts paid for education furnished after December 31, 1999.

SEC. 403. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM, THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM, AND CERTAIN OTHER PROGRAMS.

(a) IN GENERAL.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking ''Subsections (a)'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a)'', and

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

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to any amount received by an individual under—

''(A) the National Health Service Corps Scholarship program under section 338A(g)(1)(A) of the Public Health Service Act,

''(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code,

''(C) the National Institutes of Health Undergraduate Scholarship program under section 487D of the Public Health Service Act, or

''(D) any State program determined by the Secretary to have substantially similar objectives as such programs.''

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 1993.

(2) STATE PROGRAMS.—Section 117(c)(2)(D) of the Internal Revenue Code of 1986 (as added by the amendments made by subsection (a)) shall apply to amounts received in taxable years beginning after December 31, 1999.

SEC. 404. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) IN GENERAL.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking ''$5,000,000'' the second place it appears and inserting ''$10,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued in calendar years beginning after December 31, 1999.

SEC. 405. MODIFICATION OF ARBITRAGE REBATE RULES APPLICABLE TO PUBLIC SCHOOL CONSTRUCTION BONDS.

(a) IN GENERAL.—Subparagraph (C) of section 148(f)(4) is amended by adding at the end the following new clause:

''(xviii) 4-YEAR SPENDING REQUIREMENT FOR PUBLIC SCHOOL CONSTRUCTION ISSUE.—

''(I) IN GENERAL.—In the case of a public school construction issue, the spending requirements of clause (ii) shall be treated as met if at least 10 percent of the available construction proceeds of the construction issue are spent for the governmental purposes of the issue within the 1-year period beginning on the date the bonds are issued, 30 percent of such proceeds are spent for such purposes within the 2-year period beginning on such date, 60 percent of such proceeds are spent for such purposes within the 3-year period beginning on such date, and 100 percent of such proceeds are spent for such purposes within the 4-year period beginning on such date.

''(II) PUBLIC SCHOOL CONSTRUCTION ISSUE.—For purposes of this clause, the term 'public school construction issue' means any construction issue if no bond which is part of such issue is a private activity bond and all of the available construction proceeds of such issue are to be used for the construction (as defined in clause (iv)) of public school facilities to provide education or training below the postsecondary level or for the acquisition of land that is functionally related and subordinate to such facilities.

''(III) OTHER RULES TO APPLY.—Rules similar to the rules of the preceding provisions of

this subparagraph which apply to clause (ii) also apply to this clause.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 1999.

SEC. 406. REPEAL OF 60-MONTH LIMITATION ON DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) IN GENERAL.—Section 221 (relating to interest on education loans) is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(b) CONFORMING AMENDMENT.—Subsection (e) of section 6050S is amended by striking ''section 221(e)(1)'' and inserting ''section 221(d)(1)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loan interest payments made after December 31, 1999, in taxable years ending after such date.

TITLE V—HEALTH CARE PROVISIONS

SEC. 501. DEDUCTION FOR HEALTH AND LONG-TERM CARE INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

''SEC. 222. HEALTH AND LONG-TERM CARE INSURANCE COSTS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2001	25
2002	40
2003, 2004, 2005, and 2006	50
2007	75
2008 and thereafter	100.

''(c) LIMITATION BASED ON OTHER COVERAGE.—

''(1) COVERAGE UNDER CERTAIN SUBSIDIZED EMPLOYER PLANS.—

''(A) IN GENERAL.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer if 50 percent or more of the cost of coverage under such plan (determined under section 4980B) is paid or incurred by the employer.

''(B) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of subparagraph (A) as paid by the employer.

''(C) AGGREGATION OF PLANS OF EMPLOYER.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one health plan.

''(D) SEPARATE APPLICATION TO HEALTH INSURANCE AND LONG-TERM CARE INSURANCE.—Subparagraphs (A) and (C) shall be applied separately with respect to—

''(i) plans which include primarily coverage for qualified long-term care services or are qualified long-term care insurance contracts, and

''(ii) plans which do not include such coverage and are not such contracts.

''(2) COVERAGE UNDER CERTAIN FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subsection (a) shall not apply to any amount paid for any coverage for an individual for any calendar month if, as of the first day of such month, the individual is covered under any medical care program described in—

''(i) title XVIII, XIX, or XXI of the Social Security Act,

''(ii) chapter 55 of title 10, United States Code,

''(iii) chapter 17 of title 38, United States Code,

''(iv) chapter 89 of title 5, United States Code, or

''(v) the Indian Health Care Improvement Act.

''(B) EXCEPTIONS.—

''(i) QUALIFIED LONG-TERM CARE.—Subparagraph (A) shall not apply to amounts paid for coverage under a qualified long-term care insurance contract.

''(ii) CONTINUATION COVERAGE OF FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

''(d) LONG-TERM CARE DEDUCTION LIMITED TO QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS.—In the case of a qualified long-term care insurance contract, only eligible long-term care premiums (as defined in section 213(d)(10)) may be taken into account under subsection (a).

''(e) SPECIAL RULES.—

''(1) COORDINATION WITH DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

''(2) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.''

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (17) the following new item:

''(18) HEALTH AND LONG-TERM CARE INSURANCE COSTS.—The deduction allowed by section 222.''

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

''Sec. 222. Health and long-term care insurance costs.

''Sec. 223. Cross reference.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 502. LONG-TERM CARE INSURANCE PERMITTED TO BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.

(a) CAFETERIA PLANS.—Subsection (f) of section 125 (defining qualified benefits) is amended by inserting before the period at the end ''unless such product is a qualified long-term care insurance contract (as defined in section 7702B)''.

(b) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 503. EXPANSION OF AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) REPEAL OF LIMITATIONS ON NUMBER OF MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subsections (i) and (j) of section 220 are hereby repealed.

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 220(c) is amended by striking subparagraph (D).

(b) ALL EMPLOYERS MAY OFFER MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subclause (I) of section 220(c)(1)(A)(iii) (defining eligible individual) is amended by striking ''and such employer is a small employer''.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 220(c) is amended by striking subparagraph (C).

(B) Subsection (c) of section 220 is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).

(c) INCREASE IN AMOUNT OF DEDUCTION ALLOWED FOR CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Paragraph (2) of section 220(b) is amended to read as follows:

''(2) MONTHLY LIMITATION.—The monthly limitation for any month is the amount equal to 1/12 of the annual deductible (as of the first day of such month) of the individual's coverage under the high deductible health plan.''.

(2) CONFORMING AMENDMENT.—Clause (ii) of section 220(d)(1)(A) is amended by striking ''75 percent of''.

(d) BOTH EMPLOYERS AND EMPLOYEES MAY CONTRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph (5) of section 220(b) is amended to read as follows:

''(5) COORDINATION WITH EXCLUSION FOR EMPLOYER CONTRIBUTIONS.—The limitation which would (but for this paragraph) apply under this subsection to the taxpayer for any taxable year shall be reduced (but not below zero) by the amount which would (but for section 106(b)) be includible in the taxpayer's gross income for such taxable year.''.

(e) REDUCTION OF PERMITTED DEDUCTIBLES UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

(1) IN GENERAL.—Subparagraph (A) of section 220(c)(2) (defining high deductible health plan) is amended—

(A) by striking ''$1,500'' in clause (i) and inserting ''$1,000'', and

(B) by striking ''$3,000'' in clause (ii) and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Subsection (g) of section 220 is amended to read as follows:

''(g) COST-OF-LIVING ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1998, each dollar amount in subsection (c)(2) 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 such taxable year begins by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) SPECIAL RULES.—In the case of the $1,000 amount in subsection (c)(2)(A)(i) and the $2,000 amount in subsection (c)(2)(A)(ii), paragraph (1)(B) shall be applied by substituting 'calendar year 1999' for 'calendar year 1997'.

''(3) ROUNDING.—If any increase under paragraph (1) or (2) is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.

(f) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED UNDER CAFETERIA PLANS.—Subsection

(f) of section 125 is amended by striking ''106(b),''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 504. ADDITIONAL PERSONAL EXEMPTION FOR TAXPAYER CARING FOR ELDERLY FAMILY MEMBER IN TAXPAYER'S HOME.

(a) IN GENERAL.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) ADDITIONAL EXEMPTION FOR CERTAIN ELDERLY FAMILY MEMBERS RESIDING WITH TAXPAYER.—

''(1) IN GENERAL.—An exemption of the exemption amount for each qualified family member of the taxpayer.

''(2) QUALIFIED FAMILY MEMBER.—For purposes of this subsection, the term 'qualified family member' means, with respect to any taxable year, any individual—

''(A) who is an ancestor of the taxpayer or of the taxpayer's spouse or who is the spouse of any such ancestor,

''(B) who is a member for the entire taxable year of a household maintained by the taxpayer, and

''(C) who has been certified, before the due date for filing the return of tax for the taxable year (without extensions), by a physician (as defined in section 1861(r)(1) of the Social Security Act) as being an individual with long-term care needs described in paragraph (3) for a period—

''(i) which is at least 180 consecutive days, and

''(ii) a portion of which occurs within the taxable year.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the 39½ month period ending on such due date (or such other period as the Secretary prescribes) a physician (as so defined) has certified that such individual meets such requirements.

''(3) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this paragraph if the individual—

''(A) is unable to perform (without substantial assistance from another individual) at least 2 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

''(B) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform, without reminding or cuing assistance, at least 1 activity of at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

''(4) SPECIAL RULES.—Rules similar to the rules of paragraphs (1), (2), (3), (4), and (5) of section 21(e) shall apply for purposes of this subsection.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 505. EXPANDED HUMAN CLINICAL TRIALS QUALIFYING FOR ORPHAN DRUG CREDIT.

(a) IN GENERAL.—Subclause (I) of section 45C(b)(2)(A)(ii) is amended to read as follows:

''(I) after the date that the application is filed for designation under such section 526, and''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 45C(b)(2)(A) is amended by inserting ''which is'' before ''being'' and by inserting before the comma at the end ''and which is designated under section 526 of such Act''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 1999.

SEC. 506. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES.

(a) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(L) Any conjugate vaccine against streptococcus pneumoniae.''

(b) EFFECTIVE DATE.—

(1) SALES.—The amendment made by this section shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae.

(2) DELIVERIES.—For purposes of paragraph (1), in the case of sales on or before the date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall prepare and submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the operation of the Vaccine Injury Compensation Trust Fund and on the adequacy of such Fund to meet future claims made under the Vaccine Injury Compensation Program.

TITLE VI—ESTATE TAX RELIEF

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 601. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2008.

SEC. 602. TERMINATION OF STEP UP IN BASIS AT DEATH.

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

''(f) TERMINATION.—In the case of a decedent dying after December 31, 2008, this section shall not apply to property for which basis is provided by section 1022.''

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking ''and'' at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting ''; and'', and by adding at the end the following:

''(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2008).''

SEC. 603. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following:

''SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2008.

''(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

''(b) CARRYOVER BASIS PROPERTY DEFINED.—

''(1) IN GENERAL.—For purposes of this section, the term 'carryover basis property' means any property—

''(A) which is acquired from or passed from a decedent who died after December 31, 2008, and

''(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

''(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term 'carryover basis property' does not include—

''(A) any item of gross income in respect of a decedent described in section 691,

''(B) property which was acquired from the decedent by the surviving spouse of the decedent, the value of which would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of enactment of the Financial Freedom Act of 1999, and

''(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed $2,000,000.

For purposes of this paragraph and paragraph (3), the term 'adjusted fair market value' means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

''(3) PHASEIN OF CARRYOVER BASIS IF INCLUDIBLE PROPERTY EXCEEDS $1,300,000.—

''(A) IN GENERAL.—If the adjusted fair market value of the includible property of the decedent exceeds $1,300,000, but does not exceed $2,000,000, the amount of the increase in the basis of such property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to $700,000.

''(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allocated among only the includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term 'net appreciation' means the excess of the adjusted fair market value over the decedent's adjusted basis immediately before such decedent's death.

''(4) INCLUDIBLE PROPERTY.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'includible property' means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999:

''(i) Section 2033.

''(ii) Section 2038.

''(iii) Section 2040.

''(iv) Section 2041.

''(v) Section 2042(a)(1).

''(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property described in paragraph (2)(B).

''(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.''

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting ''(other than by reason of section 1022)'' after ''is determined''.

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: ''For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1022.''

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

''(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.''

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding at the end the following new item:

''Sec. 1022. Carryover basis for certain property acquired from a decedent dying after December 31, 2008.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2008.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

SEC. 611. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000.''

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as amended by subsection (b), is amended by adding at the end the following new paragraph:

''(2) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2001 and before 2009—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

''For calendar year:	The number of percentage points is:
2002	1
2003	2
2004	3
2005	5
2006	7
2007	9
2008	11.

''(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

''(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

''(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).''

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2001.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

SEC. 621. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

''SEC. 2052. EXEMPTION.

''(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

''(1) the exemption amount for the calendar year in which the decedent died, over

''(2) the sum of—

''(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2000, and

''(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999).

Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

''(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term 'exemption amount' means the amount determined in accordance with the following table:

''In the case of calendar year:	The exemption amount is:
2001	$675,000
2002 and 2003	$700,000
2004	$850,000
2005	$950,000
2006 or thereafter	$1,000,000.''

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by inserting before section 2522 the following new section:

''SEC. 2521. EXEMPTION.

''(a) IN GENERAL.—In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the United States an amount equal to the excess of—

''(1) the exemption amount determined under section 2052 for such calendar year, over

''(2) the sum of—

''(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2000, and

''(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999).''

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma ''reduced by the amount of described in section 2052(a)(2)''.

(B) Subsection (b) of section 2001 is amended by adding at the end the following new sentence: ''For purposes of paragraph (2), the amount of the tax payable under chapter 12 shall be determined without regard to the credit provided by section 2505 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999).''

(2) Subsection (f) of section 2011 is amended by striking '', reduced by the amount of the unified credit provided by section 2010''.

(3) Subsection (a) of section 2012 is amended by striking ''and the unified credit provided by section 2010''.

(4) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence ''and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax''.

(5) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2010,''.

(6) Paragraph (2) of section 2014(b) is amended by striking ''2010,''.

(7) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

''(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999) or the exemption allowable under section 2052 with respect to the decedent as such a credit or exemption (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,''.

(8) Section 2102 is amended by striking subsection (c).

(9) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

''(4) EXEMPTION.—

''(A) IN GENERAL.—An exemption of $60,000.

''(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

''(i) $60,000, or

''(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

''(C) SPECIAL RULES.—

''(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his

death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

''(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed).''

(10) Subsection (c) of section 2107 is amended—

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

(B) by striking the second sentence of paragraph (2) (as so redesignated).

(11) Section 2206 is amended by striking ''the taxable estate'' in the first sentence and inserting ''the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate''.

(12) Section 2207 is amended by striking ''the taxable estate'' in the first sentence and inserting ''the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate''.

(13) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

''(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate.''

(14) Subsection (a) of section 2503 is amended by striking ''section 2522'' and inserting ''section 2521''.

(15) Paragraph (1) of section 6018(a) is amended by striking ''$600,000'' and inserting ''the exemption amount under section 2052 for the calendar year which includes the date of death''.

(16) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

''(A) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the excess of $1,000,000 over the exemption amount allowable under section 2052, or''.

(17) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(18) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.

Subtitle D—Modifications of Generation-Skipping Transfer Tax

SEC. 631. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—

''(1) IN GENERAL.—If any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

''(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual's GST exemption is that portion of such exemption which has not previously been—

''(A) allocated by such individual,

''(B) treated as allocated under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or

''(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.

''(3) DEFINITIONS.—

''(A) INDIRECT SKIP.—For purposes of this subsection, the term 'indirect skip' means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.

''(B) GST TRUST.—The term 'GST trust' means a trust that could have a generation-skipping transfer with respect to the transferor unless—

''(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons—

''(I) before the date that the individual attains age 46,

''(II) on or before 1 or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or

''(III) upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46;

''(ii) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons and who are living on the date of death of another person identified in the instrument (by name or by class) who is more than 10 years older than such individuals;

''(iii) the trust instrument provides that, if 1 or more individuals who are non-skip persons die on or before a date or event described in clause (i) or (ii), more than 25 percent of the trust corpus either must be distributed to the estate or estates of 1 or more of such individuals or is subject to a general power of appointment exercisable by 1 or more of such individuals;

''(iv) the trust is a trust any portion of which would be included in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer;

''(v) the trust is a charitable lead annuity trust (within the meaning of section 2642(e)(3)(A)) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)); or

''(vi) the trust is a trust with respect to which a deduction was allowed under section 2522 for the amount of an interest in the form of the right to receive annual payments of a fixed percentage of the net fair market value of the trust property (determined yearly) and which is required to pay principal to a non-skip person if such person is alive when the yearly payments for which the deduction was allowed terminate.

For purposes of this subparagraph, the value of transferred property shall not be considered to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person holding a right to withdraw so much of such property as does not exceed the amount referred to in section 2503(b) with respect to any transferor, and it shall be assumed that powers of appointment held by non-skip persons will not be exercised.

''(4) AUTOMATIC ALLOCATIONS TO CERTAIN GST TRUSTS.—For purposes of this subsection, an indirect skip to which section 2642(f) applies shall be deemed to have been made only at the close of the estate tax inclusion period. The fair market value of such transfer shall be the fair market value of the trust property at the close of the estate tax inclusion period.

''(5) APPLICABILITY AND EFFECT.—

''(A) IN GENERAL.—An individual—

''(i) may elect to have this subsection not apply to—

''(I) an indirect skip, or

''(II) any or all transfers made by such individual to a particular trust, and

''(ii) may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.

''(B) ELECTIONS.—

''(i) ELECTIONS WITH RESPECT TO INDIRECT SKIPS.—An election under subparagraph (A)(i)(I) shall be deemed to be timely if filed on a timely filed gift tax return for the calendar year in which the transfer was made or deemed to have been made pursuant to paragraph (4) or on such later date or dates as may be prescribed by the Secretary.

''(ii) OTHER ELECTIONS.—An election under clause (i)(II) or (ii) of subparagraph (A) may be made on a timely filed gift tax return for the calendar year for which the election is to become effective.

''(d) RETROACTIVE ALLOCATIONS.—

''(1) IN GENERAL.—If—

''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

''(B) such person—

''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse, and

''(ii) is assigned to a generation below the generation assignment of the transferor, and

''(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on

a timely filed gift tax return for each calendar year within which each transfer was made,

''(B) such allocation shall be effective immediately before such death, and

''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2632(b) is amended by striking ''with respect to a direct skip'' and inserting ''or subsection (c)(1)''.

(c) EFFECTIVE DATES.—

(1) DEEMED ALLOCATION.—Section 2632(c) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendment made by subsection (b), shall apply to transfers subject to chapter 11 or 12 made after December 31, 1999, and to estate tax inclusion periods ending after December 31, 1999.

(2) RETROACTIVE ALLOCATIONS.—Section 2632(d) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to deaths of non-skip persons occurring after the date of the enactment of this Act.

SEC. 632. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

''(3) SEVERING OF TRUSTS.—

''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.

''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of 2 or more trusts if—

''(I) the single trust was divided on a fractional basis, and

''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into 2 trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after the date of the enactment of this Act.

SEC. 633. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632 (b)(1) or (c)(1)—

''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1431 of the Tax Reform Act of 1986.

SEC. 634. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

''(g) RELIEF PROVISIONS.—

''(1) RELIEF FOR LATE ELECTIONS.—

''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

''(ii) an election under subsection (b)(3) or (c)(5) of section 2632.

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of enactment of this paragraph.

''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.

(b) EFFECTIVE DATES.—

(1) RELIEF FOR LATE ELECTIONS.—Section 2642(g)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, the date of the enactment of this Act.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) of such Code (as so added) shall take effect on the date of the enactment of this Act and shall apply to allocations made prior to such date for purposes of determining the tax consequences of generation-skipping transfers with respect to which the period of time for filing claims for refund has not expired. No negative implication is intended with respect to the availability of relief for late elections or the application of a rule of substantial compliance prior to the enactment of this amendment.

TITLE VII—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 1999

SEC. 701. SHORT TITLE.

This subtitle may be cited as the ''American Community Renewal Act of 1999''.

SEC. 702. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''Part I. Designation.

''Part II. Renewal community capital gain; renewal community business.

''Part III. Family development accounts.

''Part IV. Additional incentives.

''PART I—DESIGNATION

''Sec. 1400E. Designation of renewal communities.

''SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'); and

''(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 20 nominated areas as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 4 must be areas—

''(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

''(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

''(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 10 designations made under this section—

''(i) all shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

''(ii) 2 shall be areas described in paragraph (2)(B).

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A);

''(ii) the parameters relating to the size and population characteristics of a renewal community; and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the States in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community;

''(II) to make the State and local commitments described in subsection (d); and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe; and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31, 2007,

''(B) the termination date designated by the State and local governments in their nomination, or

''(C) the date the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

''(A) has modified the boundaries of the area, or

''(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of one or more local governments;

''(B) the boundary of the area is continuous; and

''(C) the area—

''(i) has a population, of at least—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater; or

''(II) 1,000 in any other case; or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress;

''(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

''(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

''(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

''(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area; and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

''(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

''(A) licensing requirements for occupations that do not ordinarily require a professional degree;

''(B) zoning restrictions on home-based businesses which do not create a public nuisance;

''(C) permit requirements for street vendors who do not create a public nuisance;

''(D) zoning or other restrictions that impede the formation of schools or child care centers; and

''(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

''(1) a designation as a renewal community; and

''(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

''(3) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

''(C) the District of Columbia.

''(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

''PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

''Sec. 1400F. Renewal community capital gain.

''Sec. 1400G. Renewal community business defined.

''SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock;

''(B) any qualified community partnership interest; and

''(C) any qualified community business property.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer after December 31, 2000, and before January 1, 2008, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash;

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business); and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any capital or profits interest in a domestic partnership if—

''(A) such interest is acquired by the taxpayer after December 31, 2000, and before January 1, 2008;

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business); and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

''(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008;

''(ii) the original use of such property in the renewal community commences with the taxpayer; and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2008; and

''(ii) any land on which such property is located.

''(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

''SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

''For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

''(1) references to renewal communities were substituted for references to empowerment zones in such section; and

''(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

''PART III—FAMILY DEVELOPMENT ACCOUNTS

''Sec. 1400H. Family development accounts for renewal community EITC recipients.

''Sec. 1400I. Demonstration program to provide matching contributions to family development accounts in certain renewal communities.

''Sec. 1400J. Designation of earned income tax credit payments for deposit to family development account.

''SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction—

''(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit; and

''(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

No deduction shall be allowed under this paragraph for any amount deposited in a family development account under section 1400I (relating to demonstration program to provide matching amounts in renewal communities).

''(2) LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

''(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

''(4) COORDINATION WITH IRAS.—No deduction shall be allowed under this section for any taxable year to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid for such taxable year into an individual retirement account (including a Roth IRA) for the benefit of such individual.

''(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

''(b) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

''(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall

not apply to any qualified family development distribution.

''(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

''(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

''(A) Qualified higher education expenses.

''(B) Qualified first-time homebuyer costs.

''(C) Qualified business capitalization costs.

''(D) Qualified medical expenses.

''(E) Qualified rollovers.

''(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

''(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

''(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

''(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

''(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(C) QUALIFIED BUSINESS.—The term 'qualified business' means any trade or business other than any trade or business—

''(i) which consists of the operation of any facility described in section 144(c)(6)(B), or

''(ii) which contravenes any law.

''(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

''(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

''(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

''(A) such taxpayer, or

''(B) any qualified individual who is—

''(i) the spouse of such taxpayer, or

''(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

''(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

''(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

''(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

''(A) no contribution will be accepted unless it is in cash; and

''(B) contributions will not be accepted for the taxable year in excess of $3,000 (determined without regard to any contribution made under section 1400I (relating to demonstration program to provide matching amounts in renewal communities)).

''(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

''(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

''(1) who is a bona fide resident of a renewal community throughout the taxable year; and

''(2) to whom a credit was allowed under section 32 for the preceding taxable year.

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—

''(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

''(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

''(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

''(4) EMPLOYER PAYMENTS; CUSTODIAL ACCOUNTS.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

''(5) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations; and

''(B) shall be furnished to individuals—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate; and

''(ii) in such manner as the Secretary prescribes in such regulations.

''(6) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

''(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

''(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by the sum of—

''(A) 100 percent of the portion of such amount which is includible in gross income and is attributable to amounts contributed under section 1400I (relating to demonstration program to provide matching amounts in renewal communities); and

''(B) 10 percent of the portion of such amount which is includible in gross income and is not described in subparagraph (A).

For purposes of this subsection, distributions which are includable in gross income shall be treated as attributable to amounts contributed under section 1400I to the extent thereof. For purposes of the preceding sentence, all family development accounts of an individual shall be treated as one account.

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

''(A) made on or after the date on which the account holder attains age 59½,

''(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

''(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

''(i) APPLICATION OF SECTION.—This section shall apply to amounts paid to a family development account for any taxable year beginning after December 31, 2000, and before January 1, 2008.

''SEC. 1400I. DEMONSTRATION PROGRAM TO PROVIDE MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS IN CERTAIN RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this section, the term 'FDA matching demonstration area' means any renewal community—

''(A) which is nominated under this section by each of the local governments and States which nominated such community for designation as a renewal community under section 1400E(a)(1)(A); and

''(B) which the Secretary of Housing and Urban Development designates as an FDA

matching demonstration area after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury, the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration; and

''(ii) in the case of a community on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 5 renewal communities as FDA matching demonstration areas.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under subparagraph (A), at least 2 must be areas described in section 1400E(a)(2)(B).

''(3) LIMITATIONS ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating a renewal community under paragraph (1)(A) (including procedures for coordinating such nomination with the nomination of an area for designation as a renewal community under section 1400E); and

''(ii) the manner in which nominated renewal communities will be evaluated for purposes of this section.

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate renewal communities as FDA matching demonstration areas only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(4) DESIGNATION BASED ON DEGREE OF POVERTY, ETC.—The rules of section 1400E(a)(3) shall apply for purposes of designations of FDA matching demonstration areas under this section.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—Any designation of a renewal community as an FDA matching demonstration area shall remain in effect during the period beginning on the date of such designation and ending on the date on which such area ceases to be a renewal community.

''(c) MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS.—

''(1) IN GENERAL.—Not less than once each taxable year, the Secretary shall deposit (to the extent provided in appropriation Acts) into a family development account of each qualified individual (as defined in section 1400H(f))—

''(A) who is a resident throughout the taxable year of an FDA matching demonstration area; and

''(B) who requests (in such form and manner as the Secretary prescribes) such deposit for the taxable year,

an amount equal to the sum of the amounts deposited into all of the family development accounts of such individual during such taxable year (determined without regard to any amount contributed under this section).

''(2) LIMITATIONS.—

''(A) ANNUAL LIMIT.—The Secretary shall not deposit more than $1000 under paragraph (1) with respect to any individual for any taxable year.

''(B) AGGREGATE LIMIT.—The Secretary shall not deposit more than $2000 under paragraph (1) with respect to any individual for all taxable years.

''(3) EXCLUSION FROM INCOME.—Except as provided in section 1400H, gross income shall not include any amount deposited into a family development account under paragraph (1).

''(d) NOTICE OF PROGRAM.—The Secretary shall provide appropriate notice to residents of FDA matching demonstration areas of the availability of the benefits under this section.

''(e) TERMINATION.—No amount may be deposited under this section for any taxable year beginning after December 31, 2007.

''SEC. 1400J. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

''(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

''(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

''(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

''(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

''(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

''(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2007.

''PART IV—ADDITIONAL INCENTIVES

''Sec. 1400K. Commercial revitalization deduction.

''Sec. 1400L. Increase in expensing under section 179.

''SEC. 1400K. COMMERCIAL REVITALIZATION DEDUCTION.

''(a) GENERAL RULE.—At the election of the taxpayer, either—

''(1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or

''(2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

The deduction provided by this section with respect to such expenditure shall be in lieu of any depreciation deduction otherwise allowable on account of such expenditure.

''(b) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) such building is located in a renewal community and is placed in service after December 31, 2000;

''(B) a commercial revitalization deduction amount is allocated to the building under subsection (d); and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building (without regard to this section).

''(2) QUALIFIED REVITALIZATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

''(i) for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

''(I) nonresidential real property; or

''(II) an addition or improvement to property described in subclause (I);

''(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation; and

''(iii) for land (including land which is functionally related to such property and subordinate thereto).

''(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

''(i) $10,000,000, reduced by

''(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the deduction under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

''(ii) CREDITS.—Any expenditure which the taxpayer may take into account in computing any credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

''(d) LIMITATION ON AGGREGATE DEDUCTIONS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the deduction determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization deduction amount (in the case of an amount determined under subsection (a)(2), the present value of such amount as determined under the rules of section 42(b)(2)(C)

by substituting '100 percent' for '72 percent' in clause (ii) thereof) allocated to such building under this subsection by the commercial revitalization agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(2) COMMERCIAL REVITALIZATION DEDUCTION AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization deduction amount which a commercial revitalization agency may allocate for any calendar year is the amount of the State commercial revitalization deduction ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION DEDUCTION CEILING.—The State commercial revitalization deduction ceiling applicable to any State—

''(i) for each calendar year after 2000 and before 2008 is $6,000,000 for each renewal community in the State; and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION AGENCY.—For purposes of this section, the term 'commercial revitalization agency' means any agency authorized by a State to carry out this section.

''(e) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization deduction amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization agency which are appropriate to local conditions;

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process;

''(ii) the amount of any increase in permanent, full-time employment by reason of any project; and

''(iii) the active involvement of residents and nonprofit groups within the renewal community; and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

''(f) REGULATIONS.—For purposes of this section, the Secretary shall, by regulations, provide for the application of rules similar to the rules of section 49 and subsections (a) and (b) of section 50.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2007.

''SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

''(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(A) $35,000; or

''(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year; and

''(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

''(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

''(c) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008; and

''(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

''(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.''.

SEC. 703. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) EXTENSION.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) RENEWAL COMMUNITIES INCLUDED.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E) with respect to expenditures paid or incurred after December 31, 2000.''.

(b) EXTENSION OF TERMINATION DATE FOR RENEWAL COMMUNITIES.—Subsection (h) of section 198 is amended by inserting before the period ''(December 31, 2007, in the case of a renewal community, as defined in section 1400E).''.

SEC. 704. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

''(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

''(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

''(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

''(I) 15 percent of the qualified first-year wages for such year; and

''(II) 30 percent of the qualified second-year wages for such year;

''(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000';

''(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect; and

''(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

''(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

''(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period;

''(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period; and

''(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

''(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

''(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).''.

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2000.

SEC. 705. CONFORMING AND CLERICAL AMENDMENTS.

(a) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to adjusted gross income defined) is amended by inserting after paragraph (18) the following new paragraph:

''(19) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1).''.

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking ''or'' at the end of paragraph (3), adding ''or'' at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

''(5) a family development account (within the meaning of section 1400H(e)),''.

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

''(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of family development accounts, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 1400H(c)(7), or a contribution under section 1400I), over

''(B) the amount allowable as a deduction under section 1400H for such contributions; and

''(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

''(A) the distributions out of the accounts for the taxable year which were included in the gross income of the payee under section 1400H(b)(1);

''(B) the distributions out of the accounts for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3); and

''(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year (other than a contribution under section 1400I).

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.''.

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

''(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account.''; and

(2) in subsection (e)(1), by striking ''or'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) a family development account described in section 1400H(e), or''.

(d) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting ''or section 1400H'' after ''section 219''; and

(2) by inserting '', of any family development account described in section 1400H(e),'', after ''section 408(a)''.

(e) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) is amended by inserting ''a family development account described in section 1400H(e),'' after ''section 408(a),''.

(f) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking ''and'' at the end of subparagraph (C), by striking the period and inserting '', and'' at the end of subparagraph (D), and by adding at the end the following new subparagraph:

''(E) section 1400H(g)(6) (relating to family development accounts).''.

(g) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION DEDUCTION.—

(1) Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) NO CARRYBACK OF SECTION 1400K DEDUCTION BEFORE DATE OF ENACTMENT.—No portion of the net operating loss for any taxable year which is attributable to any commercial revitalization deduction determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''.

(2) Subparagraph (B) of section 48(a)(2) is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading.

(3) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by inserting ''AND COMMERCIAL REVITALIZATION DEDUCTION'' after ''CREDIT'' in the heading.

(h) CLERICAL AMENDMENTS.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''.

SEC. 706. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates an area as a renewal community under section 1400E of the Internal Revenue Code of 1986, and at the close of each fourth calendar year thereafter, such Secretary shall prepare and submit to the Congress a report on the effects of such designations in stimulating the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and promoting the revitalization of economically distressed areas.

Subtitle B—Farming Incentive

SEC. 711. PRODUCTION FLEXIBILITY CONTRACT PAYMENTS.

Any option to accelerate the receipt of any payment under a production flexibility contract which is payable under the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7200 et seq.), as in effect on the date of the enactment of this Act, shall be disregarded in determining the taxable year for which such payment is properly includible in gross income for purposes of the Internal Revenue Code of 1986.

Subtitle C—Oil and Gas Incentive

SEC. 721. 5-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) LOSSES ON OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.—In the case of a taxpayer—

''(i) which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, and

''(ii) which is not an integrated oil company (as defined in section 291(b)(4)),

such eligible oil and gas loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.''

(b) ELIGIBLE OIL AND GAS LOSS.—Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELIGIBLE OIL AND GAS LOSS.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible oil and gas loss' means the lesser of—

''(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to operating mineral interests (as defined in section 614(d)) in oil and gas wells are taken into account, or

''(B) the amount of the net operating loss for such taxable year.

''(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), an eligible oil and gas loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

''(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1998.

Subtitle D—Timber Incentive

SEC. 731. INCREASE IN MAXIMUM PERMITTED AMORTIZATION OF REFORESTATION EXPENDITURES.

(a) IN GENERAL.—Paragraph (1) of section 194(b) (relating to amortization of reforestation expenditures) is amended by striking ''$10,000 ($5,000'' and inserting ''$25,000 ($12,500''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to additions to capital account made in taxable years beginning after December 31, 1998.

Subtitle E—Steel Industry Incentive

SEC. 741. MINIMUM TAX RELIEF FOR STEEL INDUSTRY.

(a) IN GENERAL.—Subsection (c) of section 53 (as amended by section 302) is amended by adding at the end the following new paragraph:

''(4) STEEL COMPANIES.—In the case of a qualified corporation (as defined in section 212(g)(1) of the Tax Reform Act of 1986), in lieu of applying paragraph (2), the limitation under paragraph (1) for any taxable year beginning after December 31, 1998, shall be increased (subject to the rule of the last sentence of paragraph (2)) by 90 percent of the tentative minimum tax.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE VIII—RELIEF FOR SMALL BUSINESSES

SEC. 801. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 802. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 803. REPEAL OF FEDERAL UNEMPLOYMENT SURTAX.

(a) IN GENERAL.—Section 3301 (relating to rate of Federal unemployment tax) is amended—

(1) by striking ''2007'' and inserting ''2004'', and

(2) by striking ''2008'' and inserting ''2005''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 804. RESTORATION OF 80 PERCENT DEDUCTION FOR MEAL EXPENSES.

(a) IN GENERAL.—Paragraph (1) of section 274(n) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by striking ''50 percent'' in the text and inserting ''the allowable percentage''.

(b) ALLOWABLE PERCENTAGES.—Subsection (n) of section 274 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (2) the following new paragraph:

''(2) ALLOWABLE PERCENTAGE.—For purposes of paragraph (1), the allowable percentage is—

''(A) in the case of amounts for items described in paragraph (1)(B), 50 percent, and

''(B) in the case of expenses for food or beverages, the percentage determined in accordance with the following table:

''For taxable years beginning in calendar year—	The allowable percentage is—
2000 through 2003	50
2004	55
2005	60
2006	65
2007	70
2008	75
2009 and thereafter	80.''

(b) CONFORMING AMENDMENTS.—

(1) The heading for subsection (n) of section 274 is amended by striking ''50 PERCENT'' and inserting ''LIMITED PERCENTAGES''.

(2) Subparagraph (A) of section 274(n)(4), as redesignated by subsection (a), is amended by striking ''50 percent'' and inserting ''the allowable percentage''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE IX—INTERNATIONAL TAX RELIEF

SEC. 901. INTEREST ALLOCATION RULES.

(a) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—Subsection (e) of section 864 (relating to rules for allocating interest, etc.) is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—

''(A) IN GENERAL.—Except as provided in this paragraph, this subsection (other than paragraph (7)) shall be applied by treating each worldwide affiliated group for which an election under this paragraph is in effect as an affiliated group.

''(B) WORLDWIDE AFFILIATED GROUP.—For purposes of this paragraph, the term 'worldwide affiliated group' means the group of corporations which consists of—

''(i) all corporations in an affiliated group (as defined in paragraph (5)), and

''(ii) all foreign corporations (other than a FSC, as defined in section 922(a)) with respect to which corporations described in clause (i) own stock meeting the ownership requirements of section 957(a) (without regard to stock considered as owned under section 958(b)).

''(C) ALLOCATION.—

''(i) IN GENERAL.—For purposes of paragraph (1), only the applicable percentage of the interest expense and assets of a foreign corporation described in subparagraph (B)(ii) shall be taken into account.

''(ii) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the term 'applicable percentage' means, with respect to any foreign corporation, the percentage equal to the ratio which the value of the stock in such corporation taken into account under subparagraph (B)(ii) bears to the aggregate value of all stock in such corporation.

''(D) TREATMENT OF FOREIGN INTEREST EXPENSE.—Interest expense of members of an electing worldwide affiliated group which is allocated to foreign source income under this subsection shall be reduced (but not below zero) by the applicable percentage of the interest expense incurred by any foreign corporation in the electing worldwide affiliated group to the extent such interest would have been allocated and apportioned to foreign source income of such corporation if this subsection were applied to a group consisting of all the foreign corporations in such affiliated group.

''(E) ELECTION.—An election under this paragraph with respect to any worldwide affiliated group may be made only by the common parent of the affiliated group referred to in subparagraph (B)(i) and may be made only for the first taxable year beginning after December 31, 2001, in which a worldwide affiliated group exists which includes such affiliated group and at least 1 corporation described in subparagraph (B)(ii). Such an election, once made, shall apply to such parent and all other corporations which are included in such worldwide affiliated group for such taxable year and all subsequent years unless revoked with the consent of the Secretary.''.

(b) ELECTION TO ALLOCATE INTEREST WITHIN FINANCIAL INSTITUTION GROUPS AND SUBSIDIARY GROUPS.—Section 864 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) ELECTION TO APPLY SUBSECTION (e) ON BASIS OF FINANCIAL INSTITUTION GROUP AND SUBSIDIARY GROUPS.—

''(1) IN GENERAL.—Subsection (e) (other than paragraph (7) thereof) shall be applied—

''(A) as if the electing financial institution group were a separate affiliated group, and

''(B) for purposes of allocating interest expense with respect to qualified indebtedness of members of an electing subsidiary group, as if each electing subsidiary group were a separate affiliated group.

Subsection (e) shall apply to any such electing group in the same manner as subsection (e) applies to the pre-election affiliated group of which such electing group is a part.

''(2) ELECTING FINANCIAL INSTITUTION GROUP.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'electing financial institution group' means any group of corporations if—

''(i) such group consists only of all of the financial corporations in the pre-election affiliated group, and

''(ii) an election under this paragraph is in effect for such group of corporations.

''(B) FINANCIAL CORPORATION.—The term 'financial corporation' means any corporation if at least 80 percent of its gross income is income described in section 904(d)(2)(C)(ii) and the regulations thereunder. To the extent provided in regulations prescribed by the Secretary, such term includes a bank holding company (within the meaning of section 2(a) of the Bank Holding Company Act of 1956).

''(C) EFFECT OF CERTAIN TRANSACTIONS.—Rules similar to the rules of paragraph (3)(D) shall apply to transactions between any member of the electing financial institution group and any member of the pre-election affiliated group (other than a member of the electing financial institution group).

''(D) ELECTION.—An election under this paragraph with respect to any financial institution group may be made only by the common parent of the pre-election affiliated group. Such an election, once made, shall apply only to the taxable year for which made.

''(3) ELECTING SUBSIDIARY GROUPS.—

''(A) IN GENERAL.—The term 'electing subsidiary group' means any group of corporations if—

''(i) such group consists only of corporations in the pre-election affiliated group,

''(ii) such group includes—

''(I) a domestic corporation (which is not the common parent of the pre-election affiliated group or a member of an electing financial institution group) which incurs interest expense with respect to qualified indebtedness, and

''(II) every other corporation (other than a member of an electing financial institution group) which is in the pre-election affiliated group and which would be a member of an affiliated group having such domestic corporation as the common parent, and

''(iii) an election under this paragraph is in effect for such group.

''(B) EQUALIZATION RULE.—All interest expense of a pre-election affiliated group (other than subgroup interest expense) shall be treated as allocated to foreign source income to the extent such expense does not exceed the excess (if any) of—

''(i) the interest expense of the pre-election affiliated group (including subgroup interest expense) which would (but for any election under this paragraph) be allocated to foreign source income, over

''(ii) the subgroup interest expense allocated to foreign source income.

For purposes of the preceding sentence, the subgroup interest expense is the interest expense to which subsection (e) applies separately by reason of paragraph (1)(B).

''(C) QUALIFIED INDEBTEDNESS.—For purposes of this subsection, the term 'qualified indebtedness' means any indebtedness of a domestic corporation—

''(i) which is held by an unrelated person, and

''(ii) which is not guaranteed (or otherwise supported) by any corporation which is a member of the pre-election affiliated group other than a corporation which is a member of the electing subsidiary group.

For purposes of this subparagraph, the term 'unrelated person' means any person not bearing a relationship specified in section 267(b) or 707(b)(1) to the corporation.

''(D) EFFECT OF CERTAIN TRANSACTIONS ON QUALIFIED INDEBTEDNESS.—In the case of a corporation which is a member of an electing subsidiary group, to the extent that such corporation—

''(i) distributes dividends or makes other distributions with respect to its stock after the date of the enactment of this paragraph to any member of the pre-election affiliated group (other than to a member of the electing subsidiary group) in excess of the greater of—

''(I) its average annual dividend (expressed as a percentage of current earnings and profits) during the 5-taxable-year period ending with the taxable year preceding the taxable year, or

''(II) 25 percent of its average annual earnings and profits for such 5 taxable year period, or

''(ii) deals with any person in any manner not clearly reflecting the income of the corporation (as determined under principles similar to the principles of section 482),

an amount of qualified indebtedness equal to the excess distribution or the understatement or overstatement of income, as the case may be, shall be recharacterized (for the taxable year and subsequent taxable years) for purposes of this subsection as indebtedness which is not qualified indebtedness. If a corporation has not been in existence for 5 taxable years, this subparagraph shall be applied with respect to the period it was in existence.

''(E) ELECTION.—An election under this paragraph with respect to any electing subsidiary group may be made only by the common parent of the pre-election affiliated group. Such an election, once made, shall apply only to the taxable year for which made. No election may be made under this paragraph if the effect of the election would be to have the same member of the pre-election affiliated group included in more than 1 electing subsidiary group.

''(4) PRE-ELECTION AFFILIATED GROUP.—For purposes of this subsection, the term 'pre-election affiliated group' means, with respect to a corporation, the affiliated group or electing worldwide affiliated group of which such corporation would (but for an election under this subsection) be a member for purposes of applying subsection (e).

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this subsection and subsection (e), including regulations—

''(A) providing for the direct allocation of interest expense in other circumstances where such allocation would be appropriate to carry out the purposes of this subsection,

''(B) preventing assets or interest expense from being taken into account more than once, and

''(C) dealing with changes in members of any group (through acquisitions or otherwise) treated under this subsection as an affiliated group for purposes of subsection (e).''

(c) INSURANCE COMPANIES INCLUDED IN AFFILIATED GROUPS.—Paragraph (5) of section 864(e) is amended to read as follows:

''(5) AFFILIATED GROUP.—The term 'affiliated group' has the meaning given such term by section 1504 (determined without regard to paragraphs (2) and (4) of section 1504(b)).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 902. LOOK-THRU RULES TO APPLY TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) IN GENERAL.—Section 904(d)(4) (relating to application of look-thru rules to dividends from noncontrolled section 902 corporations) is amended to read as follows:

''(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

''(A) IN GENERAL.—For purposes of this subsection, any dividend from a noncontrolled section 902 corporation with respect to the taxpayer shall be treated as income in a separate category in proportion to the ratio of—

''(i) the portion of earnings and profits attributable to income in such category, to

''(ii) the total amount of earnings and profits.

''(B) SPECIAL RULES.—For purposes of this paragraph—

''(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply; except that the term 'separate category' shall include the category of income described in paragraph (1)(I).

''(ii) EARNINGS AND PROFITS.—

''(I) IN GENERAL.—The rules of section 316 shall apply.

''(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods before the taxpayer's acquisition of the stock to which the distributions relate.

''(iii) DIVIDENDS NOT ALLOCABLE TO SEPARATE CATEGORY.—The portion of any dividend from a noncontrolled section 902 corporation which is not treated as income in a separate category under subparagraph (A) shall be treated as a dividend to which subparagraph (A) does not apply.

''(iv) LOOK-THRU WITH RESPECT TO CARRYFORWARDS OF CREDIT.—Rules similar to subparagraph (A) also shall apply to any carryforward under subsection (c) from a taxable year beginning before January 1, 2002, of tax allocable to a dividend from a noncontrolled section 902 corporation with respect to the taxpayer.''

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 904(d)(1), as in effect both before and after the amendments made by section 1105 of the Taxpayer Relief Act of 1997, is hereby repealed.

(2) Section 904(d)(2)(C)(iii), as so in effect, is amended by striking subclause (II) and by redesignating subclause (III) as subclause (II).

(3) The last sentence of section 904(d)(2)(D), as so in effect, is amended to read as follows: ''Such term does not include any financial services income.''

(4) Section 904(d)(2)(E) is amended by striking clauses (ii) and (iv) and by redesignating clause (iii) as clause (ii).

(5) Section 904(d)(3)(F) is amended by striking ''(D), or (E)'' and inserting ''or (D)''.

(6) Section 864(d)(5)(A)(i) is amended by striking ''(C)(iii)(III)'' and inserting ''(C)(iii)(II)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 903. CLARIFICATION OF TREATMENT OF PIPELINE TRANSPORTATION INCOME.

(a) IN GENERAL.—Section 954(g)(1) (defining foreign base company oil related income) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the pipeline transportation of oil or gas within such foreign country.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2001, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 904. SUBPART F TREATMENT OF INCOME FROM TRANSMISSION OF HIGH VOLTAGE ELECTRICITY.

(a) IN GENERAL.—Paragraph (2) of section 954(e) (relating to foreign base company services income) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the transmission of high voltage electricity.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2001, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 905. RECHARACTERIZATION OF OVERALL DOMESTIC LOSS.

(a) GENERAL RULE.—Section 904 is amended by redesignating subsections (g), (h), (i), (j), and (k) as subsections (h), (i), (j), (k), and (l), respectively, and by inserting after subsection (f) the following new subsection:

''(g) RECHARACTERIZATION OF OVERALL DOMESTIC LOSS.—

''(1) GENERAL RULE.—For purposes of this subpart and section 936, in the case of any taxpayer who sustains an overall domestic loss for any taxable year beginning after December 31, 2004, that portion of the taxpayer's taxable income from sources within the United States for each succeeding taxable year which is equal to the lesser of—

''(A) the amount of such loss (to the extent not used under this paragraph in prior taxable years), or

''(B) 50 percent of the taxpayer's taxable income from sources within the United States for such succeeding taxable year,

shall be treated as income from sources without the United States (and not as income from sources within the United States).

''(2) OVERALL DOMESTIC LOSS DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'overall domestic loss' means any domestic loss to the extent such loss offsets taxable income from sources without the United States for the taxable year or for any preceding taxable year by reason of a carryback. For purposes of the preceding sentence, the term 'domestic loss' means the amount by which the gross income for the taxable year from sources within the United States is exceeded by the sum of the deductions properly apportioned or allocated thereto (determined without regard to any carryback from a subsequent taxable year).

''(B) TAXPAYER MUST HAVE ELECTED FOREIGN TAX CREDIT FOR YEAR OF LOSS.—The term 'overall domestic loss' shall not include any loss for any taxable year unless the taxpayer chose the benefits of this subpart for such taxable year.

''(3) CHARACTERIZATION OF SUBSEQUENT INCOME.—

''(A) IN GENERAL.—Any income from sources within the United States that is treated as income from sources without the United States under paragraph (1) shall be allocated among and increase the income categories in proportion to the loss from sources within the United States previously allocated to those income categories.

''(B) INCOME CATEGORY.—For purposes of this paragraph, the term 'income category' has the meaning given such term by subsection (f)(5)(E)(i).

''(4) COORDINATION WITH SUBSECTION (f).—The Secretary shall prescribe such regulations as may be necessary to coordinate the provisions of this subsection with the provisions of subsection (f).''

(b) CONFORMING AMENDMENTS.—

(1) Section 535(d)(2) is amended by striking ''section 904(g)(6)'' and inserting ''section 904(h)(6)''.

(2) Subparagraph (A) of section 936(a)(2) is amended by striking ''section 904(f)'' and inserting ''subsections (f) and (g) of section 904''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to losses for taxable years beginning after December 31, 2004.

SEC. 906. TREATMENT OF MILITARY PROPERTY OF FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Section 923(a) (defining exempt foreign trade income) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 907. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) TREATMENT OF CERTAIN DIVIDENDS.—

(1) NONRESIDENT ALIEN INDIVIDUALS.—Section 871 (relating to tax on nonresident alien individuals) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

''(k) EXEMPTION FOR CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.—

''(1) INTEREST-RELATED DIVIDENDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no tax shall be imposed under paragraph (1)(A) of subsection (a) on any interest-related dividend received from a regulated investment company.

''(B) EXCEPTIONS.—Subparagraph (A) shall not apply—

''(i) to any interest-related dividend received from a regulated investment company by a person to the extent such dividend is attributable to interest (other than interest described in subparagraph (E) (i) or (iii)) received by such company on indebtedness issued by such person or by any corporation or partnership with respect to which such person is a 10-percent shareholder,

''(ii) to any interest-related dividend with respect to stock of a regulated investment company unless the person who would otherwise be required to deduct and withhold tax from such dividend under chapter 3 receives a statement (which meets requirements similar to the requirements of subsection (h)(5)) that the beneficial owner of such stock is not a United States person, and

''(iii) to any interest-related dividend paid to any person within a foreign country (or any interest-related dividend payment addressed to, or for the account of, persons within such foreign country) during any period described in subsection (h)(6) with respect to such country.

Clause (iii) shall not apply to any dividend with respect to any stock the holding period of which begins on or before the date of the publication of the Secretary's determination under subsection (h)(6).

''(C) INTEREST-RELATED DIVIDEND.—For purposes of this paragraph, an interest-related dividend is any dividend (or part thereof) which is designated by the regulated investment company as an interest-related dividend in a written notice mailed to its shareholders not later than 60 days after the close of its taxable year. If the aggregate amount so designated with respect to a taxable year of the company (including amounts so designated with respect to dividends paid after the close of the taxable year described in section 855) is greater than the qualified net interest income of the company for such taxable year, the portion of each distribution which shall be an interest-related dividend shall be only that portion of the amounts so designated which such qualified net interest income bears to the aggregate amount so designated.

''(D) QUALIFIED NET INTEREST INCOME.—For purposes of subparagraph (C), the term 'qualified net interest income' means the qualified interest income of the regulated investment company reduced by the deductions properly allocable to such income.

''(E) QUALIFIED INTEREST INCOME.—For purposes of subparagraph (D), the term 'qualified interest income' means the sum of the following amounts derived by the regulated investment company from sources within the United States:

''(i) Any amount includible in gross income as original issue discount (within the meaning of section 1273) on an obligation payable 183 days or less from the date of original issue (without regard to the period held by the company).

''(ii) Any interest includible in gross income (including amounts recognized as ordinary income in respect of original issue discount or market discount or acquisition discount under part V of subchapter P and such other amounts as regulations may provide) on an obligation which is in registered form; except that this clause shall not apply to—

''(I) any interest on an obligation issued by a corporation or partnership if the regulated investment company is a 10-percent shareholder in such corporation or partnership, and

''(II) any interest which is treated as not being portfolio interest under the rules of subsection (h)(4).

''(iii) Any interest referred to in subsection (i)(2)(A) (without regard to the trade or business of the regulated investment company).

''(iv) Any interest-related dividend includable in gross income with respect to stock of another regulated investment company.

Such term includes any interest derived by the regulated investment company from sources outside the United States other than interest that is subject to a tax imposed by a foreign jurisdiction if the amount of such tax is reduced (or eliminated) by a treaty with the United States.

''(F) 10-PERCENT SHAREHOLDER.—For purposes of this paragraph, the term '10-percent shareholder' has the meaning given such term by subsection (h)(3)(B).

''(2) SHORT-TERM CAPITAL GAIN DIVIDENDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no tax shall be imposed under paragraph (1)(A) of subsection (a) on any short-term capital gain dividend received from a regulated investment company.

''(B) EXCEPTION FOR ALIENS TAXABLE UNDER SUBSECTION (a)(2).—Subparagraph (A) shall not apply in the case of any nonresident alien individual subject to tax under subsection (a)(2).

''(C) SHORT-TERM CAPITAL GAIN DIVIDEND.—For purposes of this paragraph, a short-term capital gain dividend is any dividend (or part thereof) which is designated by the regulated investment company as a short-term capital gain dividend in a written notice mailed to its shareholders not later than 60 days after the close of its taxable year. If the aggregate amount so designated with respect to a taxable year of the company (including amounts so designated with respect to dividends paid after the close of the taxable year described in section 855) is greater than the qualified short-term gain of the company for such taxable year, the portion of each distribution which shall be a short-term capital gain dividend shall be only that portion of the amounts so designated which such qualified short-term gain bears to the aggregate amount so designated.

''(D) QUALIFIED SHORT-TERM GAIN.—For purposes of subparagraph (C), the term 'qualified short-term gain' means the excess of the net short-term capital gain of the regulated investment company for the taxable year over the net long-term capital loss (if any) of such company for such taxable year. For purposes of this subparagraph—

''(i) the net short-term capital gain of the regulated investment company shall be computed by treating any short-term capital gain dividend includible in gross income with respect to stock of another regulated investment company as a short-term capital gain, and

''(ii) the excess of the net short-term capital gain for a taxable year over the net long-term capital loss for a taxable year (to which an election under section 4982(e)(4) does not apply) shall be determined without regard to any net capital loss or net short-term capital loss attributable to transactions after October 31 of such year, and any such net capital loss or net short-term capital loss shall be treated as arising on the 1st day of the next taxable year.

To the extent provided in regulations, clause (ii) shall apply also for purposes of computing the taxable income of the regulated investment company.''

(2) FOREIGN CORPORATIONS.—Section 881 (relating to tax on income of foreign corporations not connected with United States business) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) TAX NOT TO APPLY TO CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.—

''(1) INTEREST-RELATED DIVIDENDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no tax shall be imposed under paragraph (1) of subsection (a) on any interest-related dividend (as defined in section 871(k)(1)) received from a regulated investment company.

''(B) EXCEPTION.—Subparagraph (A) shall not apply—

''(i) to any dividend referred to in section 871(k)(1)(B), and

''(ii) to any interest-related dividend received by a controlled foreign corporation (within the meaning of section 957(a)) to the extent such dividend is attributable to interest received by the regulated investment company from a person who is a related person (within the meaning of section 864(d)(4)) with respect to such controlled foreign corporation.

''(C) TREATMENT OF DIVIDENDS RECEIVED BY CONTROLLED FOREIGN CORPORATIONS.—The rules of subsection (c)(5)(A) shall apply to any interest-related dividend received by a controlled foreign corporation (within the meaning of section 957(a)) to the extent such dividend is attributable to interest received by the regulated investment company which is described in clause (ii) of section 871(k)(1)(E) (and not described in clause (i) or (iii) of such section).

''(2) SHORT-TERM CAPITAL GAIN DIVIDENDS.—No tax shall be imposed under paragraph (1) of subsection (a) on any short-term capital gain dividend (as defined in section 871(k)(2)) received from a regulated investment company.''

(3) WITHHOLDING TAXES.—

(A) Section 1441(c) (relating to exceptions) is amended by adding at the end the following new paragraph:

''(12) CERTAIN DIVIDENDS RECEIVED FROM REGULATED INVESTMENT COMPANIES.—

''(A) IN GENERAL.—No tax shall be required to be deducted and withheld under subsection (a) from any amount exempt from the tax imposed by section 871(a)(1)(A) by reason of section 871(k).

''(B) SPECIAL RULE.—For purposes of subparagraph (A), clause (i) of section

871(k)(1)(B) shall not apply to any dividend unless the regulated investment company knows that such dividend is a dividend referred to in such clause. A similar rule shall apply with respect to the exception contained in section 871(k)(2)(B).''

(B) Section 1442(a) (relating to withholding of tax on foreign corporations) is amended—

(i) by striking ''and the reference in section 1441(c)(10)'' and inserting ''the reference in section 1441(c)(10)'', and

(ii) by inserting before the period at the end the following: '', and the references in section 1441(c)(12) to sections 871(a) and 871(k) shall be treated as referring to sections 881(a) and 881(e) (except that for purposes of applying subparagraph (A) of section 1441(c)(12), as so modified, clause (ii) of section 881(e)(1)(B) shall not apply to any dividend unless the regulated investment company knows that such dividend is a dividend referred to in such clause)''.

(b) ESTATE TAX TREATMENT OF INTEREST IN CERTAIN REGULATED INVESTMENT COMPANIES.—Section 2105 (relating to property without the United States for estate tax purposes) is amended by adding at the end the following new subsection:

''(d) STOCK IN A RIC.—

''(1) IN GENERAL.—For purposes of this subchapter, stock in a regulated investment company (as defined in section 851) owned by a nonresident not a citizen of the United States shall not be deemed property within the United States in the proportion that, at the end of the quarter of such investment company's taxable year immediately preceding a decedent's date of death (or at such other time as the Secretary may designate in regulations), the assets of the investment company that were qualifying assets with respect to the decedent bore to the total assets of the investment company.

''(2) QUALIFYING ASSETS.—For purposes of this subsection, qualifying assets with respect to a decedent are assets that, if owned directly by the decedent, would have been—

''(A) amounts, deposits, or debt obligations described in subsection (b) of this section,

''(B) debt obligations described in the last sentence of section 2104(c), or

''(C) other property not within the United States.''

(c) TREATMENT OF REGULATED INVESTMENT COMPANIES UNDER SECTION 897.—

(1) Paragraph (1) of section 897(h) is amended by striking ''REIT'' each place it appears and inserting ''qualified investment entity''.

(2) Paragraphs (2) and (3) of section 897(h) are amended to read as follows:

''(2) SALE OF STOCK IN DOMESTICALLY CONTROLLED ENTITY NOT TAXED.—The term 'United States real property interest' does not include any interest in a domestically controlled qualified investment entity.

''(3) DISTRIBUTIONS BY DOMESTICALLY CONTROLLED QUALIFIED INVESTMENT ENTITIES.—In the case of a domestically controlled qualified investment entity, rules similar to the rules of subsection (d) shall apply to the foreign ownership percentage of any gain.''

(3) Subparagraphs (A) and (B) of section 897(h)(4) are amended to read as follows:

''(A) QUALIFIED INVESTMENT ENTITY.—The term 'qualified investment entity' means any real estate investment trust and any regulated investment company.

''(B) DOMESTICALLY CONTROLLED.—The term 'domestically controlled qualified investment entity' means any qualified investment entity in which at all times during the testing period less than 50 percent in value of the stock was held directly or indirectly by foreign persons.''

(4) Subparagraphs (C) and (D) of section 897(h)(4) are each amended by striking ''REIT'' and inserting ''qualified investment entity''.

(5) The subsection heading for subsection (h) of section 897 is amended by striking ''REITS'' and inserting ''CERTAIN INVESTMENT ENTITIES''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to dividends with respect to taxable years of regulated investment companies beginning after December 31, 2004.

(2) ESTATE TAX TREATMENT.—The amendment made by subsection (b) shall apply to estates of decedents dying after December 31, 2004.

(3) CERTAIN OTHER PROVISIONS.—The amendments made by subsection (c) (other than paragraph (1) thereof) shall take effect on January 1, 2005.

SEC. 908. REPEAL OF SPECIAL RULES FOR APPLYING FOREIGN TAX CREDIT IN CASE OF FOREIGN OIL AND GAS INCOME.

(a) IN GENERAL.—Section 907 (relating to special rules in case of foreign oil and gas income) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Each of the following provisions are amended by striking ''907,'':

(A) Section 245(a)(10).

(B) Section 865(h)(1)(B).

(C) Section 904(d)(1).

(D) Section 904(g)(10)(A).

(2) Section 904(f)(5)(E)(iii) is amended by inserting '', as in effect before its repeal by the Financial Freedom Act of 1999'' after ''section 907(c)(4)(B)''.

(3) Section 954(g)(1) is amended by inserting '', as in effect before its repeal by the Financial Freedom Act of 1999'' after ''907(c)''.

(4) Section 6501(i) is amended—

(A) by striking '', or under section 907(f) (relating to carryback and carryover of disallowed oil and gas extraction taxes)'', and

(B) by striking ''or 907(f)''.

(5) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by striking the item relating to section 907.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 909. STUDY OF PROPER TREATMENT OF EUROPEAN UNION UNDER SAME COUNTRY EXCEPTIONS.

(a) STUDY.—The Secretary of the Treasury or the Secretary's delegate shall conduct a study on the feasibility of treating all countries included in the European Union as 1 country for purposes of applying the same country exceptions under subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1986.

(b) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the results of the study conducted under subsection (a), including recommendations (if any) for legislation.

SEC. 910. APPLICATION OF DENIAL OF FOREIGN TAX CREDIT WITH RESPECT TO CERTAIN FOREIGN COUNTRIES.

(a) IN GENERAL.—Clause (ii) of section 901(j)(2)(B) (relating to denial of foreign tax credit, etc., with respect to certain foreign countries) is amended by inserting before the period ''or, if earlier, ending on the date that the President determines that the application of this subsection to such foreign country is no longer in the national interests of the United States''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 911. ADVANCE PRICING AGREEMENTS TREATED AS CONFIDENTIAL TAXPAYER INFORMATION.

(a) IN GENERAL.—

(1) TREATMENT AS RETURN INFORMATION.—Paragraph (2) of section 6103(b) (defining return information) is amended by striking ''and'' at the end of subparagraph (A), by inserting ''and'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement,''.

(2) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—Paragraph (1) of section 6110(b) (defining written determination) is amended by adding at the end the following new sentence: ''Such term shall not include any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) ANNUAL REPORT REGARDING ADVANCE PRICING AGREEMENTS.—

(1) IN GENERAL.—Not later than 90 days after the end of each calendar year, the Secretary of the Treasury shall prepare and publish a report regarding advance pricing agreements.

(2) CONTENTS OF REPORT.—The report shall include the following for the calendar year to which such report relates:

(A) Information about the structure, composition, and operation of the advance pricing agreement program office.

(B) A copy of each model advance pricing agreement.

(C) The number of—

(i) applications filed during such calendar year for advanced pricing agreements;

(ii) advance pricing agreements executed cumulatively to date and during such calendar year;

(iii) renewals of advanced pricing agreements issued;

(iv) pending requests for advance pricing agreements;

(v) pending renewals of advance pricing agreements;

(vi) for each of the items in clauses (ii) through (v), the number that are unilateral, bilateral, and multilateral, respectively;

(vii) advance pricing agreements revoked or canceled, and the number of withdrawals from the advance pricing agreement program; and

(viii) advanced pricing agreements finalized or renewed by industry.

(D) General descriptions of—

(i) the nature of the relationships between the related organizations, trades, or businesses covered by advance pricing agreements;

(ii) the covered transactions and the business functions performed and risks assumed by such organizations, trades, or businesses;

(iii) the related organizations, trades, or businesses whose prices or results are tested to determine compliance with transfer pricing methodologies prescribed in advanced pricing agreements;

(iv) methodologies used to evaluate tested parties and transactions and the circumstances leading to the use of those methodologies;

(v) critical assumptions made and sources of comparables used;

(vi) comparable selection criteria and the rationale used in determining such criteria;

(vii) the nature of adjustments to comparables or tested parties;

(viii) the nature of any ranges agreed to, including information regarding when no range was used and why, when interquartile ranges were used, and when there was a statistical narrowing of the comparables;

(ix) adjustment mechanisms provided to rectify results that fall outside of the agreed upon advance pricing agreement range;

(x) the various term lengths for advance pricing agreements, including rollback years, and the number of advance pricing agreements with each such term length;

(xi) the nature of documentation required; and

(xii) approaches for sharing of currency or other risks.

(E) Statistics regarding the amount of time taken to complete new and renewal advance pricing agreements.

(3) CONFIDENTIALITY.—The reports required by this subsection shall be treated as authorized by the Internal Revenue Code of 1986 for purposes of section 6103 of such Code, but the reports shall not include information—

(A) which would not be permitted to be disclosed under section 6110(c) of such Code if such report were a written determination as defined in section 6110 of such Code, or

(B) which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(4) FIRST REPORT.—The report for calendar year 1999 shall include prior calendar years after 1990.

(c) USER FEE.—Section 7527, as added by title XV of this Act, is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) ADVANCE PRICING AGREEMENTS.—

''(1) IN GENERAL.—In addition to any fee otherwise imposed under this section, the fee imposed for requests for advance pricing agreements shall be increased by $500.

''(2) REDUCED FEE FOR SMALL BUSINESSES.—The Secretary shall provide an appropriate reduction in the amount imposed by reason of paragraph (1) for requests for advance pricing agreements for small businesses.''

(d) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 6103(b)(2)(C), and the last sentence of section 6110(b)(1), of the Internal Revenue Code of 1986, as added by this section.

SEC. 912. INCREASE IN DOLLAR LIMITATION ON SECTION 911 EXCLUSION.

(a) GENERAL RULE.—The table contained in clause (i) of section 911(b)(2)(D) is amended to read as follows:

''For calendar year—	The exclusion amount is—
2000	$76,000
2001	78,000
2002	80,000
2003	83,000
2004	86,000
2005	89,000
2006	92,000
2007 and thereafter	95,000.''

(b) CONFORMING AMENDMENT.—Clause (ii) of section 911(b)(2)(D) is amended by striking ''$80,000'' and inserting ''$95,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE X—PROVISIONS RELATING TO TAX-EXEMPT ORGANIZATIONS

SEC. 1001. EXEMPTION FROM INCOME TAX FOR STATE-CREATED ORGANIZATIONS PROVIDING PROPERTY AND CASUALTY INSURANCE FOR PROPERTY FOR WHICH SUCH COVERAGE IS OTHERWISE UNAVAILABLE.

(a) IN GENERAL.—Subsection (c) of section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by adding at the end the following new paragraph:

''(28)(A) Any association created before January 1, 1999, by State law and organized and operated exclusively to provide property and casualty insurance coverage for property located within the State for which the State has determined that coverage in the authorized insurance market is limited or unavailable at reasonable rates, if—

''(i) no part of the net earnings of which inures to the benefit of any private shareholder or individual,

''(ii) except as provided in clause (v), no part of the assets of which may be used for, or diverted to, any purpose other than—

''(I) to satisfy, in whole or in part, the liability of the association for, or with respect to, claims made on policies written by the association,

''(II) to invest in investments authorized by applicable law, or

''(III) to pay reasonable and necessary administration expenses in connection with the establishment and operation of the association and the processing of claims against the association,

''(iii) the State law governing the association permits the association to levy assessments on property and casualty insurance policyholders with insurable interests in property located in the State to fund deficits of the association, including the creation of reserves,

''(iv) the plan of operation of the association is subject to approval by the chief executive officer or other executive branch official of the State, by the State legislature, or both, and

''(v) the assets of the association revert upon dissolution to the State, the State's designee, or an entity designated by the State law governing the association, or State law does not permit the dissolution of the association.

''(B)(i) An entity described in clause (ii) shall be disregarded as a separate entity and treated as part of the association described in subparagraph (A) from which it receives remittances described in clause (ii) if an election is made within 30 days after the date that such association is determined to be exempt from tax.

''(ii) An entity is described in this clause if it is an entity or fund created before January 1, 1999, pursuant to State law and organized and operated exclusively to receive, hold, and invest remittances from an association described in subparagraph (A) and exempt from tax under subsection (a) and to make disbursements to pay claims on insurance contracts issued by such association.

''(C) Subparagraph (A) shall not apply to an association for any taxable year if the association's surplus income for such year exceeds 15 percent of the total coverage in force under insurance contracts issued by such association and outstanding as of the close of the taxable year.''

(b) TRANSITIONAL RULE.—No income or gain shall be recognized by an association as a result of a change in status to that of an association described by section 501(c)(28) of the Internal Revenue Code of 1986, as amended by subsection (a).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1999.

SEC. 1002. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS.

(a) IN GENERAL.—Paragraph (1) of section 648 of the Tax Reform Act of 1984 is amended to read as follows:

''(1) such securities or obligations are held in a fund—

''(A) which, except to the extent of the investment earnings on such securities or obligations, cannot be used, under State constitutional or statutory restrictions continuously in effect since October 9, 1969, through the date of issue of the bond issue, to pay debt service on the bond issue or to finance the facilities that are to be financed with the proceeds of the bonds, or

''(B) the annual distributions from which cannot exceed 7 percent of the average fair market value of the assets held in such fund except to the extent distributions are necessary to pay debt service on the bond issue,''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of such section is amended by striking ''the investment earnings of'' and inserting ''distributions from''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2000.

SEC. 1003. CHARITABLE SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.

(a) IN GENERAL.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

''(10) SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.—

''(A) IN GENERAL.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

''(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

''(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

''(B) PERSONAL BENEFIT CONTRACT.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

''(C) APPLICATION TO CHARITABLE REMAINDER TRUSTS.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (F) to an organization described in subsection (c) shall be treated as a reference to such trust.

''(D) EXCEPTION FOR CERTAIN ANNUITY CONTRACTS.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to

fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as indirect beneficiaries under such contract if—

''(i) such organization possesses all of the incidents of ownership under such contract,

''(ii) such organization is entitled to all the payments under such contract, and

''(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer).

''(E) EXCEPTION FOR CERTAIN CONTRACTS HELD BY CHARITABLE REMAINDER TRUSTS.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

''(i) such trust possesses all of the incidents of ownership under such contract, and

''(ii) such trust is entitled to all the payments under such contract.

''(F) EXCISE TAX ON PREMIUMS PAID.—

''(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined without regard to when such transfer is made.

''(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

''(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual return which includes—

''(I) the amount of such premiums paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

''(II) such other information as the Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

''(iv) CERTAIN RULES TO APPLY.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

''(G) SPECIAL RULE WHERE STATE REQUIRES SPECIFICATION OF CHARITABLE GIFT ANNUITANT IN CONTRACT.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of a State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

''(i) such State law requirement was in effect on February 8, 1999,

''(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

''(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

''(H) MEMBER OF FAMILY.—For purposes of this paragraph, an individual's family consists of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

''(I) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfers made after February 8, 1999.

(2) EXCISE TAX.—Except as provided in paragraph (3) of this subsection, section 170(f)(10)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) REPORTING.—Clause (iii) of such section 170(f)(10)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 1004. EXEMPTION PROCEDURE FROM TAXES ON SELF-DEALING.

(a) IN GENERAL.—Subsection (d) of section 4941 (relating to taxes on self-dealing) is amended by adding at the end the following new paragraph:

''(3) SPECIAL EXEMPTION.—The Secretary shall establish an exemption procedure for purposes of this subsection. Pursuant to such procedure, the Secretary may grant a conditional or unconditional exemption of any disqualified person or transaction or class of disqualified persons or transactions, from all or part of the restrictions imposed by paragraph (1). The Secretary may not grant an exemption under this paragraph unless he finds that such exemption is—

''(A) administratively feasible,

''(B) in the interests of the private foundation, and

''(C) protective of the rights of the private foundation.

Before granting an exemption under this paragraph, the Secretary shall require adequate notice to be given to interested persons and shall publish notice in the Federal Register of the pendency of such exemption and shall afford interested persons an opportunity to present views.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions occurring after the date of the enactment of this Act.

SEC. 1005. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (a) of section 7428 (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after ''509(a))'' the following: ''or as a private operating foundation (as defined in section 4942(j)(3))'', and

(2) by amending subparagraph (C) to read as follows:

''(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in section 501(c) (other than paragraph (3)) which is exempt from tax under section 501(a), or''.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking ''United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia'' and inserting the following: ''United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

SEC. 1006. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new paragraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment received by the controlling organization that exceeds the amount which would have been paid if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of such excess.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 1999.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 do not apply to any amount received or accrued after the date of the enactment of this Act under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2000.

TITLE XI—REAL ESTATE PROVISIONS

Subtitle A—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 1101. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

''(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)), and

''(ii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

''(I) not more than 5 percent of the value of its total assets is represented by securities of any 1 issuer,

''(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any 1 issuer, and

''(III) the trust does not hold securities having a value of more than 10 percent of the

total value of the outstanding securities of any 1 issuer.''

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

''(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

''(A) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

''(B) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.''

SEC. 1102. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting ''or through a taxable REIT subsidiary of such trust'' after ''income''.

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

''(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of subparagraph (A) or (B) are met.

''(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

''(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

''(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

''(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

''(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

''(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

''(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

''(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as on the later of—

''(I) January 1, 1999, or

''(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

''(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

''(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

''(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

''(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

''(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

''(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

''(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.''.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) is amended by inserting ''except as provided in paragraph (8),'' after ''(B)''.

SEC. 1103. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 is amended by adding at the end the following new subsection:

''(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

''(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

''(A) such trust directly or indirectly owns stock in such corporation, and

''(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

''(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

''(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

''(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

''(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

''(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

''(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

''(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: ''Such term shall not include a taxable REIT subsidiary.''

SEC. 1104. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.''.

SEC. 1105. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

''(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

''(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

''(B) REDETERMINED RENTS.—

''(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

''(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

''(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

''(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

''(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

''(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

''(II) the charge for such service from such subsidiary is separately stated.

''(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

''(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

''(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be increased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

''(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

''(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

''(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.''.

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (7)''.

SEC. 1106. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 1101.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 1101 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 1101 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 1111. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

''(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

''(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

''(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

''(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant 1 or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

''(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

''(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

''(ii) any lease of property entered into after such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED HEALTH CARE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

''(I) is a health care facility, or

''(II) is necessary or incidental to the use of a health care facility.

''(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 1121. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment trusts) are each amended by striking ''95 percent (90 percent for taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking ''95 percent (90 percent in the case of taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 1131. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

''In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 1141. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND PROFITS FROM NON-RIC YEAR.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

''(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

''(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.''.

(b) CLARIFICATION OF APPLICATION OF REIT SPILLOVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENT.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period ''and section 858''.

(c) APPLICATION OF DEFICIENCY DIVIDEND PROCEDURES.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: ''If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

SEC. 1151. STUDY RELATING TO TAXABLE REIT SUBSIDIARIES.

The Commissioner of the Internal Revenue shall conduct a study to determine how many taxable REIT subsidiaries are in existence and the aggregate amount of taxes paid by such subsidiaries. The Secretary shall submit a report to the Congress describing the results of such study.

Subtitle B—Modification of At-Risk Rules for Publicly Traded Securities

SEC. 1161. TREATMENT UNDER AT-RISK RULES OF PUBLICLY TRADED NONRECOURSE DEBT.

(a) IN GENERAL.—Subparagraph (A) of section 465(b)(6) (relating to qualified nonrecourse financing treated as amount at risk) is amended by striking ''share of'' and all that follows and inserting ''share of—

''(i) any qualified nonrecourse financing which is secured by real property used in such activity, and

''(ii) any other financing which—

''(I) would (but for subparagraph (B)(ii)) be qualified nonrecourse financing,

''(II) is qualified publicly traded debt, and

''(III) is not borrowed by the taxpayer from a person described in subclause (I), (II), or (III) of section 49(a)(1)(D)(iv).''

(b) QUALIFIED PUBLICLY TRADED DEBT.—Paragraph (6) of section 465(b) is amended by adding at the end the following new subparagraph:

''(F) QUALIFIED PUBLICLY TRADED DEBT.—For purposes of subparagraph (A), the term 'qualified publicly traded debt' means any debt instrument which is readily tradable on an established securities market. Such term shall not include any debt instrument which has a yield to maturity which equals or exceeds the limitation in section 163(i)(1)(B).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued after December 31, 1999.

Subtitle C—Treatment of Construction Allowances and Certain Contributions To Capital of Retailers

SEC. 1171. EXCLUSION FROM GROSS INCOME OF QUALIFIED LESSEE CONSTRUCTION ALLOWANCES NOT LIMITED FOR CERTAIN RETAILERS TO SHORT-TERM LEASES.

(a) IN GENERAL.—Subsection (a) section 110 (relating to qualified lessee construction allowances for short-term leases) is amended by adding at the end the following new sentence: ''Paragraph (1) shall not apply if the lessee is a qualified retail business (as defined by section 118(d)(3)).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to leases entered into after December 31, 1999.

SEC. 1172. EXCLUSION FROM GROSS INCOME FOR CERTAIN CONTRIBUTIONS TO THE CAPITAL OF CERTAIN RETAILERS.

(a) IN GENERAL.—Section 118 (relating to contributions to the capital of a corporation) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

''(d) SAFE HARBOR FOR CONTRIBUTIONS TO CERTAIN RETAILERS.—

''(1) GENERAL RULE.—For purposes of this section, the term 'contribution to the capital of the taxpayer' includes any amount of money or other property received by the taxpayer if—

''(A) the taxpayer has entered into an agreement to operate (or cause to be operated) a qualified retail business at a particular location for a period of at least 15 years,

''(B)(i) immediately after the receipt of such money or other property, the taxpayer owns the land and the structure to be used by the taxpayer in carrying on a qualified retail business at such location, or

''(ii) the taxpayer uses such amount to acquire ownership of at least such land and structure,

''(C) such amount meets the requirements of the expenditure rule of paragraph (2), and

''(D) the contributor of such amount does not hold a beneficial interest in any property located on the premises of such qualified retail business other than de minimis amounts of property associated with the operation of property adjacent to such premises.

''(2) EXPENDITURE RULE.—An amount meets the requirements of this paragraph if—

''(A) an amount equal to such amount is expended for the acquisition of land or for acquisition or construction of other property described in section 1231(b)—

''(i) which was the purpose motivating the contribution, and

''(ii) which is used predominantly in a qualified retail business at the location referred to in paragraph (1)(A),

''(B) the expenditure referred to in subparagraph (A) occurs before the end of the second taxable year after the year in which such amount was received, and

''(C) accurate records are kept of the amounts contributed and expenditures made on the basis of the project for which the contribution was made and on the basis of the year of the contribution expenditure.

''(3) DEFINITION OF QUALIFIED RETAIL BUSINESS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified retail business' means a trade or business of selling tangible personal property to the general public if the premises on which such trade or business is conducted is in close proximity to property that the contributor of the amount referred to in paragraph (1) is developing or operating for profit (or, in the case of a contributor which is a governmental entity, is attempting to revitalize).

''(B) SERVICES.—A trade or business shall not fail to be treated as a qualified retail business by reason of sales of services if such sales are incident to the sale of tangible personal property or if the services are de minimis in amount.

''(4) SPECIAL RULES.—

''(A) LEASES.—For purposes of paragraph (1)(B)(i), property shall be treated as owned by the taxpayer if the taxpayer is the lessee of such property under a lease having a term of at least 30 years and on which only nominal rent is required.

''(B) CONTROLLED GROUPS.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as 1 person.

''(5) DISALLOWANCE OF DEDUCTIONS AND CREDITS; ADJUSTED BASIS.—Notwithstanding any other provision of this subtitle, no deduction or credit shall be allowed for, or by reason of, any amount received by the taxpayer which constitutes a contribution to capital to which this subsection applies. The adjusted basis of any property acquired with the contributions to which this subsection applies shall be reduced by the amount of the contributions to which this subsection applies.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations are appropriate to prevent the abuse of the purposes of the subsection, including regulations which allocate income and deductions (or adjust the amount excludable under this subsection) in cases in which—

''(A) payments in excess of fair market value are paid to the contributor by the taxpayer, or

''(B) the contributor and the taxpayer are related parties.''

(b) CONFORMING AMENDMENT.—Subsection (e) of section 118 (as redesignated by subsection (a)) is amended by adding at the end the following flush sentence:

''Rules similar to the rules of the preceding sentence shall apply to any amount treated as a contribution to the capital of the taxpayer under subsection (d).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1999.

TITLE XII—PROVISIONS RELATING TO PENSIONS

Subtitle A—Expanding Coverage

SEC. 1201. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended by striking ''$90,000'' each place it appears in the headings and the text and inserting ''$160,000''.

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62''.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) in paragraph (1)(A) by striking ''$90,000'' and inserting ''$160,000'', and

(B) in paragraph (3)(A)—

(i) by striking ''$90,000'' in the heading and inserting ''$160,000'', and

(ii) by striking ''October 1, 1986'' and inserting ''July 1, 2000''.

(5) CONFORMING AMENDMENT.—Section 415(b)(2) is amended by striking subparagraph (F).

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) in paragraph (1)(C) by striking ''$30,000'' and inserting ''$40,000'', and

(B) in paragraph (3)(D)—

(i) by striking ''$30,000'' in the heading and inserting ''$40,000'', and

(ii) by striking ''October 1, 1993'' and inserting ''July 1, 2000''.

(c) QUALIFIED TRUSTS.—

(1) COMPENSATION LIMIT.—Sections 401(a)(17), 404(1), 408(k), and 505(b)(7) are each amended by striking ''$150,000'' each place it appears and inserting ''$200,000''.

(2) BASE PERIOD AND ROUNDING OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (B) of section 401(a)(17) is amended—

(A) by striking ''October 1, 1993'' and inserting ''July 1, 2000'', and

(B) by striking ''$10,000'' both places it appears and inserting ''$5,000''.

(d) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

''(1) IN GENERAL.—

''(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

"Taxable year:	Applicable dollar amount:
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.''.

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

''(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d); except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking ''402(g)(8)(A)(iii)'' and inserting ''402(g)(7)(A)(iii)''.

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking ''(other than paragraph (4) thereof)''.

(e) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) in subsections (b)(2)(A) and (c)(1) by striking ''$7,500'' each place it appears and inserting ''the applicable dollar amount'', and

(B) in subsection (b)(3)(A) by striking ''$15,000'' and inserting ''twice the dollar amount in effect under subsection (b)(2)(A)''.

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

''(15) APPLICABLE DOLLAR AMOUNT.—

''(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

"Taxable year:	Applicable dollar amount:
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(f) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

"Taxable year:	Applicable dollar amount:
2001	$7,000
2002	$8,000
2003	$9,000
2004 or thereafter	$10,000.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2004, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2003, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Clause (I) of section 401(k)(11)(B)(i) is amended by striking ''$6,000'' and inserting ''the amount in effect under section 408(p)(2)(A)(ii)''.

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(g) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION

PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of enactment of this Act, the amendments made by this section shall not apply to contributions or benefits pursuant to any such agreement for years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

SEC. 1202. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) IN GENERAL.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to loans made after December 31, 2000.

SEC. 1203. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i),

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than $150,000,'',

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C).

(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE'', and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) in clause (i), by striking ''clause (ii)'' and inserting ''clause (ii) or (iii)'', and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no employee or former employee.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1204. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

''(n) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 1205. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting ''other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined),'' after ''single-employer plan,'',

(2) in clause (iii), by striking the period at the end and inserting '', and'', and

(3) by adding at the end the following new clause:

''(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year.''.

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

''(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) had not established or maintained a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

''(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

''(II) In the case of a plan maintained by 2 or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 1206. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

''(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

''(I) 0 percent, for the first plan year.

''(II) 20 percent, for the second plan year.

''(III) 40 percent, for the third plan year.

''(IV) 60 percent, for the fourth plan year.

''(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained

by a contributing sponsor shall be treated as a new defined benefit plan for its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.''.

(b) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended—

(1) in subparagraph (E)(i) by striking ''The'' and inserting ''Except as provided in subparagraph (G), the'', and

(2) by inserting after subparagraph (F) the following new subparagraph:

''(G)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $5 multiplied by the number of participants in the plan as of the close of the preceding plan year.

''(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined taking into consideration all of the employees of all members of the contributing sponsor's controlled group. In the case of a plan maintained by 2 or more contributing sponsors, the employees of all contributing sponsors and their controlled groups shall be aggregated for purposes of determining whether 25-or-fewer-employees limitation has been satisfied.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to plans established after December 31, 2000.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2000.

SEC. 1207. REPEAL OF COORDINATION REQUIREMENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations), as amended by section 1201(e), is amended to read as follows:

''(c) LIMITATION.—The maximum amount of the compensation of any one individual which may be deferred under subsection (a) during any taxable year shall not exceed the amount in effect under subsection (b)(2)(A) (as modified by any adjustment provided under subsection (b)(3)).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2000.

SEC. 1208. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

(b) PENSION BENEFIT PLAN.—For purposes of this section, the term ''pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ''eligible employer'' has the same meaning given such term in section 408(p)(2)(C)(i)(I) of the Internal Revenue Code of 1986. The determination of whether an employer is an eligible employer under this section shall be made as of the date of the request described in subsection (a).

(d) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 1209. DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation' shall include amounts treated as participant's compensation under subparagraph (C) or (D) of section 415(c)(3).''.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1210. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

''SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

''(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

''(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

''(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

''(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

''(B) maintains separate recordkeeping with respect to each account.

''(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

''(A) is excludable from gross income of an employee without regard to this section, and

''(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

''(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

''(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

''(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

''(3) ROLLOVER CONTRIBUTIONS.—

''(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated plus account of the individual from whose account the payment or distribution was made, or

''(ii) a Roth IRA of such individual.

''(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

''(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

''(i) the 1st taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the 1st taxable year for which the individual made a designated plus contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

''(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).''

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: ''The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.'', and

(2) by inserting ''(or would be included but for the last sentence thereof)'' after ''paragraph (1)'' in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

''If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA.''

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting '', including the amount of designated plus contributions (as defined in section 402A)'' before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.''

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ''Such term includes a rollover contribution described in section 402A(c)(3)(A).''

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

''Sec. 402A. Optional treatment of elective deferrals as plus contributions.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1211. INCREASE IN MINIMUM DEFINED BENEFIT LIMIT UNDER SECTION 415.

(a) IN GENERAL.—Paragraph (4) of section 415(b) (relating to total annual benefits not in excess of $10,000) is amended to read as follows:

''(4) TOTAL ANNUAL BENEFITS NOT IN EXCESS OF $40,000.—

''(A) IN GENERAL.—Notwithstanding the preceding provisions of this subsection, the benefits payable with respect to a participant under any defined benefit plan shall be deemed not to exceed the limitation of this subsection if the retirement benefits payable with respect to such participant under such plan and under all other defined benefit plans of the employer do not exceed applicable limit which applies to the plan year, or the applicable limit which applies to prior plan years.

''(B) APPLICABLE LIMIT.—For purposes of subparagraph (A), the applicable limit is—

''(i) $10,000 for plan years beginning before 2001,

''(ii) $20,000 for plan years beginning during 2001,

''(iii) $30,000 for plan years beginning during 2002, and

''(iv) $40,000 for plan years beginning after 2002.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

Subtitle B—Enhancing Fairness for Women

SEC. 1221. ADDITIONAL SALARY REDUCTION CATCH-UP CONTRIBUTIONS.

(a) LIMITATION ON EXCLUSION FOR ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Subsection (g) of section 402 (as amended by section 1201(d)) is further amended by adding at the end the following:

''(9) CATCH-UP CONTRIBUTIONS FOR THOSE APPROACHING RETIREMENT.—

''(A) IN GENERAL.—In the case of an individual who is at least age 50 as of the end of any taxable year, the limitation of paragraph (1) for such year, after the application of paragraph (7), shall be increased by the applicable catch-up amount.

''(B) APPLICABLE CATCH-UP AMOUNT.—For purposes of subparagraph (A), the applicable catch-up amount shall be the amount determined in accordance with the following table:

"Taxable year:	Applicable catch-up amount:
2001	$1,000
2002	$2,000
2003	$3,000
2004	$4,000
2005 or thereafter	$5,000.''.

(2) COST-OF-LIVING ADJUSTMENTS.—Paragraph (4) of section 402(g) (relating to cost-of-living adjustment), as amended by section 1201(d), is further amended by inserting ''and the $5,000 dollar amount in paragraph (9)'' after ''paragraph (1)(B)''.

(b) SIMPLE RETIREMENT ACCOUNTS.—Paragraph (2) of section 408(p) (relating to qualified salary reduction arrangement) is amended by inserting at the end of the following new subparagraph:

''(F) CATCH-UP CONTRIBUTIONS FOR THOSE APPROACHING RETIREMENT.—In the case of an individual who is at least age 50 as of the end of any taxable year, the limitation of subparagraph (A)(ii) for such year shall be increased by the applicable catch-up amount. For purposes of the preceding sentence, the applicable catch-up amount is the amount in effect under section 402(g)(9) for such taxable year.''.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—Subsection (e) of section 457 (relating to other definitions and special rules) is amended by adding after paragraph (16) the following new paragraph:

''(17) CATCH-UP AMOUNTS.—In the case of an individual who is at least age 50 as of the end of any taxable year, the limitation of subsection (b)(2)(A) for such year shall be increased by the applicable catch-up amount (as in effect under section 402(g)(9) for such taxable year), except that this paragraph shall not apply to any taxable year to which subsection (b)(3) applies.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1222. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect on December 31, 2000)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as amended by section 1201(d)) is amended by inserting before the period at the end the following: ''(as in effect on the date of the enactment of the Financial Freedom Act of 1999)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as

an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 1999.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2000, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking ''33⅓ percent'' and inserting ''100 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 1223. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) IN GENERAL.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan'', and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

''Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6 or more	100.''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 1224. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES.

(a) SIMPLIFICATION AND FINALIZATION OF MINIMUM DISTRIBUTION REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall—

(A) simplify and finalize the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code of 1986, and

(B) modify such regulations to—

(i) reflect current life expectancy, and

(ii) revise the required distribution methods so that, under reasonable assumptions, the amount of the required minimum distribution does not decrease over a participant's life expectancy.

(2) FRESH START.—Notwithstanding subparagraph (D) of section 401(a)(9) of such Code, during the first year that regulations are in effect under this subsection, required distributions for future years may be redetermined to reflect changes under such regulations. Such redetermination shall include the opportunity to choose a new designated beneficiary and to elect a new method of calculating life expectancy.

(3) EFFECTIVE DATE FOR REGULATIONS.—Regulations referred to in paragraph (1) shall be effective for years beginning after December 31, 2000, and shall apply in such years without regard to whether an individual had previously begun receiving minimum distributions.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading, and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him,''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'',

(ii) in subclause (I) by striking ''clause (iii)(III)'' and inserting ''clause (ii)(III)'',

(iii) in subclause (I) by striking ''the date on which the employee would have attained the age 70½,'' and inserting ''April 1 of the calendar year following the calendar year in which the spouse attains 70½,'', and

(iv) in subclause (II) by striking ''the distributions to such spouse begin,'' and inserting ''his entire interest has been distributed to him,''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(c) REDUCTION IN EXCISE TAX.—

(1) IN GENERAL.—Subsection (a) of section 4974 is amended by striking ''50 percent'' and inserting ''10 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 1225. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting ''or an eligible deferred compensation plan (within the meaning of section 457(b))'' after ''subsection (e))'', and

(2) in the heading, by striking ''GOVERNMENTAL AND CHURCH PLANS'' and inserting ''CERTAIN OTHER PLANS''.

(b) WAIVER OF CERTAIN DISTRIBUTION REQUIREMENTS.—Paragraph (10) of section 414(p) is amended by striking ''and section 409(d)'' and inserting ''section 409(d), and section 457(d)''.

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

''(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers, distributions, and payments made after December 31, 2000.

Subtitle C—Increasing Portability for Participants

SEC. 1231. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

''(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

''(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

''(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

''(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).''.

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting ''(other than rollover amounts)'' after ''taxable year''.

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following:

''(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.''.

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or''.

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

''(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).''.

(iii) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by adding at the end the following:

''(iv) section 457(b).''.

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by inserting after clause (iv) the following new clause:

''(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A).''.

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

''(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.''.

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).''.

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking ''such distribution'' and all that follows and inserting ''such distribution to an eligible retirement plan described in section 402(c)(8)(B), and''.

(2) ROLLOVERS TO SECTION 403(b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking ''and'' at the end of clause (iv), by striking the period at the end of clause (v) and inserting '', and'', and by inserting after clause (v) the following new clause:

''(vi) an annuity contract described in section 403(b).''

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.''.

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking ''; except that'' and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(2) Section 219(d)(2) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(3) Section 401(a)(31)(B) is amended by striking ''and 403(a)(4)'' and inserting '', 403(a)(4), 403(b)(8), and 457(e)(16)''.

(4) Subparagraph (A) of section 402(f)(2) is amended by striking ''or paragraph (4) of section 403(a)'' and inserting '', paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)''.

(5) Paragraph (1) of section 402(f) is amended by striking ''from an eligible retirement plan''.

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking ''another eligible retirement plan'' and inserting ''an eligible retirement plan''.

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

(8) Section 408(a)(1) is amended by striking ''or 403(b)(8)'' and inserting '', 403(b)(8), or 457(e)(16)''.

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(10) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(11) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 1232. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) IN GENERAL.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding ''or'' at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' has the meaning given such term by clauses (iii), (iv), (v), and (vi) of section 402(c)(8)(B).''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 403(b) is amended by striking ''section 408(d)(3)(A)(iii)'' and inserting ''section 408(d)(3)(A)(ii)''.

(2) Clause (i) of section 408(d)(3)(D) is amended by striking ''(i), (ii), or (iii)'' and inserting ''(i) or (ii)''.

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

''(G) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account.''.

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 1233. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in the contract, to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 1234. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) EXEMPT TRUSTS.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

''(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(B) HARDSHIP EXCEPTION.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(b) IRAS.—Paragraph (3) of section 408(d) (relating to rollover contributions) is amended by adding after subparagraph (H) the following new subparagraph:

''(I) WAIVER OF 60-DAY REQUIREMENT.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1235. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) IN GENERAL.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) PLAN TRANSFERS.—

''(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I);

''(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election;

''(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2); and

''(VI) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

''(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

''(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

''(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) IN GENERAL.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: ''The Secretary may by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''.

(2) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 1236. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking ''separation from service'' and inserting ''severance from employment''.

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

''(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).''.

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking ''An event'' in clause (i) and inserting ''A termination'', and

(II) by striking ''the event'' in clause (i) and inserting ''the termination'',

(ii) by striking subparagraph (C), and

(iii) by striking ''OR DISPOSITION OF ASSETS OR SUBSIDIARY'' in the heading.

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking ''separates from service'' and inserting ''has a severance from employment''.

(B) The heading for paragraph (11) of section 403(b) is amended by striking ''SEPARATION FROM SERVICE'' and inserting ''SEVERANCE FROM EMPLOYMENT''.

(3) SECTION 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking ''is separated from service'' and inserting ''has a severance from employment''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1237. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

''(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (17) the following new paragraph:

''(18) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(2) Section 457(b)(2) is amended by striking ''(other than rollover amounts)'' and inserting ''(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(16))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 1238. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) IN GENERAL.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

''(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).''.

(b) ELIGIBLE DEFERRED COMPENSATION PLANS.—Clause (i) of section 457(e)(9)(A) is amended by striking ''such amount'' and inserting ''the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1239. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended to read as follows:

''(2) MINIMUM DISTRIBUTION REQUIREMENTS.—A plan meets the minimum distribution requirements of this paragraph if such plan meets the requirements of section 401(a)(9).''

(b) INCLUSION IN GROSS INCOME.—

(1) YEAR OF INCLUSION.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

''(a) YEAR OF INCLUSION IN GROSS INCOME.—

''(1) IN GENERAL.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

''(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

''(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

''(2) SPECIAL RULE FOR ROLLOVER AMOUNTS.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.''.

(2) CONFORMING AMENDMENT.—So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

''(9) BENEFITS OF TAX EXEMPT ORGANIZATION PLANS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—In the case of an eligible deferred compensation plan of an employer described in subsection (e)(1)(B)—''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle D—Strengthening Pension Security and Enforcement

SEC. 1241. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) IN GENERAL.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2004, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in—	**The applicable percentage is—**
2001	160
2002	165
2003	170.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 1242. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

''(D) SPECIAL RULE IN CASE OF CERTAIN PLANS.—

''(i) IN GENERAL.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

''(ii) PLANS WITH LESS THAN 100 PARTICIPANTS.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

''(iii) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as 1 plan, but only employees of such member or employer shall be taken into account.

''(iv) PLANS ESTABLISHED AND MAINTAIN BY PROFESSIONAL SERVICE EMPLOYERS.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.''.

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c) is amended to read as follows:

''(6) EXCEPTIONS.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

''(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

''(B) the sum of—

''(i) the amount of contributions described in section 401(m)(4)(A), plus

''(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 1243. MISSING PARTICIPANTS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer a missing participant's benefits to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has missing participants, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 1244. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible

contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1245. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) IN GENERAL.—Chapter 43 of subtitle D (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

''SEC. 4980F. FAILURE OF APPLICABLE PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the failure is corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan. For purposes of this paragraph, if not all persons who are treated as a single employer for purposes of this section have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(2) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(f) APPLICABLE INDIVIDUAL; APPLICABLE PENSION PLAN.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) any participant in the plan, and

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

who may reasonably be expected to be affected by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412,

which had 100 or more participants who had accrued a benefit, or with respect to whom contributions were made, under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective.''

(b) CLERICAL AMENDMENT.—The table of sections for chapter 43 of subtitle D is amended by adding at the end the following new item:

''Sec. 4980F. Failure of applicable plans reducing benefit accruals to satisfy notice requirements.''

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under sections 4980F(e)(2) and (3) of the Internal Revenue Code of 1986 (as added by the amendment made by subsection (a)), a plan shall be treated as meeting the requirements of such section if it makes a good faith effort to comply with such requirements.

(3) SPECIAL RULE.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

Subtitle E—Reducing Regulatory Burdens

SEC. 1251. REPEAL OF THE MULTIPLE USE TEST.

(a) IN GENERAL.—Paragraph (9) of section 401(m) is amended to read as follows:

''(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 1252. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Section 412(c)(9) (relating to annual valuation) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(A) IN GENERAL.—For purposes'', and

(2) by adding at the end the following:

''(B) ELECTION TO USE PRIOR YEAR VALUATION.—

''(i) IN GENERAL.—Except as provided in clause (ii), if, for any plan year—

''(I) an election is in effect under this subparagraph with respect to a plan, and

''(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

''(ii) EXCEPTIONS.—

''(I) ACTUAL VALUATION EVERY 3 YEARS.—Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this clause.

''(II) REGULATIONS.—Subclause (I) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

''(iii) ADJUSTMENTS.—Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 1253. FLEXIBILITY AND NONDISCRIMINATION AND LINE OF BUSINESS RULES.

The Secretary of the Treasury shall, on or before December 31, 2000, modify the existing regulations issued under section 401(a)(4) and section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the nondiscrimination and line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 1254. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

''(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(i) owns the entire interest in an unincorporated trade or business,

''(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

''(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

''(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

''(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

''(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.''.

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking ''section 4022(b)(5)'' and inserting ''section 4022(b)(5)(B)''.

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking ''(5)'' in paragraph (2) and inserting ''(4), (5),'', and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following:

''(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking ''as defined in section 4022(b)(6)'', and

(B) by adding at the end the following:

''(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(1) owns the entire interest in an unincorporated trade or business,

''(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

''(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).''.

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking ''section 4022(b)(6)'' and inserting ''section 4021(d)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2000, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on the date of enactment of this Act.

SEC. 1255. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in qualifying employer securities, or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1256. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) IN GENERAL.—Subparagraph (A) of section 417(a)(6) is amended by striking ''90-day'' and inserting ''180-day''.

(2) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(3) EFFECTIVE DATE.—The amendments made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

SEC. 1257. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning on or after January 1, 2000.

SEC. 1258. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)–6(g) to provide that employees of an organization described in section 403(b)(1)(A)(i) of the Internal Revenue Code of 1986 who are eligible to make contributions under section 403(b) pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401(k), or section 401(m) of such Code that is provided under the same general arrangement as a plan under such section 401(k), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 401(k) plan or section 401(m) plan, and

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such section 401(k) plan or section 401(m) plan.

(b) EFFECTIVE DATE.—The modification required by subsection (a) shall apply as of the same date set forth in section 1426(b) of the Small Business Job Protection Act of 1996.

SEC. 1259. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking ''or'' at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting '', or'', and by adding at the end the following new paragraph:

''(7) qualified retirement planning services.''.

(b) QUALIFIED RETIREMENT PLANNING SERVICES DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) QUALIFIED RETIREMENT PLANNING SERVICES.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a retirement plan.

''(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's pension plan.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1260. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act, or pursuant to any regulation issued under this Act, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1986, this paragraph shall be applied by substituting ''2005'' for ''2003''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

SEC. 1261. MODEL PLANS FOR SMALL BUSINESSES.

(a) IN GENERAL.—Not later than December 31, 2000, the Secretary of the Treasury is directed to issue at least one model defined contribution plan and at least one model defined benefit plan that fit the needs of small businesses and that shall be treated as meeting the requirements of section 401(a) of the Internal Revenue Code of 1986 with respect to the form of the plan. To the extent that the requirements of section 401(a) of such Code are modified after the issuance of such plans, the Secretary of the Treasury shall, in a timely manner, issue model amendments that, if adopted in a timely manner by an employer that has a model plan in effect, shall cause such model plan to be treated as meeting the requirements of section 401(a) of such Code, as modified, with respect to the form of the plan.

(b) PROTOTYPE PLAN ALTERNATIVE.—The Secretary of the Treasury may satisfy the requirements of subsection (a) through the enhancement and simplification of the Secretary's programs for prototype plans in such a manner as to achieve the purposes of subsection (a).

SEC. 1262. SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.

(a) IN GENERAL.—In the case of a retirement plan which covers less than 25 employees on the 1st day of the plan year and meets the requirements described in subsection (b), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(b) REQUIREMENTS.—A plan meets the requirements of this subsection if it—

(1) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business,

(2) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control, and

(3) does not cover a business that leases employees.

SEC. 1263. INTERMEDIATE SANCTIONS FOR INADVERTENT FAILURES.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program,

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures,

(3) extending the duration of the self-correction period under the Administrative Policy Regarding Self-Correction for significant compliance failures,

(4) expanding the availability to correct insignificant compliance failures under the Administrative Policy Regarding Self-Correction during audit, and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

TITLE XIII—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Primarily Affecting Individuals

SEC. 1301. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

(a) IN GENERAL.—The matter preceding subparagraph (B) of section 131(b)(1) (defining qualified foster care payment) is amended to read as follows:

''(1) IN GENERAL.—The term 'qualified foster care payment' means any payment made pursuant to a foster care program of a State or political subdivision thereof—

''(A) which is paid by—

''(i) a State or political subdivision thereof, or

''(ii) a qualified foster care placement agency, and''.

(b) QUALIFIED FOSTER INDIVIDUALS TO INCLUDE INDIVIDUALS PLACED BY QUALIFIED PLACEMENT AGENCIES.—Subparagraph (B) of section 131(b)(2) (defining qualified foster individual) is amended to read as follows:

''(B) a qualified foster care placement agency.''

(c) QUALIFIED FOSTER CARE PLACEMENT AGENCY DEFINED.—Subsection (b) of section 131 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) QUALIFIED FOSTER CARE PLACEMENT AGENCY.—The term 'qualified foster care placement agency' means any placement agency which is licensed or certified by—

''(A) a State or political subdivision thereof, or

''(B) an entity designated by a State or political subdivision thereof,

for the foster care program of such State or political subdivision to make foster care payments to providers of foster care.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1302. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS EXCLUDED FROM GROSS INCOME.

(A) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting after section 138 the following new section:

''SEC. 138A. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS.

''(a) IN GENERAL.—Gross income of an individual does not include amounts received, from an organization described in section 170(c), as reimbursement of operating expenses with respect to use of a passenger automobile for the benefit of such organization. The preceding sentence shall apply only to the extent that such reimbursement would be deductible under section 274(d) (determined by applying the standard business mileage rate established pursuant to section 274(d)) if the organization were not so described and such individual were an employee of such organization.

''(b) NO DOUBLE BENEFIT.—Subsection (a) shall not apply with respect to any expenses if the individual claims a deduction or credit for such expenses under any other provision of this title.

''(c) EXEMPTION FROM REPORTING REQUIREMENTS.—Section 6041 shall not apply with respect to reimbursements excluded from income under subsection (a).''

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 138 the following new items:

''Sec. 138A. Reimbursement for use of passenger automobile for charity.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1303. W–2 TO INCLUDE EMPLOYER SOCIAL SECURITY TAXES.

(a) IN GENERAL.—Subsection (a) of section 6051 (relating to receipts for employees) is amended by striking ''and'' at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting a comma, and by inserting after paragraph (11) the following new paragraphs:

''(12) the amount of tax imposed by section 3111(a), and

''(13) the amount of tax imposed by section 3111(b).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to remuneration paid after December 31, 1999.

Subtitle B—Provisions Primarily Affecting Businesses

SEC. 1311. DISTRIBUTIONS FROM PUBLICLY TRADED PARTNERSHIPS TREATED AS QUALIFYING INCOME OF REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Paragraph (2) of section 851(b) (defining regulated investment company) is amended by inserting ''income derived from an interest in a publicly traded partnership (as defined in section 7704(b)),'' after ''dividends, interest,''.

(b) SOURCE FLOW-THROUGH RULE NOT TO APPLY.—The last sentence of section 851(b) is amended by inserting ''(other than a publicly traded partnership (as defined in section 7704(b)))'' after ''derived from a partnership''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1312. SPECIAL PASSIVE ACTIVITY RULE FOR PUBLICLY TRADED PARTNERSHIPS TO APPLY TO REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Subsection (k) of section 469 (relating to separate application of section in case of publicly traded partnerships) is amended by adding at the end the following new paragraph:

''(4) APPLICATION TO REGULATED INVESTMENT COMPANIES.—For purposes of this section, a regulated investment company (as defined in section 851) holding an interest in a publicly traded partnership shall be treated as a taxpayer described in subsection (a)(2) with respect to items attributable to such interest.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1313. LARGE ELECTRIC TRUCKS, VANS, AND BUSES ELIGIBLE FOR DEDUCTION FOR CLEAN-FUEL VEHICLES IN LIEU OF CREDIT.

(a) IN GENERAL.—Paragraph (1) of section 30(c) (relating to credit for qualified electric vehicles) is amended by adding at the end the following new flush sentence:

''Such term shall not include any vehicle described in subclause (I) or (II) of section 179A(b)(1)(A)(iii).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 1999.

SEC. 1314. MODIFICATIONS TO SPECIAL RULES FOR NUCLEAR DECOMMISSIONING COSTS.

(a) REPEAL OF LIMITATION ON DEPOSITS INTO FUND BASED ON COST OF SERVICE.—Subsection (b) of section 468A is amended to read as follows:

''(b) LIMITATION ON AMOUNTS PAID INTO FUND.—The amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the ruling amount applicable to such taxable year.''

(b) CLARIFICATION OF TREATMENT OF FUND TRANSFERS.—Subsection (e) of section 468A is amended by adding at the end the following new paragraph:

''(8) TREATMENT OF FUND TRANSFERS.—If, in connection with the transfer of the taxpayer's interest in a nuclear powerplant, the taxpayer transfers the Fund with respect to such powerplant to the transferee of such interest and the transferee elects to continue the application of this section to such Fund—

''(A) the transfer of such Fund shall not cause such Fund to be disqualified from the application of this section, and

''(B) no amount shall be treated as distributed from such Fund, or be includible in gross income, by reason of such transfer.''

(c) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS.—Section 468A is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

''(f) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS INTO QUALIFIED FUNDS.—

''(1) IN GENERAL.—Notwithstanding subsection (b), any taxpayer maintaining a Fund to which this section applies with respect to a nuclear powerplant may transfer into such Fund amounts held in any nonqualified fund of such taxpayer with respect to such powerplant.

''(2) MAXIMUM AMOUNT PERMITTED TO BE TRANSFERRED.—The amount permitted to be transferred under paragraph (1) shall not exceed the balance in the nonqualified fund as of December 31, 1998.

''(3) DEDUCTION FOR AMOUNTS TRANSFERRED.—

''(A) IN GENERAL.—The deduction allowed by subsection (a) for any transfer permitted by this subsection shall be allowed ratably over the remaining estimated useful life (within the meaning of subsection (d)(2)(A)) of the nuclear powerplant, beginning with the later of the taxable year during which the transfer is made or the taxpayer's first taxable year beginning after December 31, 2001.

''(B) DENIAL OF DEDUCTION FOR PREVIOUSLY DEDUCTED AMOUNTS.—No deduction shall be allowed for any transfer under this subsection of an amount for which a deduction was allowed when such amount was paid into the nonqualified fund. For purposes of the preceding sentence, a ratable portion of each transfer shall be treated as being from previously deducted amounts to the extent thereof.

''(C) TRANSFERS OF QUALIFIED FUNDS.—If—

''(i) any transfer permitted by this subsection is made to any Fund to which this section applies, and

''(ii) such Fund is transferred thereafter,

any deduction under this subsection for taxable years ending after the date that such Fund is transferred shall be allowed to the transferee and not to the transferor. The preceding sentence shall not apply if the transferor is an organization exempt from tax imposed by this chapter.

''(4) NEW RULING AMOUNT REQUIRED.—Paragraph (1) shall not apply to any transfer unless the taxpayer requests from the Secretary a new schedule of ruling amounts in connection with such transfer.

''(5) NONQUALIFIED FUND.—For purposes of this subsection, the term 'nonqualified fund' means, with respect to any nuclear powerplant, any fund in which amounts are irrevocably set aside pursuant to the requirements of any State or Federal agency exclusively for the purpose of funding the decommissioning of such powerplant.

''(6) NO BASIS IN QUALIFIED FUNDS.—Notwithstanding any other provision of law, the basis of any Fund to which this section applies shall not be increased by reason of any transfer permitted by this subsection.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1315. CONSOLIDATION OF LIFE INSURANCE COMPANIES WITH OTHER CORPORATIONS.

(a) IN GENERAL.—Section 1504(b) (defining includible corporation) is amended by striking paragraph (2).

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1503 is amended by striking paragraph (2) (relating to losses of recent nonlife affiliates).

(2) Section 1504 is amended by striking subsection (c) and by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

(3) Section 1503(c)(1) (relating to special rule for application of certain losses against income of insurance companies taxed under section 801) is amended by striking ''an election under section 1504(c)(2) is in effect for the taxable year and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(d) NO CARRYBACK BEFORE JANUARY 1, 2005.—To the extent that a consolidated net operating loss is allowed or increased by reason of the amendments made by this section, such loss may not be carried back to a taxable year beginning before January 1, 2005.

(e) NONTERMINATION OF GROUP.—No affiliated group shall terminate solely as a result of the amendments made by this section.

(f) WAIVER OF 5-YEAR WAITING PERIOD.—Under regulations prescribed by the Secretary of the Treasury or his delegate, an automatic waiver from the 5-year waiting period for reconsolidation provided in section 1504(a)(3) of such Code shall be granted to any corporation which was previously an includible corporation but was subsequently deemed a nonincludible corporation as a result of becoming a subsidiary of a corporation which was not an includible corporation solely by operation of section 1504(c)(2) of such Code (as in effect on the day before the date of enactment of this Act).

Subtitle C—Provisions Relating to Excise Taxes

SEC. 1321. CONSOLIDATION OF HAZARDOUS SUBSTANCE SUPERFUND AND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 (relating to trust fund code) is amended by striking sections 9507 and 9508 and inserting the following new section:

''SEC. 9507. ENVIRONMENTAL REMEDIATION TRUST FUND.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Environmental Remediation Trust Fund' consisting of such amounts as may be—

''(1) appropriated to the Environmental Remediation Trust Fund as provided in this section,

''(2) appropriated to the Environmental Remediation Trust Fund pursuant to section 517(b) of the Superfund Revenue Act of 1986, or

''(3) credited to the Environmental Remediation Trust Fund as provided in section 9602(b).

''(b) TRANSFERS TO ENVIRONMENTAL REMEDIATION TRUST FUND.—

''(1) IN GENERAL.—There are hereby appropriated to the Environmental Remediation Trust Fund amounts equivalent to—

''(A) the taxes received in the Treasury under—

''(i) section 59A, 4611, 4661, or 4671 (relating to environmental taxes),

''(ii) section 4041(d) (relating to additional taxes on motor fuels),

''(iii) section 4081 (relating to tax on gasoline, diesel fuel, and kerosene) to the extent attributable to the Environmental Remediation Trust Fund financing rate under such section,

''(iv) section 4091 (relating to tax on aviation fuel) to the extent attributable to the Environmental Remediation Trust Fund financing rate under such section, and

''(v) section 4042 (relating to tax on fuel used in commercial transportation on inland waterways) to the extent attributable to the Environmental Remediation Trust Fund financing rate under such section,

''(B) amounts recovered on behalf of the Environmental Remediation Trust Fund under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this section referred to as 'CERCLA'),

''(C) all moneys recovered or collected under section 311(b)(6)(B) of the Clean Water Act,

''(D) penalties assessed under title I of CERCLA,

''(E) punitive damages under section 107(c)(3) of CERCLA, and

''(F) amounts received in the Treasury and collected under section 9003(h)(6) of the Solid Waste Disposal Act.

''(2) LIMITATION ON TRANSFERS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no amount may be appropriated or credited to the Environmental Remediation Trust Fund on and after the date of any expenditure from any such Trust Fund which is not permitted by this section. The determination of whether an expenditure is so permitted shall be made without regard to—

''(i) any provision of law which is not contained or referenced in this title or in a revenue Act, and

''(ii) whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of this paragraph.

''(B) EXCEPTION FOR PRIOR OBLIGATIONS.—Subparagraph (A) shall not apply to any expenditure to liquidate any contract entered into (or for any amount otherwise obligated) in accordance with the provisions of this section.''

''(c) EXPENDITURES FROM ENVIRONMENTAL REMEDIATION TRUST FUND.—

''(1) IN GENERAL.—Amounts in the Environmental Remediation Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures—

''(A) to carry out the purposes of—

''(i) paragraphs (1), (2), (5), and (6) of section 111(a) of CERCLA as in effect on July 12, 1999,

''(ii) section 111(c) of CERCLA (as so in effect), other than paragraphs (1) and (2) thereof, and

''(iii) section 111(m) of CERCLA (as so in effect), or

''(B) to carry out section 9003(h) of the Solid Waste Disposal Act as in effect on July 12, 1999.

''(2) EXCEPTION FOR CERTAIN TRANSFERS, ETC., OF HAZARDOUS SUBSTANCES.—No amount in the Environmental Remediation Trust Fund or derived from the Environmental Remediation Trust Fund shall be available or used for the transfer or disposal of hazardous waste carried out pursuant to a cooperative agreement between the Administrator of the Environmental Protection Agency and a State if the following conditions apply—

''(A) the transfer or disposal, if made on December 13, 1985, would not comply with a State or local requirement,

''(B) the transfer is to a facility for which a final permit under section 3005(a) of the Solid Waste Disposal Act was issued after January 1, 1983, and before November 1, 1984, and

''(C) the transfer is from a facility identified as the McColl Site in Fullerton, California.

''(3) TRANSFERS FROM TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

''(A) IN GENERAL.—The Secretary shall pay from time to time from the Environmental Remediation Trust Fund into the general fund of the Treasury amounts equivalent to—

''(i) amounts paid under—

''(I) section 6420 (relating to amounts paid in respect of gasoline used on farms),

''(II) section 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems), and

''(III) section 6427 (relating to fuels not used for taxable purposes), and

''(ii) credits allowed under section 34,

with respect to the taxes imposed by section 4041(d) or by sections 4081 and 4091 (to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rate or the Environmental Remediation Trust Fund financing rate under such sections).

''(B) TRANSFERS BASED ON ESTIMATES.—Transfers under subparagraph (A) shall be made on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

''(d) LIABILITY OF UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

''(1) GENERAL RULE.—Any claim filed against the Environmental Remediation Trust Fund may be paid only out of the Environmental Remediation Trust Fund.

''(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in CERCLA or the Superfund Amendments and Reauthorization Act of 1986 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Environmental Remediation Trust Fund.

''(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Environmental Remediation Trust Fund has insufficient funds to pay all of the claims payable out of the Environmental Remediation Trust Fund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined.''

(b) CONFORMING AMENDMENTS.—

(1) Subsections (c) and (d) of section 4611 are each amended by striking ''Hazardous Substance Superfund'' each place it appears and inserting ''Environmental Remediation Trust Fund''.

(2) Subsection (c) of section 4661 is amended by striking ''Hazardous Substance Superfund'' and inserting ''Environmental Remediation Trust Fund''.

(3) Sections 4041(d), 4042(b), 4081(a)(2)(B), 4081(d)(3), 4091(b), 4092(b), 6421(f), and 6427(l) are each amended by striking ''Leaking Underground Storage Tank'' each place it appears (other than the headings) and inserting ''Environmental Remediation''.

(4) The heading for subsection (d) of section 4041 is amended by striking ''LEAKING UNDERGROUND STORAGE TANK'' and inserting ''ENVIRONMENTAL REMEDIATION''.

(5) The headings for subsections (a)(2)(B) and (d)(3) of section 4081 and section 4091(b)(2) are each amended by striking ''LEAKING UNDERGROUND STORAGE TANK'' and inserting ''ENVIRONMENTAL REMEDIATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1999.

(d) ENVIRONMENTAL REMEDIATION TRUST FUND TREATED AS CONTINUATION OF OLD TRUST FUNDS.—The Environmental Remediation Trust Fund established by the amendments made by this section shall be treated for all purposes of law as a continuation of both the Hazardous Substance Superfund and the Leaking Underground Storage Tank Trust Fund. Any reference in any law to the Hazardous Substance Superfund or the Leaking Underground Storage Tank Trust Fund shall be deemed to include (wherever appropriate) a reference to the Environmental Remediation Trust Fund established by such amendments.

SEC. 1322. REPEAL OF CERTAIN MOTOR FUEL EXCISE TAXES ON FUEL USED BY RAILROADS AND ON INLAND WATERWAY TRANSPORTATION.

(a) REPEAL OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND TAXES ON FUEL USED IN TRAINS.—

(1) IN GENERAL.—Paragraph (1) of section 4041(d) is amended by adding at the end the following new sentence: ''The preceding sentence shall not apply to any sale for use, or use, of fuel in a diesel-powered train.''

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (3) of section 6421(f) is amended by striking ''with respect to—'' and all that follows through ''so much of'' and inserting ''with respect to so much of''.

(B) Paragraph (3) of section 6427(l) is amended by striking ''with respect to—'' and all that follows through ''so much of'' and inserting ''with respect to so much of''.

(b) REPEAL OF 4.3-CENT MOTOR FUEL EXCISE TAXES ON RAILROADS AND INLAND WATERWAY TRANSPORTATION WHICH REMAIN IN GENERAL FUND.—

(1) TAXES ON TRAINS.—

(A) IN GENERAL.—Subparagraph (A) of section 4041(a)(1) is amended by striking ''or a diesel-powered train'' each place it appears and by striking ''or train''.

(B) CONFORMING AMENDMENTS.—

(i) Subparagraph (C) of section 4041(a)(1) is amended by striking clause (ii) and by redesignating clause (iii) as clause (ii).

(ii) Subparagraph (C) of section 4041(b)(1) is amended by striking all that follows ''section 6421(e)(2)'' and inserting a period.

(iii) Paragraph (3) of section 4083(a) is amended by striking ''or a diesel-powered train''.

(iv) Section 6421(f) is amended by striking paragraph (3).

(v) Section 6427(l) is amended by striking paragraph (3).

(2) FUEL USED ON INLAND WATERWAYS.—

(A) IN GENERAL.—Paragraph (1) of section 4042(b) is amended by adding ''and'' at the end of subparagraph (A), by striking '', and'' at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(B) CONFORMING AMENDMENT.—Paragraph (2) of section 4042(b) is amended by striking subparagraph (C).

(c) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on October 1, 1999 (October 1, 2003, in the case of the amendments made by subsection (b)), but shall not take effect if section 1321 does not take effect.

SEC. 1323. REPEAL OF EXCISE TAX ON FISHING TACKLE BOXES.

(a) IN GENERAL.—Paragraph (6) of section 4162(a) (defining sport fishing equipment) is amended by striking subparagraph (C) and by redesignating subparagraphs (D) through (J) as subparagraphs (C) through (I), respectively.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to articles sold by the manufacturer, producer, or importer more than 30 days after the date of the enactment of this Act.

Subtitle D—Other Provisions

SEC. 1331. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—Subsection (d) of section 146 (relating to volume cap) is amended by striking paragraph (2), by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, and by striking paragraph (1) and inserting the following new paragraph:

''(1) IN GENERAL.—The State ceiling applicable to any State for any calendar year shall be the greater of—

''(A) an amount equal to $75 multiplied by the State population, or

''(B) $225,000,000.

Subparagraph (B) shall not apply to any possession of the United States.''.

(b) CONFORMING AMENDMENT.—Sections 25(f)(3) and 42(h)(3)(E)(iii) are each amended by striking ''section 146(d)(3)(C)'' and inserting ''section 146(d)(2)(C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 1999.

SEC. 1332. TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

(a) IN GENERAL.—Subpart A of part I of subchapter J of chapter 1 (relating to general rules for taxation of trusts and estates) is amended by adding at the end the following new section:

''SEC. 646. ELECTING ALASKA NATIVE SETTLEMENT TRUSTS.

''(a) IN GENERAL.—Except as otherwise provided in this section, the provisions of this subchapter and section 1(e) shall apply to all Settlement Trusts.

''(b) BENEFICIARIES OF ELECTING TRUST NOT TAXED ON CONTRIBUTIONS.—

''(1) IN GENERAL.—In the case of a Settlement Trust for which an election under paragraph (2) is in effect for any taxable year, no amount shall be includible in the gross income of a beneficiary of the Settlement Trust by reason of a contribution to the Settlement Trust made during such taxable year.

''(2) ONE-TIME ELECTION.—

''(A) IN GENERAL.—A Settlement Trust may elect to have the provisions of this section apply to the trust and its beneficiaries.

''(B) TIME AND METHOD OF ELECTION.—An election under subparagraph (A) shall be made—

''(i) before the due date (including extensions) for filing the Settlement Trust's return of tax for the 1st taxable year of the Settlement Trust ending after December 31, 1999, and

''(ii) by attaching to such return of tax a statement specifically providing for such election.

''(C) PERIOD ELECTION IN EFFECT.—Except as provided in paragraph (3), an election under subparagraph (A)—

''(i) shall apply to the 1st taxable year described in subparagraph (B)(i) and all subsequent taxable years, and

''(ii) may not be revoked once it is made.

''(c) SPECIAL RULES WHERE TRANSFER RESTRICTIONS MODIFIED.—

''(1) TRANSFER OF BENEFICIAL INTERESTS.—If, at any time, a beneficial interest in a Settlement Trust may be disposed of to a person in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if the interest were Settlement Common Stock—

''(A) no election may be made under subsection (b)(2) with respect to such trust, and

''(B) if such an election is in effect as of such time, such election shall cease to apply for purposes of subsection (b)(1) as of the 1st day of the taxable year following the taxable year in which such disposition is first permitted.

''(2) STOCK IN CORPORATION.—If—

''(A) the Settlement Common Stock in any Native Corporation which transferred assets to a Settlement Trust making an election under subsection (b)(2) may be disposed of to a person in a manner not permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)), and

''(B) at any time after such disposition of stock is first permitted, such corporation transfers assets to such trust,

subparagraph (B) of paragraph (1) shall be applied to such trust on and after the date of the transfer in the same manner as if the trust permitted dispositions of beneficial interests in the trust in a manner not permitted by such section 7(h).

''(c) TAX TREATMENT OF DISTRIBUTIONS TO BENEFICIARIES.—

''(1) IN GENERAL.—In the case of a Settlement Trust for which an election under subsection (b)(2) is in effect for any taxable year, any distribution to a beneficiary shall be included in gross income of the beneficiary as ordinary income to the extent such distribution reduces the earnings and profits of any Native Corporation making a contribution to such Trust.

''(2) EARNINGS AND PROFITS.—The earnings and profits of any Native Corporation making a contribution to a Settlement Trust shall not be reduced on account thereof at the time of such contribution, but such earnings and profits shall be reduced (up to the amount of such contribution) as distributions are thereafter made by the Settlement Trust which exceed the sum of—

''(A) such Trust's total undistributed net income for all prior years during which an election under subsection (b)(2) is in effect, and

''(B) such Trust's distributable net income.

''(d) DEFINITIONS.—For purposes of this section—

''(1) NATIVE CORPORATION.—The term 'Native Corporation' has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)).

''(2) SETTLEMENT TRUST.—The term 'Settlement Trust' means a trust which constitutes a Settlement Trust under section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e).''

(b) WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—Section 3402 is amended by adding at the end the following new subsection:

''(t) TAX WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—

''(1) IN GENERAL.—Any Settlement Trust (as defined in section 646(d)) for which an election under section 646(b)(2) is in effect (in this subsection referred to as an 'electing trust') and which makes a payment to any beneficiary which is includable in gross income under section 646(c) shall deduct and withhold from such payment a tax in an amount equal to such payment's proportionate share of the annualized tax.

''(2) EXCEPTION.—The tax imposed by paragraph (1) shall not apply to any payment to the extent that such payment, when annualized, does not exceed an amount equal to the amount in effect under section 6012(a)(1)(A)(i) for taxable years beginning in the calendar year in which the payment is made.

''(3) ANNUALIZED TAX.—For purposes of paragraph (1), the term 'annualized tax' means, with respect to any payment, the amount of tax which would be imposed by section 1(c) (determined without regard to any rate of tax in excess of 31 percent) on an amount of taxable income equal to the excess of—

''(A) the annualized amount of such payment, over

''(B) the amount determined under paragraph (2).

''(4) ANNUALIZATION.—For purposes of this subsection, amounts shall be annualized in the manner prescribed by the Secretary.

''(5) ALTERNATE WITHHOLDING PROCEDURES.—At the election of an electing trust, the tax imposed by this subsection on any payment made by such trust shall be determined in accordance with such tables or computational procedures as may be specified in regulations prescribed by the Secretary (in lieu of in accordance with paragraphs (2) and (3)).

''(6) COORDINATION WITH OTHER SECTIONS.—For purposes of this chapter and so much of subtitle F as relates to this chapter, payments which are subject to withholding under this subsection shall be treated as if they were wages paid by an employer to an employee.''

(c) REPORTING.—Section 6041 is amended by adding at the end the following new subsection:

''(f) APPLICATION TO ALASKA NATIVE SETTLEMENT TRUSTS.—In the case of any distribution from a Settlement Trust (as defined in section 646(d)) to a beneficiary which is includable in gross income under section 646(c), this section shall apply, except that—

''(1) this section shall apply to such distribution without regard to the amount thereof,

''(2) the Settlement Trust shall include on any return or statement required by this section information as to the character of such distribution (if applicable) and the amount of tax imposed by chapter 1 which has been deducted and withheld from such distribution, and

''(3) the filing of any return or statement required by this section shall satisfy any requirement to file any other form or schedule under this title with respect to distributive share information (including any form or schedule to be included with the trust's tax return).''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part I of subchapter J of chapter 1 is amended by adding at the end the following new item:

''Sec. 646. Electing Alaska Native Settlement Trusts.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of Settlement Trusts ending after December 31, 1999, and to contributions to such trusts after such date.

SEC. 1333. INCREASE IN THRESHOLD FOR JOINT COMMITTEE REPORTS ON REFUNDS AND CREDITS.

(a) GENERAL RULE.—Subsections (a) and (b) of section 6405 are each amended by striking ''$1,000,000'' and inserting ''$2,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act, except that such amendment shall not apply with respect to any refund or credit with respect to a report that has been made before such date of enactment under section 6405 of the Internal Revenue Code of 1986.

Subtitle E—Tax Court Provisions

SEC. 1341. TAX COURT FILING FEE IN ALL CASES COMMENCED BY FILING PETITION.

(a) IN GENERAL.—Section 7451 (relating to fee for filing a Tax Court petition) is amended by striking all that follows ''petition'' and inserting a period.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 1342. EXPANDED USE OF TAX COURT PRACTICE FEE.

Subsection (b) of section 7475 (relating to use of fees) is amended by inserting before the period at the end ''and to provide services to pro se taxpayers''.

SEC. 1343. CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.

(a) CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.—Subsection (b) of section 6214 (relating to jurisdiction over other years and quarters) is amended by adding at the end the following new sentence: ''Notwithstanding the preceding sentence, the Tax Court may apply the doctrine of equitable recoupment to the same extent that it is available in civil tax cases before the district courts of the United States and the United States Court of Federal Claims.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any action or proceeding in the Tax Court with respect to which a decision has not become final (as determined under section 7481 of the Internal Revenue Code of 1986) as of the date of the enactment of this Act.

TITLE XIV—EXTENSIONS OF EXPIRING PROVISIONS

SEC. 1401. RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (1) of section 41(h) (relating to termination) is amended—

(A) by striking ''June 30, 1999'' and inserting ''June 30, 2004'', and

(B) by striking the material following subparagraph (B).

(2) TECHNICAL AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''June 30, 1999'' and inserting ''June 30, 2004''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking ''1.65 percent'' and inserting ''2.65 percent'',

(B) by striking ''2.2 percent'' and inserting ''3.2 percent'', and

(C) by striking ''2.75 percent'' and inserting ''3.75 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

SEC. 1402. SUBPART F EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) IN GENERAL.—Sections 953(e)(10) and 954(h)(9) are each amended—

(1) by striking ''the first taxable year'' and inserting ''taxable years'', and

(2) by striking ''January 1, 2000'' and inserting ''January 1, 2005''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1403. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended by striking ''January 1, 2000'' and inserting ''January 1, 2005''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1404. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking ''June 30, 1999'' and inserting ''June 30, 2001''.

(b) CLARIFICATION OF FIRST YEAR OF EMPLOYMENT.—Paragraph (2) of section 51(i) is amended by striking ''during which he was not a member of a targeted group''.

(c) ELECTRONIC FILING OF CERTIFICATION.—Not later than July 1, 2001, the Secretary of the Treasury or the Secretary's delegate shall provide an electronic format by which employers may submit requests to designated local agencies (as defined in section 51(d)(11) of the Internal Revenue Code of 1986) for certifications that individuals are members of targeted groups for purposes of section 51 of such Code.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

TITLE XV—REVENUE OFFSETS

SEC. 1501. RETURNS RELATING TO CANCELLATIONS OF INDEBTEDNESS BY ORGANIZATIONS LENDING MONEY.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) (relating to definitions and special rules) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting after subparagraph (C) the following new subparagraph:

''(D) any organization a significant trade or business of which is the lending of money.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 1502. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

''SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

''(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

''(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

''(2) other similar requests.

''(b) PROGRAM CRITERIA.—

''(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

''(A) shall vary according to categories (or subcategories) established by the Secretary,

''(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

''(C) shall be payable in advance.

''(2) EXEMPTIONS, ETC.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

''(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

''Category	Average Fee
Employee plan ruling and opinion ..	$250
Exempt organization ruling	$350
Employee plan determination	$300
Exempt organization determination.	$275
Chief counsel ruling	$200.

''(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2007.''

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

''Sec. 7527. Internal Revenue Service user fees.''

(2) Section 10511 of the Revenue Act of 1987 is repealed.

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

SEC. 1503. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10 OR MORE EMPLOYER PLANS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) (relating to exception for 10 or more employer plans) is amended to read as follows:

''(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are 1 or more of the following:

''(i) Medical benefits.

''(ii) Disability benefits.

''(iii) Group term life insurance benefits which do not provide for any cash surrender value or other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.''

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) (defining disqualified benefit) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING LIMITS.—For purposes of paragraph (1)(C), if—

''(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide 1 or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

''(B) any portion of the welfare benefit fund attributable to such contributions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 1504. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) IN GENERAL.—Section 3405(b)(1) (relating to withholding) is amended by striking '10 percent' and inserting '15 percent'.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after December 31, 1999.

SEC. 1505. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) IN GENERAL.—Subsection (a) of section 856 (relating to definition of real estate investment trust) is amended by striking ''and'' at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

''(7) which is not a controlled entity (as defined in subsection (l)); and''.

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

''(l) CONTROLLED ENTITY.—

''(1) IN GENERAL.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

''(A) in the case of a corporation, owns stock—

''(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

''(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation,

''(B) in the case of a partnership, owns at least 50 percent of the capital or profits interests in the partnership, or

''(C) in the case of a trust, owns at least 50 percent of the beneficial interests in the trust.

''(2) QUALIFIED ENTITY.—For purposes of paragraph (1), the term 'qualified entity' means—

''(A) any real estate investment trust, and

''(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

''(3) ATTRIBUTION RULES.—For purposes of this paragraphs (1) and (2)—

''(A) IN GENERAL.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply.

''(B) STAPLED ENTITIES.—A group of entities which are stapled entities (as defined in section 269B(c)(2)) shall be treated as 1 person.

''(4) EXCEPTION FOR CERTAIN NEW REITS.—

''(A) IN GENERAL.—The term 'controlled entity' shall not include an incubator REIT.

''(B) INCUBATOR REIT.—A corporation shall be treated as an incubator REIT for any taxable year during the eligibility period if it meets all the following requirements for such year:

''(i) The corporation elects to be treated as an incubator REIT.

''(ii) The corporation has only voting common stock outstanding.

''(iii) Not more than 50 percent of the corporation's real estate assets consist of mortgages.

''(iv) From not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder.

''(v) The directors of the corporation adopt a resolution setting forth an intent to engage in a going public transaction.

No election may be made with respect to any REIT if an election under this subsection was in effect for any predecessor of such REIT.

''(C) ELIGIBILITY PERIOD.—The eligibility period (for which an incubator REIT election can be made) begins with the REIT's second taxable year and ends at the close of the REIT's third taxable year, but, subject to the following rules, it may be extended for an additional 2 taxable years if the REIT so elects:

''(i) A REIT cannot elect to extend the eligibility period unless it agrees that, if it does not engage in a going public transaction by the end of the extended eligibility period, it shall pay Federal income taxes for the 2 years of the extended eligibility period as if it had not made an incubator REIT election and had ceased to qualify as a REIT for those 2 taxable years.

''(ii) In the event the corporation ceases to be treated as a REIT by operation of clause (i), the corporation shall file any appropriate amended returns reflecting the change in status within 3 months of the close of the extended eligibility period. Interest would be payable but, unless there was a finding under subparagraph (D), no substantial underpayment penalties shall be imposed. The corporation shall, at the same time, also notify its shareholders and any other persons whose tax position is, or may reasonably be expected to be, affected by the change in status so they also may file any appropriate amended returns to conform their tax treatment consistent with the corporation's loss of REIT status. The Secretary shall provide appropriate regulations setting forth transferee liability and other provisions to ensure collection of tax and the proper administration of this provision.

''(iii) Clause (i) and (ii) shall not apply if the corporation allows its incubator REIT status to lapse at the end of the initial 2-year eligibility period without engaging in a going public transaction, provided the corporation satisfies the requirements of the closely-held test commencing with its fourth taxable year. In such a case, the corporation's directors may still be liable for the penalties described in subparagraph (D) during the eligibility period.

''(D) SPECIAL PENALTIES.—If the Secretary determines that an incubator REIT election was filed for a principal purpose other than as part of a reasonable plan to undertake a going public transaction, an excise tax of $20,000 would be imposed on each of the corporation's directors for each taxable year for which an election was in effect.

''(E) GOING PUBLIC TRANSACTION.—For purposes of this paragraph, a going public transaction means—

''(i) a public offering of shares of the stock of the incubator REIT;

''(ii) a transaction, or series of transactions, that results in the stock of the incubator REIT being regularly traded on an established securities market and that results in at least 50 percent of such stock being held by shareholders who are unrelated to persons who held such stock before it began to be so regularly traded; or

''(iii) any transaction resulting in ownership of the REIT by 200 or more persons (excluding the largest single shareholder) who in the aggregate own at least 50 percent of the stock of the REIT.

For the purposes of this subparagraph, the rules of section 318 shall apply in determining the ownership of stock.

''(F) DEFINITIONS.—The term ''established securities market'' shall have the meaning set forth in the regulations under section 897.''

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 856(h) is amended by striking ''and (6)'' each place it appears and inserting '', (6), and (7)''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after July 12, 1999.

(2) EXCEPTION FOR EXISTING CONTROLLED ENTITIES.—The amendments made by this section shall not apply to any entity which is a controlled entity (as defined in section 856(l) of the Internal Revenue Code of 1986, as added by this section) as of July 12, 1999, and which has significant business assets or activities as of such date.

SEC. 1506. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

''SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

''(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

''(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

''(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

''(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

''(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

''(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

''(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

''(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the tax imposed by section 55.

''(c) FINANCIAL ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'financial asset' means—

''(A) any equity interest in any pass-thru entity, and

''(B) to the extent provided in regulations—

''(i) any debt instrument, and

''(ii) any stock in a corporation which is not a pass-thru entity.

''(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term 'pass-thru entity' means—

''(A) a regulated investment company,

''(B) a real estate investment trust,

''(C) an S corporation,

''(D) a partnership,

''(E) a trust,

''(F) a common trust fund,

''(G) a passive foreign investment company (as defined in section 1297),

''(H) a foreign personal holding company, and

''(I) a foreign investment company (as defined in section 1246(b)).

''(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

''(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

''(A) holds a long position under a notional principal contract with respect to the financial asset,

''(B) enters into a forward or futures contract to acquire the financial asset,

''(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

''(D) to the extent provided in regulations prescribed by the Secretary, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

''(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

''(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

''(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

''(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

''(4) FORWARD CONTRACT.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

''(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the taxpayer would have had if—

''(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

''(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

''(f) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

''(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

''(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset.''

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1260. Gains from constructive ownership transactions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 1507. TRANSFER OF EXCESS DEFINED BENEFIT PLAN ASSETS FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking ''in any taxable year beginning after December 31, 2000'' and inserting ''made after September 30, 2009''.

(b) APPLICATION OF MINIMUM COST REQUIREMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 420(c) is amended to read as follows:

''(3) MINIMUM COST REQUIREMENTS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if each group health plan or arrangement under which applicable health benefits are provided provides that the applicable employer cost for each taxable year during the cost maintenance period shall not be less than the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the qualified transfer.

''(B) APPLICABLE EMPLOYER COST.—For purposes of this paragraph, the term 'applicable employer cost' means, with respect to any taxable year, the amount determined by dividing—

''(i) the qualified current retiree health liabilities of the employer for such taxable year determined—

''(I) without regard to any reduction under subsection (e)(1)(B), and

''(II) in the case of a taxable year in which there was no qualified transfer, in the same manner as if there had been such a transfer at the end of the taxable year, by

''(ii) the number of individuals to whom coverage for applicable health benefits was provided during such taxable year.

''(C) ELECTION TO COMPUTE COST SEPARATELY.—An employer may elect to have this paragraph applied separately with respect to individuals eligible for benefits under title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

''(D) COST MAINTENANCE PERIOD.—For purposes of this paragraph, the term 'cost maintenance period' means the period of 5 taxable years beginning with the taxable year in which the qualified transfer occurs. If a taxable year is in 2 or more overlapping cost maintenance periods, this paragraph shall be applied by taking into account the highest applicable employer cost required to be provided under subparagraph (A) for such taxable year.''

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 420(b)(1)(C) is amended by striking ''benefits'' and inserting ''cost''.

(B) Subparagraph (D) of section 420(e)(1) is amended by striking ''and shall not be subject to the minimum benefit requirements of subsection (c)(3)'' and inserting ''or in calculating applicable employer cost under subsection (c)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

SEC. 1508. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 (relating to installment method) is amended to read as follows:

''(a) USE OF INSTALLMENT METHOD.—

''(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

''(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).''

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking ''(a)'' each place it appears and inserting ''(a)(1)''.

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: ''A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

TITLE XVI—TECHNICAL CORRECTIONS

SEC. 1601. AMENDMENTS RELATED TO TAX AND TRADE RELIEF EXTENSION ACT OF 1998.

(a) AMENDMENT RELATED TO SECTION 1004(b) OF THE ACT.—Subsection (d) of section 6104 is amended by adding at the end the following new paragraph:

''(6) APPLICATION TO NONEXEMPT CHARITABLE TRUSTS AND NONEXEMPT PRIVATE FOUNDATIONS.—The organizations referred to in paragraphs (1) and (2) of section 6033(d) shall comply with the requirements of this subsection relating to annual returns filed under section 6033 in the same manner as the organizations referred to in paragraph (1).''

(b) AMENDMENTS RELATED TO SECTION 4003 OF THE ACT.—

(1) Subsection (b) of section 4003 of the Tax and Trade Relief Extension Act of 1998 is amended by inserting ''(7)(A)(i)(II),'' after ''(5)(A)(ii)(I),''.

(2) Subparagraph (A) of section 9510(c)(1) is amended by striking ''August 5, 1997'' and inserting ''October 21, 1998''.

(c) VACCINE TAX AND TRUST FUND.—Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

SEC. 1602. AMENDMENTS RELATED TO INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.

(a) AMENDMENT RELATED TO 1103 OF THE ACT.—Paragraph (6) of section 6103(k) is amended—

(1) by inserting ''and an officer or employee of the Office of Treasury Inspector General for Tax Administration'' after ''internal revenue officer or employee'', and

(2) by striking ''INTERNAL REVENUE'' in the heading and inserting ''CERTAIN''.

(b) AMENDMENT RELATED TO SECTION 3509 OF THE ACT.—Subparagraph (A) of section 6110(g)(5) is amended by inserting '', any Chief Counsel advice,'' after ''technical advice memorandum''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Internal Revenue Service Restructuring and Reform Act of 1998 to which they relate.

SEC. 1603. AMENDMENTS RELATED TO TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 302 OF THE ACT.—The last sentence of section 3405(e)(1)(B) is amended by inserting ''(other than a Roth IRA)'' after ''individual retirement plan''.

(b) AMENDMENTS RELATED TO SECTION 1072 OF THE ACT.—

(1) Clause (ii) of section 415(c)(3)(D) and subparagraph (B) of section 403(b)(3) are each amended by striking ''section 125 or'' and inserting ''section 125, 132(f)(4), or''.

(2) Paragraph (2) of section 414(s) is amended by striking ''section 125, 402(e)(3)'' and inserting ''section 125, 132(f)(4), 402(e)(3)''.

(c) AMENDMENT RELATED TO SECTION 1454 OF THE ACT.—Subsection (a) of section 7436 is amended by inserting before the period at the end of the first sentence ''and the proper amount of employment tax under such determination''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Relief of 1997 to which they relate.

SEC. 1604. OTHER TECHNICAL CORRECTIONS.

(a) AFFILIATED CORPORATIONS IN CONTEXT OF WORTHLESS SECURITIES.—

(1) Subparagraph (A) of section 165(g)(3) is amended to read as follows:

''(A) the taxpayer owns directly stock in such corporation meeting the requirements of section 1504(a)(2), and''.

(2) Paragraph (3) of section 165(g) is amended by striking the last sentence.

(3) The amendments made by this subsection shall apply to taxable years beginning after December 31, 1984.

(b) REFERENCE TO CERTAIN STATE PLANS.—

(1) Subparagraph (B) of section 51(d)(2) is amended—

(A) by striking ''plan approved'' and inserting ''program funded'', and

(B) by striking ''(relating to assistance for needy families with minor children)''.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1201 of the Small Business Job Protection Act of 1996.

(c) AMOUNT OF IRA CONTRIBUTION OF LESSER EARNING SPOUSE.—

(1) Clause (ii) of section 219(c)(1)(B) is amended by striking ''and'' at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

''(II) the amount of any designated nondeductible contribution (as defined in section 408(o)) on behalf of such spouse for such taxable year, and''.

(2) The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1999.

(d) MODIFIED ENDOWMENT CONTRACTS.—

(1) Paragraph (2) of section 7702A(a) is amended by inserting ''or this paragraph'' before the period.

(2) Clause (ii) of section 7702A(c)(3)(A) is amended by striking ''under the contract'' and inserting ''under the old contract''.

(3) The amendments made by this subsection shall take effect as if included in the amendments made by section 5012 of the Technical and Miscellaneous Revenue Act of 1988.

(e) LUMP-SUM DISTRIBUTIONS.—

(1) Clause (ii) of section 401(k)(10)(B) is amended by adding at the end the following new sentence: ''Such term includes a distribution of an annuity contract from—

''(I) a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501(a), or

''(II) an annuity plan described in section 403(a).''

(2) The amendment made by paragraph (1) shall take effect as if included in section 1401 of the Small Business Job Protection Act of 1996.

(f) TENTATIVE CARRYBACK ADJUSTMENTS OF LOSSES FROM SECTION 1256 CONTRACTS.—

(1) Subsection (a) of section 6411 is amended by striking ''section 1212(a)(1)'' and inserting ''subsection (a)(1) or (c) of section 1212''.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 504 of the Economic Recovery Tax Act of 1981.

SEC. 1605. CLERICAL CHANGES.

(1) Subsection (f) of section 67 is amended by striking ''the last sentence'' and inserting ''the second sentence''.

(2) The heading for paragraph (5) of section 408(d) is amended to read as follows:

''(5) DISTRIBUTIONS OF EXCESS CONTRIBUTIONS AFTER DUE DATE FOR TAXABLE YEAR AND CERTAIN EXCESS ROLLOVER CONTRIBUTIONS.—''.

(3) The heading for subparagraph (B) of section 529(e)(3) is amended by striking ''UNDER GUARANTEED PLANS''.

(4)(A) Subsection (e) of section 678 is amended by striking ''an electing small business corporation'' and inserting ''an S corporation''.

(B) Clause (v) of section 6103(e)(1)(D) is amended to read as follows:

''(v) if the corporation was an S corporation, any person who was a shareholder during any part of the period covered by such return during which an election under section 1362(a) was in effect, or''.

(5) Subparagraph (B) of section 995(b)(3) is amended by striking ''the Military Security Act of 1954 (22 U.S.C. 1934)'' and inserting ''section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2778)''.

(6) Subparagraph (B) of section 4946(c)(3) is amended by striking ''the lowest rate of compensation prescribed for GS-16 of the General Schedule under section 5332'' and inserting ''the lowest rate of basic pay for the Senior Executive Service under section 5382''.

The SPEAKER pro tempore. The amendment printed in the bill, modified by the amendments printed in section 3 of House Resolution 256, is adopted.

The text of the committee amendment in the nature of a substitute, as modified, is as follows:

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

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Freedom Act of 1999''.

(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) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

TITLE I—BROAD-BASED TAX RELIEF

Subtitle A—10-Percent Reduction in Individual Income Tax Rates

Sec. 101. 10-percent reduction in individual income tax rates.

Subtitle B—Marriage Penalty Tax Relief

Sec. 111. Elimination of marriage penalty in standard deduction.

Sec. 112. Elimination of marriage penalty in deduction for interest on education loans.

Sec. 113. Rollover from regular IRA to Roth IRA.

Subtitle C—Repeal of Alternative Minimum Tax on Individuals

Sec. 121. Repeal of alternative minimum tax on individuals.

TITLE II—RELIEF FROM TAXATION ON SAVINGS AND INVESTMENTS

Sec. 201. Exemption of certain interest and dividend income from tax.

Sec. 202. Reduction in individual capital gain tax rates.

Sec. 203. Capital gains tax rates applied to capital gains of designated settlement funds.

Sec. 204. Special rule for members of uniformed services and foreign service, and other employees, in determining exclusion of gain from sale of principal residence.

Sec. 205. Treatment of certain dealer derivative financial instruments, hedging transactions, and supplies as ordinary assets.

Sec. 206. Worthless securities of financial institutions.

TITLE III—INCENTIVES FOR BUSINESS INVESTMENT AND JOB CREATION

Sec. 301. Reduction in corporate capital gain tax rate.

Sec. 302. Repeal of alternative minimum tax on corporations.

TITLE IV—EDUCATION SAVINGS INCENTIVES

Sec. 401. Modifications to education individual retirement accounts.

Sec. 402. Modifications to qualified tuition programs.

Sec. 403. Exclusion of certain amounts received under the National Health Service Corps scholarship program, the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program, and certain other programs.

Sec. 404. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.

Sec. 405. Modification of arbitrage rebate rules applicable to public school construction bonds.

Sec. 406. Repeal of 60-month limitation on deduction for interest on education loans.

TITLE V—HEALTH CARE PROVISIONS

Sec. 501. Deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.

Sec. 502. Long-term care insurance permitted to be offered under cafeteria plans and flexible spending arrangements.

Sec. 503. Expansion of availability of medical savings accounts.

Sec. 504. Additional personal exemption for taxpayer caring for elderly family member in taxpayer's home.

Sec. 505. Expanded human clinical trials qualifying for orphan drug credit.

Sec. 506. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines.

Sec. 507. Above-the-line deduction for prescription drug insurance coverage of medicare beneficiaries if certain medicare and low-income assistance provisions in effect.

TITLE VI—ESTATE TAX RELIEF

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

Sec. 601. Repeal of estate, gift, and generation-skipping taxes.

Sec. 602. Termination of step up in basis at death.

Sec. 603. Carryover basis at death.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

Sec. 611. Additional reductions of estate and gift tax rates.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

Sec. 621. Unified credit against estate and gift taxes replaced with unified exemption amount.

Subtitle D—Modifications of Generation-Skipping Transfer Tax

Sec. 631. Deemed allocation of GST exemption to lifetime transfers to trusts; retroactive allocations.

Sec. 632. Severing of trusts.
Sec. 633. Modification of certain valuation rules.
Sec. 634. Relief provisions.

TITLE VII—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 1999

Sec. 701. Short title.
Sec. 702. Designation of and tax incentives for renewal communities.
Sec. 703. Extension of expensing of environmental remediation costs to renewal communities.
Sec. 704. Extension of work opportunity tax credit for renewal communities
Sec. 705. Conforming and clerical amendments.
Sec. 706. Evaluation and reporting requirements.

Subtitle B—Farming Incentive

Sec. 711. Production flexibility contract payments.

Subtitle C—Oil and Gas Incentives

Sec. 721. 5-year net operating loss carryback for losses attributable to operating mineral interests of independent oil and gas producers.
Sec. 722. Deduction for delay rental payments.
Sec. 723. Election to expense geological and geophysical expenditures.
Sec. 724. Temporary suspension of limitation based on 65 percent of taxable income.
Sec. 725. Determination of small refiner exception to oil depletion deduction.

Subtitle D—Timber Incentives

Sec. 731. Temporary suspension of maximum amount of amortizable reforestation expenditures.
Sec. 732. Capital gain treatment under section 631(b) to apply to outright sales by land owner.

Subtitle E—Steel Industry Incentive

Sec. 741. Minimum tax relief for steel industry.

TITLE VIII—RELIEF FOR SMALL BUSINESSES

Sec. 801. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 802. Increase in expense treatment for small businesses.
Sec. 803. Repeal of Federal unemployment surtax.
Sec. 804. Restoration of 80 percent deduction for meal expenses.

TITLE IX—INTERNATIONAL TAX RELIEF

Sec. 901. Interest allocation rules.
Sec. 902. Look-thru rules to apply to dividends from noncontrolled section 902 corporations.
Sec. 903. Clarification of treatment of pipeline transportation income.
Sec. 904. Subpart F treatment of income from transmission of high voltage electricity.
Sec. 905. Recharacterization of overall domestic loss.
Sec. 906. Treatment of military property of foreign sales corporations.
Sec. 907. Treatment of certain dividends of regulated investment companies.
Sec. 908. Repeal of special rules for applying foreign tax credit in case of foreign oil and gas income.
Sec. 909. Study of proper treatment of European Union under same country exceptions.
Sec. 910. Application of denial of foreign tax credit with respect to certain foreign countries.
Sec. 911. Advance pricing agreements treated as confidential taxpayer information.
Sec. 912. Increase in dollar limitation on section 911 exclusion.

TITLE X—PROVISIONS RELATING TO TAX-EXEMPT ORGANIZATIONS

Sec. 1001. Exemption from income tax for State-created organizations providing property and casualty insurance for property for which such coverage is otherwise unavailable.
Sec. 1002. Modification of special arbitrage rule for certain funds.
Sec. 1003. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1004. Exemption procedure from taxes on self-dealing.
Sec. 1005. Expansion of declaratory judgment remedy to tax-exempt organizations.
Sec. 1006. Modifications to section 512(b)(13).

TITLE XI—REAL ESTATE PROVISIONS

Subtitle A—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

Sec. 1101. Modifications to asset diversification test.
Sec. 1102. Treatment of income and services provided by taxable REIT subsidiaries.
Sec. 1103. Taxable REIT subsidiary.
Sec. 1104. Limitation on earnings stripping.
Sec. 1105. 100 percent tax on improperly allocated amounts.
Sec. 1106. Effective date.

PART II—HEALTH CARE REITS

Sec. 1111. Health care REITs.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

Sec. 1121. Conformity with regulated investment company rules.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

Sec. 1131. Clarification of exception for independent operators.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

Sec. 1141. Modification of earnings and profits rules.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

Sec. 1151. Study relating to taxable REIT subsidiaries.

Subtitle B—Modification of At-Risk Rules for Publicly Traded Nonrecourse Debt

Sec. 1161. Treatment under at-risk rules of publicly traded nonrecourse debt.

Subtitle C—Treatment of Construction Allowances and Certain Contributions to Capital of Retailers

Sec. 1171. Exclusion from gross income of qualified lessee construction allowances not limited for certain retailers to short-term leases.
Sec. 1172. Exclusion from gross income for certain contributions to the capital of certain retailers.

TITLE XII—PROVISIONS RELATING TO PENSIONS

Subtitle A—Expanding Coverage

Sec. 1201. Increase in benefit and contribution limits.
Sec. 1202. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 1203. Modification of top-heavy rules.
Sec. 1204. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 1205. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 1206. Elimination of user fee for requests to IRS regarding pension plans.
Sec. 1207. Deduction limits.
Sec. 1208. Option to treat elective deferrals as after-tax contributions.
Sec. 1209. Increase in minimum defined benefit limit under section 415.

Subtitle B—Enhancing Fairness for Women

Sec. 1221. Additional salary reduction catch-up contributions.
Sec. 1222. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 1223. Faster vesting of certain employer matching contributions.
Sec. 1224. Simplify and update the minimum distribution rules.
Sec. 1225. Clarification of tax treatment of division of section 457 plan benefits upon divorce.

Subtitle C—Increasing Portability for Participants

Sec. 1231. Rollovers allowed among various types of plans.
Sec. 1232. Rollovers of IRAs into workplace retirement plans.
Sec. 1233. Rollovers of after-tax contributions.
Sec. 1234. Hardship exception to 60-day rule.
Sec. 1235. Treatment of forms of distribution.
Sec. 1236. Rationalization of restrictions on distributions.
Sec. 1237. Purchase of service credit in governmental defined benefit plans.
Sec. 1238. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 1239. Minimum distribution and inclusion requirements for section 457 plans.

Subtitle D—Strengthening Pension Security and Enforcement

Sec. 1241. Repeal of 150 percent of current liability funding limit.
Sec. 1242. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 1243. Excise tax relief for sound pension funding.
Sec. 1244. Excise tax on failure to provide notice by defined benefit plans significantly reducing future benefit accruals.

Subtitle E—Reducing Regulatory Burdens

Sec. 1251. Repeal of the multiple use test.
Sec. 1252. Modification of timing of plan valuations.
Sec. 1253. Flexibility and nondiscrimination and line of business rules.
Sec. 1254. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 1255. Notice and consent period regarding distributions.
Sec. 1256. Repeal of transition rule relating to certain highly compensated employees.
Sec. 1257. Employees of tax-exempt entities.
Sec. 1258. Clarification of treatment of employer-provided retirement advice.
Sec. 1259. Provisions relating to plan amendments.
Sec. 1260. Model plans for small businesses.
Sec. 1261. Simplified annual filing requirement for plans with fewer than 25 employees.
Sec. 1262. Improvement of Employee Plans Compliance Resolution System.

TITLE XIII—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Primarily Affecting Individuals

Sec. 1301. Exclusion for foster care payments to apply to payments by qualified placement agencies.
Sec. 1302. Mileage reimbursements to charitable volunteers excluded from gross income.

Sec. 1303. W–2 to include employer social security taxes.
Sec. 1304. Consistent treatment of survivor benefits for public safety officers killed in the line of duty.
Subtitle B—Provisions Primarily Affecting Businesses
Sec. 1311. Distributions from publicly traded partnerships treated as qualifying income of regulated investment companies.
Sec. 1312. Special passive activity rule for publicly traded partnerships to apply to regulated investment companies.
Sec. 1313. Large electric trucks, vans, and buses eligible for deduction for clean-fuel vehicles in lieu of credit.
Sec. 1314. Modifications to special rules for nuclear decommissioning costs.
Sec. 1315. Consolidation of life insurance companies with other corporations.
Subtitle C—Provisions Relating to Excise Taxes
Sec. 1321. Consolidation of Hazardous Substance Superfund and Leaking Underground Storage Tank Trust Fund.
Sec. 1322. Repeal of certain motor fuel excise taxes on fuel used by railroads and on inland waterway transportation.
Sec. 1323. Repeal of excise tax on fishing tackle boxes.
Sec. 1324. Clarification of excise tax imposed on arrow components.
Subtitle D—Improvements in Low-Income Housing Credit
Sec. 1331. Increase in State ceiling on low-income housing credit.
Sec. 1332. Modification of criteria for allocating housing credits among projects.
Sec. 1333. Additional responsibilities of housing credit agencies.
Sec. 1334. Modifications to rules relating to basis of building which is eligible for credit.
Sec. 1335. Other modifications.
Sec. 1336. Carryforward rules.
Sec. 1337. Effective date.
Subtitle E—Entrepreneurial Equity Capital Formation
PART I—TAX-FREE CONVERSIONS OF SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES INTO PASS-THRU ENTITIES
Sec. 1341. Modifications to provisions relating to regulated investment companies.
Sec. 1342. Tax-free reorganization of specialized small business investment company as a partnership.
PART II—ADDITIONAL INCENTIVES RELATED TO INVESTING IN SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES
Sec. 1346. Expansion of nonrecognition treatment for securities gain rolled over into specialized small business investment companies.
Sec. 1347. Modifications to exclusion for gain from qualified small business stock.
Subtitle F—Other Provisions
Sec. 1351. Increase in volume cap on private activity bonds.
Sec. 1352. Tax treatment of Alaska Native Settlement Trusts.
Sec. 1353. Increase in threshold for Joint Committee reports on refunds and credits.
Sec. 1354. Clarification of depreciation study.
Subtitle G—Tax Court Provisions
Sec. 1361. Tax Court filing fee in all cases commenced by filing petition.
Sec. 1362. Expanded use of Tax Court practice fee.
Sec. 1363. Confirmation of authority of Tax Court to apply doctrine of equitable recoupment.
Subtitle H—Tax-Free Transfer of Bottled Distilled Spirits to Bonded Dealers
Sec. 1371. Tax-free transfer of bottled distilled spirits from distilled spirits plant to bonded dealer.
Sec. 1372. Establishment of distilled spirits plant.
Sec. 1373. Distilled spirits plants.
Sec. 1374. Bonded dealers.
Sec. 1375. Time for collecting tax on distilled spirits.
Sec. 1376. Exemption from occupational tax not applicable.
Sec. 1377. Technical, conforming, and clerical amendments.
Sec. 1378. Cooperative agreements.
Sec. 1379. Effective date.
Sec. 1380. Study.
TITLE XIV—EXTENSIONS OF EXPIRING PROVISIONS
Sec. 1401. Research credit.
Sec. 1402. Subpart F exemption for active financing income.
Sec. 1403. Taxable income limit on percentage depletion for marginal production.
Sec. 1404. Work opportunity credit and welfare-to-work credit.
TITLE XV—REVENUE OFFSETS
Sec. 1501. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1502. Extension of Internal Revenue Service user fees.
Sec. 1503. Limitations on welfare benefit funds of 10 or more employer plans.
Sec. 1504. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1505. Controlled entities ineligible for REIT status.
Sec. 1506. Treatment of gain from constructive ownership transactions.
Sec. 1507. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1508. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 1509. Limitation on use of nonaccrual experience method of accounting.
Sec. 1510. Exclusion of like-kind exchange property from nonrecognition treatment on the sale of a principal residence.
TITLE XVI—TECHNICAL CORRECTIONS
Sec. 1601. Amendments related to Tax and Trade Relief Extension Act of 1998.
Sec. 1602. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.
Sec. 1603. Amendments related to Taxpayer Relief Act of 1997.
Sec. 1604. Other technical corrections.
Sec. 1605. Clerical changes.
TITLE XVII—COMMITMENT TO DEBT REDUCTION
Sec. 1701. Commitment to Debt Reduction.
TITLE XVIII—BUDGETARY TREATMENT
Sec. 1801. Exclusion of Effects of This Act from Paygo Scorecard.

TITLE I—BROAD-BASED TAX RELIEF

Subtitle A—10-Percent Reduction in Individual Income Tax Rates

SEC. 101. 10-PERCENT REDUCTION IN INDIVIDUAL INCOME TAX RATES.

(a) REGULAR INCOME TAX RATES.—

(1) IN GENERAL.—Subsection (f) of section 1 is amended by adding at the end the following new paragraph:

''(8) RATE REDUCTIONS.—In prescribing the tables under paragraph (1) which apply with respect to taxable years beginning in a calendar year after 2000, each rate in such tables (without regard to this paragraph) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with the following table) of such rate:

''For taxable years beginning in calendar year—	***The applicable percentage is—***
2001 through 2003	*1.0*
2004	*2.5*
2005 through 2007	*5.0*
2008	*7.5*
2009 and thereafter	*10.0.''.*

In the case of taxable years beginning in calendar year 2001, the rounding referred to in the preceding sentence shall be to the next highest tenth.

''(9) POST-2001 RATE REDUCTIONS CONTINGENT ON NO INCREASE IN INTEREST ON TOTAL UNITED STATES DEBT.—

''(A) IN GENERAL.—IN THE CASE OF TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2002, PARAGRAPH (8) SHALL APPLY ONLY TO TAXABLE YEARS BEGINNING AFTER THE FIRST DEBT REDUCTION CALENDAR YEAR.

''(B) DELAY OF FURTHER RATE REDUCTIONS IF INCREASE IN INTEREST ON TOTAL UNITED STATES DEBT.—For each calendar year after 2000 which is not a debt reduction calendar year, the table in paragraph (8) shall be applied for each subsequent calendar year by substituting the calendar year which is 1 year later. The preceding sentence shall cease to apply after the earliest calendar year with respect to which the applicable percentage under paragraph (8) is 10 percent (after the application of the preceding sentence).

''(C) DEBT REDUCTION CALENDAR YEAR.—For purposes of this paragraph, the term 'debt reduction calendar year' means any calendar year after 2000 if, for the 12-month period ending July 31 of such calendar year, the interest expense on the total United States debt is not greater than such interest expense for the 12-month period ending on July 31 of the preceding calendar year.

''(D) TOTAL UNITED STATES DEBT.—For purposes of this paragraph, the term 'total United States debt' means obligations which are subject to the public debt limit in section 3101 of title 31, United States Code.''

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (B) of section 1(f)(2) is amended by inserting ''except as provided in paragraph (8),'' before ''by not changing''.

(B) Subparagraph (C) of section 1(f)(2) is amended by inserting ''and the reductions under paragraph (8) in the rates of tax'' before the period.

(C) The heading for subsection (f) of section 1 is amended by inserting ''RATE REDUCTIONS;'' before ''ADJUSTMENTS''.

(D) Section 1(g)(7)(B)(ii)(II) is amended by striking ''15 percent'' and inserting ''the percentage applicable to the lowest income bracket in subsection (c)''.

(E) Subparagraphs (A)(ii)(I) and (B)(i) of section 1(h)(1) are each amended by striking ''28 percent'' and inserting ''25.2 percent''.

(F) Section 531 is amended by striking ''39.6 percent of the accumulated taxable income'' and inserting ''the product of the accumulated taxable income and the percentage applicable to the highest income bracket in section 1(c)''.

(G) Section 541 is amended by striking ''39.6 percent of the undistributed personal holding company income'' and inserting ''the product of

the undistributed personal holding company income and the percentage applicable to the highest income bracket in section 1(c)''.

(H) Section 3402(p)(1)(B) is amended by striking ''specified is 7, 15, 28, or 31 percent'' and all that follows and inserting ''specified is—

''(i) 7 percent,

''(ii) a percentage applicable to 1 of the 3 lowest income brackets in section 1(c), or

''(iii) such other percentage as is permitted under regulations prescribed by the Secretary.''

(I) Section 3402(p)(2) is amended by striking ''15 percent of such payment'' and inserting ''the product of such payment and the percentage applicable to the lowest income bracket in section 1(c)''.

(J) Section 3402(q)(1) is amended by striking ''28 percent of such payment'' and inserting ''the product of such payment and the percentage applicable to the next to the lowest income bracket in section 1(c)''.

(K) Section 3402(r)(3) is amended by striking ''31 percent'' and inserting ''the rate applicable to the third income bracket in such section''.

(L) Section 3406(a)(1) is amended by striking ''31 percent of such payment'' and inserting ''the product of such payment and the percentage applicable to the third income bracket in section 1(c)''.

(b) MINIMUM TAX RATES.—Subparagraph (A) of section 55(b)(1) is amended by adding at the end the following new clause:

''(iv) RATE REDUCTION.—In the case of taxable years beginning after 2000, each rate in clause (i) (without regard to this clause) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with section 1(f)(8)) of such rate.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle B—Marriage Penalty Tax Relief

SEC. 111. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''twice the dollar amount in effect under subparagraph (C) for the taxable year'',

(2) by adding ''or'' at the end of subparagraph (B),

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.'', and

(4) by striking subparagraph (D).

(b) PHASE-IN.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

''(7) PHASE-IN OF INCREASE IN BASIC STANDARD DEDUCTION.—In the case of taxable years beginning before January 1, 2003—

''(A) paragraph (2)(A) shall be applied by substituting for 'twice'—

''(i) '1.778 times' in the case of taxable years beginning during 2001, and

''(ii) '1.889 times' in the case of taxable years beginning during 2002, and

''(B) the basic standard deduction for a married individual filing a separate return shall be one-half of the amount applicable under paragraph (2)(A).

If any amount determined under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 112. ELIMINATION OF MARRIAGE PENALTY IN DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) IN GENERAL.—Subparagraph (B) of section 221(b)(2) (relating to limitation based on modified adjusted gross income) is amended—

(1) by striking ''$60,000'' in clause (i)(II) and inserting ''twice such amount'', and

(2) by inserting ''($30,000 in the case of a joint return)'' after ''$15,000'' in clause (ii).

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 221(g) is amended by striking ''and $60,000 amounts in subsection (b)(2) shall each'' and inserting ''amount in subsection (b)(2) shall''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 113. ROLLOVER FROM REGULAR IRA TO ROTH IRA.

(a) IN GENERAL.—Clause (i) of section 408A(c)(3)(B) is amended by inserting ''($160,000 in the case of a joint return)'' after ''$100,000''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle C—Repeal of Alternative Minimum Tax on Individuals

SEC. 121. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.

(a) IN GENERAL.—Subsection (a) of section 55 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, 2008, shall be zero.''

(b) REDUCTION OF TAX ON INDIVIDUALS PRIOR TO REPEAL.—Section 55 is amended by adding at the end the following new subsection:

''(f) PHASEOUT OF TAX ON INDIVIDUALS.—

''(1) IN GENERAL.—The tax imposed by this section on a taxpayer other than a corporation for any taxable year beginning after December 31, 2004, and before January 1, 2009, shall be the applicable percentage of the tax which would be imposed but for this subsection.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	***The applicable percentage is—***
2005	*80*
2006	*70*
2007	*60*
2008	*50.''*

(c) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(1) IN GENERAL.—Subsection (a) of section 26 (relating to limitation based on amount of tax) is amended to read as follows:

''(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's regular tax liability for the taxable year.''

(2) CHILD CREDIT.—Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(d) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—Subsection (c) of section 53 is amended to read as follows:

''(c) LIMITATION.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, 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 2008.—In the case of any taxable year beginning after 2008, the credit allowable under subsection (a) to a taxpayer other than a corporation for any taxable year shall not exceed 90 percent of the excess (if any) of—

''(A) regular tax liability of the taxpayer for such taxable year, over

''(B) the sum of the credits allowable under subparts A, B, D, E, and F of this part.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—RELIEF FROM TAXATION ON SAVINGS AND INVESTMENTS

SEC. 201. EXEMPTION OF CERTAIN INTEREST AND DIVIDEND INCOME FROM TAX.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to amounts specifically excluded from gross income) is amended by inserting after section 115 the following new section:

''SEC. 116. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST RECEIVED BY INDIVIDUALS.

''(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include dividends and interest otherwise includible in gross income which are received during the taxable year by an individual.

''(b) LIMITATIONS.—

''(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed—

''(A) in the case of any taxable year beginning in 2001 or 2002, $50 ($100 in the case of a joint return),

''(B) in the case of any taxable year beginning in 2003 or 2004, $100 ($200 in the case of a joint return), and

''(C) in the case of any taxable year beginning after 2004, $200 ($400 in the case of a joint return).

''(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a) shall not apply to any dividend from a corporation which for the taxable year of the corporation in which the distribution is made is a corporation exempt from tax under section 521 (relating to farmers' cooperative associations).

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

''(1) EXCLUSION NOT TO APPLY TO CAPITAL GAIN DIVIDENDS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

''For treatment of capital gain dividends, see sections 854(a) and 857(c).

''(2) CERTAIN NONRESIDENT ALIENS INELIGIBLE FOR EXCLUSION.—In the case of a nonresident alien individual, subsection (a) shall apply only in determining the taxes imposed for the taxable year pursuant to sections 871(b)(1) and 877(b).

''(3) DIVIDENDS FROM EMPLOYEE STOCK OWNERSHIP PLANS.—Subsection (a) shall not apply to any dividend described in section 404(k).''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 32(c)(5) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting ''; or'', and by inserting after clause (ii) the following new clause:

''(iii) interest and dividends received during the taxable year which are excluded from gross income under section 116.''.

(2) Subparagraph (A) of section 32(i)(2) is amended by inserting ''(determined without regard to section 116)'' before the comma.

(3) Subparagraph (B) of section 86(b)(2) is amended to read as follows:

''(B) increased by the sum of—

''(i) the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax, and

''(ii) the amount of interest and dividends received during the taxable year which are excluded from gross income under section 116.''.

(4) Subsection (d) of section 135 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) COORDINATION WITH SECTION 116.—This section shall be applied before section 116.''.

(5) Paragraph (2) of section 265(a) is amended by inserting before the period '', or to purchase or carry obligations or shares, or to make deposits, to the extent the interest thereon is excludable from gross income under section 116''.

(6) Subsection (c) of section 584 is amended by adding at the end the following new flush sentence:

''The proportionate share of each participant in the amount of dividends or interest received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant.''.

(7) Subsection (a) of section 643 is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

''(7) DIVIDENDS OR INTEREST.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116.''.

(8) Section 854(a) is amended by inserting ''section 116 (relating to partial exclusion of dividends and interest received by individuals) and'' after ''For purposes of''.

(9) Section 857(c) is amended to read as follows:

''(c) RESTRICTIONS APPLICABLE TO DIVIDENDS RECEIVED FROM REAL ESTATE INVESTMENT TRUSTS.—

''(1) TREATMENT FOR SECTION 116.—For purposes of section 116 (relating to partial exclusion of dividends and interest received by individuals), a capital gain dividend (as defined in subsection (b)(3)(C)) received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.

''(2) TREATMENT FOR SECTION 243.—For purposes of section 243 (relating to deductions for dividends received by corporations), a dividend received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.''.

(10) The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 115 the following new item:

''Sec. 116. Partial exclusion of dividends and interest received by individuals.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 202. REDUCTION IN INDIVIDUAL CAPITAL GAIN TAX RATES.

(a) IN GENERAL.—

(1) Sections 1(h)(1)(B) and 55(b)(3)(B) are each amended by striking ''10 percent'' and inserting ''7.5 percent''.

(2) The following sections are each amended by striking ''20 percent'' and inserting ''15 percent'':

(A) Section 1(h)(1)(C).

(B) Section 55(b)(3)(C).

(C) Section 1445(e)(1).

(D) The second sentence of section 7518(g)(6)(A).

(E) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936.

(3) Sections 1(h)(1)(D) and 55(b)(3)(D) are each amended by striking ''25 percent'' and inserting ''20 percent''.

(b) CONFORMING AMENDMENTS.—

(1) Section 311 of the Taxpayer Relief Act of 1997 is amended by striking subsection (e).

(2) Section 1(h) is amended—

(A) by striking paragraphs (2), (9), and (13),

(B) by redesignating paragraphs (3) through (8) as paragraphs (2) through (7), respectively, and

(C) by redesignating paragraphs (10), (11), and (12) as paragraphs (8), (9), and (10), respectively.

(3) Paragraph (3) of section 55(b) is amended by striking ''In the case of taxable years beginning after December 31, 2000, rules similar to the rules of section 1(h)(2) shall apply for purposes of subparagraphs (B) and (C).''.

(4) Paragraph (7) of section 57(a) is amended—

(A) by striking ''42 percent'' and inserting ''6 percent'', and

(B) by striking the last sentence.

(c) TRANSITIONAL RULES FOR TAXABLE YEARS WHICH INCLUDE JULY 1, 1999.—For purposes of applying section 1(h) of the Internal Revenue Code of 1986 in the case of a taxable year which includes July 1, 1999—

(1) The amount of tax determined under subparagraph (B) of section 1(h)(1) of such Code shall be the sum of—

(A) 7.5 percent of the lesser of—

(i) the net capital gain taking into account only gain or loss properly taken into account for the portion of the taxable year on or after such date (determined without regard to collectibles gain or loss, gain described in section (1)(h)(6)(A)(i) of such Code, and section 1202 gain), or

(ii) the amount on which a tax is determined under such subparagraph (without regard to this subsection), plus

(B) 10 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A).

(2) The amount of tax determined under subparagraph (C) of section (1)(h)(1) of such Code shall be the sum of—

(A) 15 percent of the lesser of—

(i) the excess (if any) of the amount of net capital gain determined under subparagraph (A)(i) of paragraph (1) of this subsection over the amount on which a tax is determined under subparagraph (A) of paragraph (1) of this subsection, or

(ii) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), plus

(B) 20 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(3) The amount of tax determined under subparagraph (D) of section (1)(h)(1) of such Code shall be the sum of—

(A) 20 percent of the lesser of—

(i) the amount which would be determined under section 1(h)(6)(A)(i) of such Code taking into account only gain properly taken into account for the portion of the taxable year on or after such date, or

(ii) the amount on which a tax is determined under such subparagraph (D) (without regard to this subsection), plus

(B) 25 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (D) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(4) For purposes of applying section 55(b)(3) of such Code, rules similar to the rules of paragraphs (1), (2), and (3) of this subsection shall apply.

(5) In applying this subsection with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

(6) Terms used in this subsection which are also used in section 1(h) of such Code shall have the respective meanings that such terms have in such section.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided by this subsection, the amendments made by this section shall apply to taxable years ending after June 30, 1999.

(2) WITHHOLDING.—The amendment made by subsection (a)(2)(C) shall apply to amounts paid after the date of the enactment of this Act.

(3) SMALL BUSINESS STOCK.—The amendments made by subsection (b)(4) shall apply to dispositions on or after July 1, 1999.

SEC. 203. CAPITAL GAINS TAX RATES APPLIED TO CAPITAL GAINS OF DESIGNATED SETTLEMENT FUNDS.

(a) IN GENERAL.—Paragraph (1) of section 468B(b) (relating to taxation of designated settlement funds) is amended by inserting ''(subject to section 1(h))'' after ''maximum rate''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 204. SPECIAL RULE FOR MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE, AND OTHER EMPLOYEES, IN DETERMINING EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (d) of section 121 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new paragraphs:

''(9) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—

''(A) IN GENERAL.—The running of the 5-year period described in subsection (a) shall be suspended with respect to an individual during any time that such individual or such individual's spouse is serving on qualified official extended duty as a member of the uniformed services or of the Foreign Service.

''(B) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified official extended duty' means any period of extended duty as a member of the uniformed services or a member of the Foreign Service during which the member serves at a duty station which is at least 50 miles from such property or is under Government orders to reside in Government quarters.

''(ii) UNIFORMED SERVICES.—The term 'uniformed services' has the meaning given such term by section 101(a)(5) of title 10, United States Code, as in effect on the date of the enactment of the Financial Freedom Act of 1999.

''(iii) FOREIGN SERVICE OF THE UNITED STATES.—The term 'member of the Foreign Service' has the meaning given the term 'member of the Service' by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980, as in effect on the date of the enactment of the Financial Freedom Act of 1999.

''(iv) EXTENDED DUTY.—The term 'extended duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

''(10) OTHER EMPLOYEES.—

''(A) IN GENERAL.—The running of the 5-year period described in subsection (a) shall be suspended with respect to an individual during any time that such individual or such individual's spouse is serving as an employee for a period in

excess of 90 days in an assignment by the such employee's employer outside the United States.

''(B) LIMITATIONS AND SPECIAL RULES.—

''(i) MAXIMUM PERIOD OF SUSPENSION.—The suspension under subparagraph (A) with respect to a principal residence shall not exceed (in the aggregate) 5 years.

''(ii) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—Subparagraph (A) shall not apply to an individual to whom paragraph (9) applies.

''(iii) SELF-EMPLOYED INDIVIDUAL NOT CONSIDERED AN EMPLOYEE.—For purposes of this paragraph, the term 'employee' does not include an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after the date of the enactment of this Act.

SEC. 205. TREATMENT OF CERTAIN DEALER DERIVATIVE FINANCIAL INSTRUMENTS, HEDGING TRANSACTIONS, AND SUPPLIES AS ORDINARY ASSETS.

(a) IN GENERAL.—Section 1221 (defining capital assets) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(a) IN GENERAL.—For purposes'',

(2) by striking the period at the end of paragraph (5) and inserting a semicolon, and

(3) by adding at the end the following:

''(6) any commodities derivative financial instrument held by a commodities derivatives dealer, unless—

''(A) it is established to the satisfaction of the Secretary that such instrument has no connection to the activities of such dealer as a dealer, and

''(B) such instrument is clearly identified in such dealer's records as being described in subparagraph (A) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe);

''(7) any hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe); or

''(8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business of the taxpayer.

''(b) DEFINITIONS AND SPECIAL RULES.—

''(1) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENTS.—For purposes of subsection (a)(6)—

''(A) COMMODITIES DERIVATIVES DEALER.—The term 'commodities derivatives dealer' means a person which regularly offers to enter into, assume, offset, assign, or terminate positions in commodities derivative financial instruments with customers in the ordinary course of a trade or business.

''(B) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENT.—

''(i) IN GENERAL.—The term 'commodities derivative financial instrument' means any contract or financial instrument with respect to commodities (other than a share of stock in a corporation, a beneficial interest in a partnership or trust, a note, bond, debenture, or other evidence of indebtedness, or a section 1256 contract (as defined in section 1256(b)) the value or settlement price of which is calculated by or determined by reference to a specified index.

''(ii) SPECIFIED INDEX.—The term 'specified index' means any one or more or any combination of—

''(I) a fixed rate, price, or amount, or

''(II) a variable rate, price, or amount,

which is based on any current, objectively determinable financial or economic information with respect to commodities which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties' circumstances.

''(2) HEDGING TRANSACTION.—

''(A) IN GENERAL.—For purposes of this section, the term 'hedging transaction' means any transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

''(i) to manage risk of price changes or currency fluctuations with respect to ordinary property which is held or to be held by the taxpayer, or

''(ii) to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the taxpayer.

''(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize of any income, gain, expense, or loss arising from a transaction—

''(i) which is a hedging transaction but which was not identified as such in accordance with subsection (a)(7), or

''(ii) which was so identified but is not a hedging transaction.

''(3) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of paragraph (6) and (7) of subsection (a) in the case of transactions involving related parties.''.

(b) MANAGEMENT OF RISK.—

(1) Section 475(c)(3) is amended by striking ''reduces'' and inserting ''manages''.

(2) Section 871(h)(4)(C)(iv) is amended by striking ''to reduce'' and inserting ''to manage''.

(3) Clauses (i) and (ii) of section 988(d)(2)(A) are each amended by striking ''to reduce'' and inserting ''to manage''.

(4) Paragraph (2) of section 1256(e) is amended to read as follows:

''(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any hedging transaction (as defined in section 1221(b)(2)(A)) if, before the close of the day on which such transaction was entered into (or such earlier time as the Secretary may prescribe by regulations), the taxpayer clearly identifies such transaction as being a hedging transaction.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after the date of enactment of this Act.

SEC. 206. WORTHLESS SECURITIES OF FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—The first sentence following section 165(g)(3)(B) (relating to securities of affiliated corporation) is amended to read as follows: ''In computing gross receipts for purposes of the preceding sentence, (i) gross receipts from sales or exchanges of stocks and securities shall be taken into account only to the extent of gains therefrom, and (ii) gross receipts from royalties, rents, dividends, interest, annuities, and gains from sales or exchanges of stocks and securities derived from (or directly related to) the conduct of an active trade or business of an insurance company subject to tax under subchapter L or a qualified financial institution (as defined in subsection (l)(3)) shall be treated as from such sources other than royalties, rents, dividends, interest, annuities, and gains.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to securities which become worthless in taxable years beginning after December 31, 1999.

TITLE III—INCENTIVES FOR BUSINESS INVESTMENT AND JOB CREATION

SEC. 301. REDUCTION IN CORPORATE CAPITAL GAIN TAX RATE.

(a) IN GENERAL.—Section 1201 is amended to read as follows:

''SEC. 1201. ALTERNATIVE TAX FOR CORPORATIONS.

''(a) GENERAL RULE.—If for any taxable year a corporation has a net capital gain, then, in lieu of the tax imposed by sections 11, 511, or 831(a) or (b), there is hereby imposed a tax (if such tax is less than the tax imposed by such sections) which shall consist of the sum of—

''(1) a tax computed on the taxable income reduced by the net capital gain, at the rates and in the manner as if this subsection had not been enacted, plus

''(2) a tax of 30 percent of the net capital gain (or, if less, taxable income).

''(b) CROSS REFERCENCES.—For computation of the alternative tax—

''(1) in the case of life insurance companies, see section 801(a)(2),

''(2) in the case of regulated investment companies and their shareholders, see section 852(b)(3) (A) and (D), and

''(3) in the case of real estate investment trusts, see section 857(b)(3)(A).''

(b) TECHNICAL AMENDMENTS.—

(1) Paragraphs (1) and (2) of section 1445(e) are each amended by striking ''35 percent'' and inserting ''30 percent''.

(2)(A) The second sentence of section 7518(g)(6)(A) is amended by striking ''34 percent'' and inserting ''30 percent''.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, is amended by striking ''34 percent'' and inserting ''30 percent''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(2) WITHHOLDING.—The amendment made by subsection (b)(1) shall apply to amounts paid after December 31, 2004.

SEC. 302. REPEAL OF ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

(a) IN GENERAL.—The last sentence of section 55(a), as amended by section 121, is amended by striking ''on any taxpayer other than a corporation''.

(b) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—

(1) IN GENERAL.—Section 59(a) (relating to alternative minimum tax foreign tax credit) is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENT.—Section 53(d)(1)(B)(i)(II) is amended by striking ''and if section 59(a)(2) did not apply''.

(c) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—

(1) IN GENERAL.—Subsection (c) of section 53, as amended by section 121, is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

''(2) CORPORATIONS FOR TAXABLE YEARS BEGINNING AFTER 2004.—In the case of a corporation for any taxable year beginning after 2004 and before 2009, the limitation under paragraph (1) shall be increased by the applicable percentage (determined in accordance with the following table) of the tentative minimum tax for the taxable year.

''For taxable years beginning in calendar year—	***The applicable percentage is—***
2005	*20*
2006	*30*
2007	*40*
2008	*50.*

In no event shall the limitation determined under this paragraph be greater than the sum of the tax imposed by section 55 and the regular tax reduced by the sum of the credits allowed under subparts A, B, D, E, and F of this part.''

(2) CONFORMING AMENDMENTS.—

(A) Section 55(e) is amended by striking paragraph (5).

(B) Paragraph (3) of section 53(c), as redesignated by paragraph (1), is amended by striking ''to a taxpayer other than a corporation''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(2) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2001.

(3) SUBSECTION (C)(2)(A).—The amendment made by subsection (c)(2)(A) shall apply to taxable years beginning after December 31, 2008.

TITLE IV—EDUCATION SAVINGS INCENTIVES

SEC. 401. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) (defining education individual retirement account) is amended by striking ''$500'' and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking ''$500'' and inserting ''$2,000''.

(b) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 530(b)(2) (defining qualified higher education expenses) is amended to read as follows:

''(2) QUALIFIED EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified education expenses' means—

''(i) qualified higher education expenses (as defined in section 529(e)(3)), and

''(ii) qualified elementary and secondary education expenses (as defined in paragraph (4)).

''(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include any contribution to a qualified State tuition program (as defined in section 529(b)) on behalf of the designated beneficiary (as defined in section 529(e)(1)); but there shall be no increase in the investment in the contract for purposes of applying section 72 by reason of any portion of such contribution which is not includible in gross income by reason of subsection (d)(2).''

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means—

''(i) expenses for tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment (including related software and services), and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school, and

''(ii) expenses for room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private, or religious school in connection with such enrollment or attendance.

''(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A)(i) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.

''(C) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.''

(3) CONFORMING AMENDMENTS.—Section 530 is amended—

(A) by striking ''higher'' each place it appears in subsections (b)(1) and (d)(2), and

(B) by striking ''HIGHER'' in the heading for subsection (d)(2).

(c) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

''The age limitations in subparagraphs (A)(ii) and (E) and paragraphs (5) and (6) of subsection (d) shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary).''

(d) ENTITIES PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking ''The maximum amount which a contributor'' and inserting ''In the case of a contributor who is an individual, the maximum amount the contributor''.

(e) TIME WHEN CONTRIBUTIONS DEEMED MADE.—

(1) IN GENERAL.—Section 530(b) (relating to definitions and special rules), as amended by subsection (b)(2), is amended by adding at the end the following new paragraph:

''(5) TIME WHEN CONTRIBUTIONS DEEMED MADE.—An individual shall be deemed to have made a contribution to an education individual retirement account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).''

(2) EXTENSION OF TIME TO RETURN EXCESS CONTRIBUTIONS.—Subparagraph (C) of section 530(d)(4) (relating to additional tax for distributions not used for educational expenses) is amended—

(A) by striking clause (i) and inserting the following new clause:

''(i) such distribution is made before the 1st day of the 6th month of the taxable year following the taxable year, and'', and

(B) by striking ''DUE DATE OF RETURN'' in the heading and inserting ''CERTAIN DATE''.

(f) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 530(d)(2)(C) is amended to read as follows:

''(C) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—For purposes of subparagraph (A)—

''(i) CREDIT COORDINATION.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

''(I) as provided in section 25A(g)(2), and

''(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

''(ii) COORDINATION WITH QUALIFIED TUITION PROGRAMS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions during such year to which subparagraph (A) and section 529(c)(3)(B) apply, exceed

''(II) the total amount of qualified education expenses (after the application of clause (i)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under subparagraph (A) and section 529(c)(3)(B).''

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25A is amended to read as follows:

''(e) ELECTION NOT TO HAVE SECTION APPLY.—A taxpayer may elect not to have this section apply with respect to the qualified tuition and related expenses of an individual for any taxable year.''

(B) Section 135(d)(2)(A) is amended by striking ''allowable'' and inserting ''allowed''.

(C) Section 530(d)(2)(D) is amended—

(i) by striking ''or credit'', and

(ii) by striking ''CREDIT OR'' in the heading.

(D) Section 4973(e)(1) is amended by adding ''and'' at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(g) RENAMING EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS AS EDUCATION SAVINGS ACCOUNTS.—

(1) IN GENERAL.—

(A) Section 530 (as amended by the preceding provisions of this section) is amended by striking ''education individual retirement account'' each place it appears and inserting ''education savings account''.

(B) The heading for paragraph (1) of section 530(b) is amended by striking ''EDUCATION INDIVIDUAL RETIREMENT ACCOUNT'' and inserting ''EDUCATION SAVINGS ACCOUNT''.

(C) The heading for section 530 is amended to read as follows:

''SEC. 530. EDUCATION SAVINGS ACCOUNTS.''.

(D) The item in the table of contents for part VII of subchapter F of chapter 1 relating to section 530 is amended to read as follows:

''Sec. 530. Education savings accounts.''.

(2) CONFORMING AMENDMENTS.—

(A) The following provisions are each amended by striking ''education individual retirement'' each place it appears and inserting ''education savings'':

(i) Section 25A(e)(2).

(ii) Section 26(b)(2)(E).

(iii) Section 72(e)(9).

(iv) Section 135(c)(2)(C).

(v) Subsections (a) and (e) of section 4973.

(vi) Subsections (c) and (e) of section 4975.

(vii) Section 6693(a)(2)(D).

(B) The headings for each of the following provisions are amended by striking ''EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS'' each place it appears and inserting ''EDUCATION SAVINGS ACCOUNTS''.

(i) Section 72(e)(9).

(ii) Section 135(c)(2)(C).

(iii) Section 4973(e).

(iv) Section 4975(c)(5).

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) SUBSECTION (g).—The amendments made by subsection (g) shall take effect on the date of the enactment of this Act.

SEC. 402. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(b)(1) (defining qualified State tuition program) is amended by inserting ''or by 1 or more eligible educational institutions'' after ''maintained by a State or agency or instrumentality thereof''.

(2) PRIVATE QUALIFIED TUITION PROGRAMS LIMITED TO BENEFIT PLANS.—Clause (ii) of section 529(b)(1)(A) is amended by inserting ''in the case of a program established and maintained by a State or agency or instrumentality thereof,'' before ''may make''.

(3) CONFORMING AMENDMENTS.—

(A) Sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(C) are

each amended by striking ''qualified State tuition'' each place it appears and inserting ''qualified tuition''.

(B) The headings for sections 72(e)(9) and 135(c)(2)(C) are each amended by striking ''QUALIFIED STATE TUITION'' and inserting ''QUALIFIED TUITION''.

(C) The headings for sections 529(b) and 530(b)(2)(B) are each amended by striking ''QUALIFIED STATE TUITION'' and inserting ''QUALIFIED TUITION''.

*(D) The heading for section 529 is amended by striking ''**STATE**''.*

(E) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking ''State''.

(b) EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

''(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

''(i) IN GENERAL.—For purposes of this paragraph—

''(I) no amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense, and

''(II) in the case of distributions not described in subclause (I), the amount otherwise includible in gross income under subparagraph (A) shall be reduced by an amount which bears the same ratio to the otherwise includible amount as the qualified higher education expenses (other than expenses paid by distributions described in subclause (I)) bear to the aggregate of such distributions.

''(ii) EXCEPTION FOR INSTITUTIONAL PROGRAMS.—In the case of any taxable year beginning before January 1, 2004, clause (i) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

''(iii) IN-KIND DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

''(iv) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

''(I) as provided in section 25A(g)(2), and

''(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

''(v) COORDINATION WITH EDUCATION SAVINGS ACCOUNTS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions to which clause (i) and section 530(d)(2)(A) apply, exceed

''(II) the total amount of qualified higher education expenses otherwise taken into account under clause (i) (after the application of clause (iv)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clause (i) and section 530(d)(2)(A).''

(2) CONFORMING AMENDMENTS.—

(A) Section 135(d)(2)(B) is amended by striking ''the exclusion under section 530(d)(2)'' and inserting ''the exclusions under sections 529(c)(3)(B)(i) and 530(d)(2)''.

(B) Section 221(e)(2)(A) is amended by inserting ''529,'' after ''135,''.

(c) ROLLOVER TO DIFFERENT PROGRAM FOR BENEFIT OF SAME DESIGNATED BENEFICIARY.—Section 529(c)(3)(C) (relating to change in beneficiaries) is amended—

(1) by striking ''transferred to the credit'' in clause (i) and inserting ''transferred—

''(I) to another qualified tuition program for the benefit of the designated beneficiary, or

''(II) to the credit'',

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

''(iii) LIMITATION ON CERTAIN ROLLOVERS.—Clause (i)(I) shall not apply to any amount transferred with respect to a designated beneficiary if, at any time during the 1-year period ending on the day of such transfer, any other amount was transferred which was not includible in gross income by reason of clause (i)(I).'', and

(3) by inserting ''OR PROGRAMS'' after ''BENEFICIARIES'' in the heading.

(d) MEMBER OF FAMILY INCLUDES FIRST COUSIN.—Section 529(e)(2) (defining member of family) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and by inserting ''; and'', and by adding at the end the following new subparagraph:

''(D) any first cousin of such beneficiary.''

(e) DEFINITION OF QUALIFIED HIGHER EDUCATION EXPENSES.—

(1) IN GENERAL.—Subparagraph (A) of section 529(e)(3) (relating to definition of qualified higher education expenses) is amended to read as follows:

''(A) IN GENERAL.—The term 'qualified higher education expenses' means—

''(i) tuition and fees required for the enrollment or attendance of a designated beneficiary at an eligible educational institution for courses of instruction of such beneficiary at such institution, and

''(ii) expenses for books, supplies, and equipment which are incurred in connection with such enrollment or attendance, but not to exceed the allowance for books and supplies included in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll), as in effect on the date of enactment of the Financial Freedom Act of 1999) as determined by the eligible educational institution.''.

(2) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC..—Paragraph (3) of section 529(e) (relating to qualified higher education expenses) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC..—The term 'qualified higher education expenses' shall not include expenses with respect to any course or other education involving sports, games, or hobbies unless such course or other education is part of the beneficiary's degree program or is taken to acquire or improve job skills of the beneficiary.''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) QUALIFIED HIGHER EDUCATION EXPENSES.—The amendments made by subsection (e) shall apply to amounts paid for education furnished after December 31, 1999.

SEC. 403. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM, THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM, AND CERTAIN OTHER PROGRAMS.

(a) IN GENERAL.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking ''Subsections (a)'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a)'', and

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

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to any amount received by an individual under—

''(A) the National Health Service Corps Scholarship program under section 338A(g)(1)(A) of the Public Health Service Act,

''(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code,

''(C) the National Institutes of Health Undergraduate Scholarship program under section 487D of the Public Health Service Act, or

''(D) any State program determined by the Secretary to have substantially similar objectives as such programs.''

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 1993.

(2) STATE PROGRAMS.—Section 117(c)(2)(D) of the Internal Revenue Code of 1986 (as added by the amendments made by subsection (a)) shall apply to amounts received in taxable years beginning after December 31, 1999.

SEC. 404. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) IN GENERAL.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking ''$5,000,000'' the second place it appears and inserting ''$10,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued in calendar years beginning after December 31, 1999.

SEC. 405. MODIFICATION OF ARBITRAGE REBATE RULES APPLICABLE TO PUBLIC SCHOOL CONSTRUCTION BONDS.

(a) IN GENERAL.—Subparagraph (C) of section 148(f)(4) is amended by adding at the end the following new clause:

''(xviii) 4-YEAR SPENDING REQUIREMENT FOR PUBLIC SCHOOL CONSTRUCTION ISSUE.—

''(I) IN GENERAL.—In the case of a public school construction issue, the spending requirements of clause (ii) shall be treated as met if at least 10 percent of the available construction proceeds of the construction issue are spent for the governmental purposes of the issue within the 1-year period beginning on the date the bonds are issued, 30 percent of such proceeds are spent for such purposes within the 2-year period beginning on such date, 60 percent of such proceeds are spent for such purposes within the 3-year period beginning on such date, and 100 percent of such proceeds are spent for such purposes within the 4-year period beginning on such date.

''(II) PUBLIC SCHOOL CONSTRUCTION ISSUE.—For purposes of this clause, the term 'public school construction issue' means any construction issue if no bond which is part of such issue is a private activity bond and all of the available construction proceeds of such issue are to be used for the construction (as defined in clause (iv)) of public school facilities to provide education or training below the postsecondary level or for the acquisition of land that is functionally related and subordinate to such facilities.

''(III) OTHER RULES TO APPLY.—Rules similar to the rules of the preceding provisions of this subparagraph which apply to clause (ii) also apply to this clause.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 1999.

SEC. 406. REPEAL OF 60-MONTH LIMITATION ON DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) IN GENERAL.—Section 221 (relating to interest on education loans) is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(b) CONFORMING AMENDMENT.—Subsection (e) of section 6050S is amended by striking ''section 221(e)(1)'' and inserting ''section 221(d)(1)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loan interest payments made after December 31, 1999, in taxable years ending after such date.

TITLE V—HEALTH CARE PROVISIONS

SEC. 501. DEDUCTION FOR HEALTH AND LONG-TERM CARE INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

''SEC. 222. HEALTH AND LONG-TERM CARE INSURANCE COSTS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2001	25
2002	40
2003, 2004, 2005, and 2006	50
2007	75
2008 and thereafter	100.

''(c) LIMITATION BASED ON OTHER COVERAGE.—

''(1) COVERAGE UNDER CERTAIN SUBSIDIZED EMPLOYER PLANS.—

''(A) IN GENERAL.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer if 50 percent or more of the cost of coverage under such plan (determined under section 4980B) is paid or incurred by the employer.

''(B) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of subparagraph (A) as paid by the employer.

''(C) AGGREGATION OF PLANS OF EMPLOYER.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one health plan.

''(D) SEPARATE APPLICATION TO HEALTH INSURANCE AND LONG-TERM CARE INSURANCE.—Subparagraphs (A) and (C) shall be applied separately with respect to—

''(i) plans which include primarily coverage for qualified long-term care services or are qualified long-term care insurance contracts, and

''(ii) plans which do not include such coverage and are not such contracts.

''(2) COVERAGE UNDER CERTAIN FEDERAL PROGRAMS.—

''(A) IN GENERAL.—Subsection (a) shall not apply to any amount paid for any coverage for an individual for any calendar month if, as of the first day of such month, the individual is covered under any medical care program described in—

''(i) title XVIII, XIX, or XXI of the Social Security Act,

''(ii) chapter 55 of title 10, United States Code,

''(iii) chapter 17 of title 38, United States Code,

''(iv) chapter 89 of title 5, United States Code, or

''(v) the Indian Health Care Improvement Act.

''(B) EXCEPTIONS.—

''(i) QUALIFIED LONG-TERM CARE.—Subparagraph (A) shall not apply to amounts paid for coverage under a qualified long-term care insurance contract.

''(ii) CONTINUATION COVERAGE OF FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

''(d) LONG-TERM CARE DEDUCTION LIMITED TO QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS.—In the case of a qualified long-term care insurance contract, only eligible long-term care premiums (as defined in section 213(d)(10)) may be taken into account under subsection (a).

''(e) SPECIAL RULES.—

''(1) COORDINATION WITH DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

''(2) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations requiring employers to report to their employees and the Secretary such information as the Secretary determines to be appropriate.''

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (17) the following new item:

''(18) HEALTH AND LONG-TERM CARE INSURANCE COSTS.—The deduction allowed by section 222.''

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

''Sec. 222. Health and long-term care insurance costs.

''Sec. 223. Cross reference.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 502. LONG-TERM CARE INSURANCE PERMITTED TO BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.

(a) CAFETERIA PLANS.—Subsection (f) of section 125 (defining qualified benefits) is amended by inserting before the period at the end ''unless such product is a qualified long-term care insurance contract (as defined in section 7702B)''.

(b) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 503. EXPANSION OF AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) REPEAL OF LIMITATIONS ON NUMBER OF MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subsections (i) and (j) of section 220 are hereby repealed.

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 220(c) is amended by striking subparagraph (D).

(b) ALL EMPLOYERS MAY OFFER MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subclause (I) of section 220(c)(1)(A)(iii) (defining eligible individual) is amended by striking ''and such employer is a small employer''.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 220(c) is amended by striking subparagraph (C).

(B) Subsection (c) of section 220 is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).

(c) INCREASE IN AMOUNT OF DEDUCTION ALLOWED FOR CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Paragraph (2) of section 220(b) is amended to read as follows:

''(2) MONTHLY LIMITATION.—The monthly limitation for any month is the amount equal to 1/12 of the annual deductible (as of the first day of such month) of the individual's coverage under the high deductible health plan.''.

(2) CONFORMING AMENDMENT.—Clause (ii) of section 220(d)(1)(A) is amended by striking ''75 percent of''.

(d) BOTH EMPLOYERS AND EMPLOYEES MAY CONTRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph (5) of section 220(b) is amended to read as follows:

''(5) COORDINATION WITH EXCLUSION FOR EMPLOYER CONTRIBUTIONS.—The limitation which would (but for this paragraph) apply under this subsection to the taxpayer for any taxable year shall be reduced (but not below zero) by the amount which would (but for section 106(b)) be includible in the taxpayer's gross income for such taxable year.''.

(e) REDUCTION OF PERMITTED DEDUCTIBLES UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

(1) IN GENERAL.—Subparagraph (A) of section 220(c)(2) (defining high deductible health plan) is amended—

(A) by striking ''$1,500'' in clause (i) and inserting ''$1,000'', and

(B) by striking ''$3,000'' in clause (ii) and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Subsection (g) of section 220 is amended to read as follows:

''(g) COST-OF-LIVING ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1998, each dollar amount in subsection (c)(2) 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 such taxable year begins by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) SPECIAL RULES.—In the case of the $1,000 amount in subsection (c)(2)(A)(i) and the $2,000 amount in subsection (c)(2)(A)(ii), paragraph (1)(B) shall be applied by substituting 'calendar year 1999' for 'calendar year 1997'.

''(3) ROUNDING.—If any increase under paragraph (1) or (2) is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.

(f) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED UNDER CAFETERIA PLANS.—Subsection (f) of section 125 is amended by striking ''106(b),''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 504. ADDITIONAL PERSONAL EXEMPTION FOR TAXPAYER CARING FOR ELDERLY FAMILY MEMBER IN TAXPAYER'S HOME.

(a) IN GENERAL.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end redesignating subsection (e) as subsection (f) and by inserting

after subsection (d) the following new subsection:

''(e) ADDITIONAL EXEMPTION FOR CERTAIN ELDERLY FAMILY MEMBERS RESIDING WITH TAXPAYER.—

''(1) IN GENERAL.—An exemption of the exemption amount for each qualified family member of the taxpayer.

''(2) QUALIFIED FAMILY MEMBER.—For purposes of this subsection, the term 'qualified family member' means, with respect to any taxable year, any individual—

''(A) who is an ancestor of the taxpayer or of the taxpayer's spouse or who is the spouse of any such ancestor,

''(B) who is a member for the entire taxable year of a household maintained by the taxpayer, and

''(C) who has been certified, before the due date for filing the return of tax for the taxable year (without extensions), by a physician (as defined in section 1861(r)(1) of the Social Security Act) as being an individual with long-term care needs described in paragraph (3) for a period—

''(i) which is at least 180 consecutive days, and

''(ii) a portion of which occurs within the taxable year.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the 39½ month period ending on such due date (or such other period as the Secretary prescribes) a physician (as so defined) has certified that such individual meets such requirements.

''(3) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this paragraph if the individual—

''(A) is unable to perform (without substantial assistance from another individual) at least 2 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

''(B) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform, without reminding or cuing assistance, at least 1 activity of at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

''(4) SPECIAL RULES.—Rules similar to the rules of paragraphs (1), (2), (3), (4), and (5) of section 21(e) shall apply for purposes of this subsection.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 505. EXPANDED HUMAN CLINICAL TRIALS QUALIFYING FOR ORPHAN DRUG CREDIT.

(a) IN GENERAL.—Subclause (I) of section 45C(b)(2)(A)(ii) is amended to read as follows:

''(I) after the date that the application is filed for designation under such section 526, and''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 45C(b)(2)(A) is amended by inserting ''which is'' before ''being'' and by inserting before the comma at the end ''and which is designated under section 526 of such Act''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 1999.

SEC. 506. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES.

(a) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(L) Any conjugate vaccine against streptococcus pneumoniae.''

(b) EFFECTIVE DATE.—

(1) SALES.—The amendment made by this section shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae.

(2) DELIVERIES.—For purposes of paragraph (1), in the case of sales on or before the date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(c) REPORT.—Not later than December 31, 1999, the Comptroller General of the United States shall prepare and submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the operation of the Vaccine Injury Compensation Trust Fund and on the adequacy of such Fund to meet future claims made under the Vaccine Injury Compensation Program.

SEC. 507. ABOVE-THE-LINE DEDUCTION FOR PRESCRIPTION DRUG INSURANCE COVERAGE OF MEDICARE BENEFICIARIES IF CERTAIN MEDICARE AND LOW-INCOME ASSISTANCE PROVISIONS IN EFFECT.

(a) IN GENERAL.—Subsection (a) of section 213 is amended by adding at the end the following new sentence: ''The 7.5 percent adjusted gross income threshold in the preceding sentence shall not apply to the expenses paid during the taxable year for prescription drug insurance coverage of a medicare beneficiary who is the taxpayer, the taxpayer's spouse, or a dependent (as defined in section 152) if—

''(1) the Secretary certifies that, throughout such taxable year, the conditions specified in subsection (e) are met, and

''(2) the amount paid for such coverage is either separately stated in the contract or furnished to the policyholder by the insurance company in a separate statement.

Expenses to which the preceding sentence applies shall not be taken into account in applying such threshold to other expenses. For purposes of this subsection, the term 'medicare beneficiary' means an individual who is entitled to benefits under part A, B, or C of title XVIII of the Social Security Act.''

(b) CONDITIONS.—Section 213 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) CONDITIONS FOR SEPARATE DEDUCTION FOR PRESCRIPTION DRUG INSURANCE COVERAGE.—For purposes of subsection (a), the conditions specified in this subsection are met if all of the following are in effect:

''(1) ASSISTANCE FOR PRESCRIPTION DRUGS FOR LOW-INCOME MEDICARE BENEFICIARIES.—

''(A) Low-income assistance to enable the purchase of coverage of prescription drugs as described in paragraph (2) or (3) for medicare beneficiaries with incomes under 135 percent of the applicable Federal poverty level, with such assistance phasing out for beneficiaries with incomes between 135 percent and 150 percent of such level.

''(B) The Federal Government provides funding for the costs of such assistance.

''(2) SUPPLEMENTAL COVERAGE OF PRESCRIPTION DRUGS.—All policies supplemental to Medicare include coverage for costs of prescription drugs.

''(3) STRUCTURAL MEDICARE REFORM.—Coverage for outpatient prescription drugs for medicare beneficiaries is provided only through integrated comprehensive health plans which offer current Medicare covered services and maximum limitations on out-of-pocket spending and such comprehensive plans sponsored by the Health Care Financing Administration compete on the same basis as private plans.''

(c) DEDUCTION FOR PRESCRIPTION DRUG INSURANCE COVERAGE ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 (defining adjusted gross income) is amended by inserting after paragraph (18) the following new paragraph:

''(19) PRESCRIPTION DRUG INSURANCE COVERAGE.—The deduction allowed by section 213(a) to the extent of the expenses described in the second sentence thereof.''

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

TITLE VI—ESTATE TAX RELIEF

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 601. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2008.

SEC. 602. TERMINATION OF STEP UP IN BASIS AT DEATH.

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

''(f) TERMINATION.—In the case of a decedent dying after December 31, 2008, this section shall not apply to property for which basis is provided by section 1022.''

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking ''and'' at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting ''; and'', and by adding at the end the following:

''(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2008).''

SEC. 603. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following:

''SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2008.

''(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

''(b) CARRYOVER BASIS PROPERTY DEFINED.—

''(1) IN GENERAL.—For purposes of this section, the term 'carryover basis property' means any property—

''(A) which is acquired from or passed from a decedent who died after December 31, 2008, and

''(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

''(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term 'carryover basis property' does not include—

''(A) any item of gross income in respect of a decedent described in section 691,

''(B) property which was acquired from the decedent by the surviving spouse of the decedent, the value of which would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of enactment of the Financial Freedom Act of 1999, and

''(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed $2,000,000.

For purposes of this paragraph and paragraph (3), the term 'adjusted fair market value' means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

''(3) PHASEIN OF CARRYOVER BASIS IF INCLUDIBLE PROPERTY EXCEEDS $1,300,000.—

''(A) IN GENERAL.—If the adjusted fair market value of the includible property of the decedent exceeds $1,300,000, but does not exceed $2,000,000, the amount of the increase in the basis of such property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to $700,000.

''(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allocated among only the includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term 'net appreciation' means the excess of the adjusted fair market value over the decedent's adjusted basis immediately before such decedent's death.

''(4) INCLUDIBLE PROPERTY.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'includible property' means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999:

''(i) Section 2033.

''(ii) Section 2038.

''(iii) Section 2040.

''(iv) Section 2041.

''(v) Section 2042(a)(1).

''(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property described in paragraph (2)(B).

''(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.''

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting ''(other than by reason of section 1022)'' after ''is determined''.

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: ''For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1022.''

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

''(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.''

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding at the end the following new item:

''Sec. 1022. Carryover basis for certain property acquired from a decedent dying after December 31, 2008.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2008.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

SEC. 611. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—

(1) IN GENERAL.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000.''

(2) PHASE-IN OF REDUCED RATE.—Subsection (c) of section 2001 is amended by adding at the end the following new paragraph:

''(3) PHASE-IN OF REDUCED RATE.—In the case of decedents dying, and gifts made, during 2001, the last item in the table contained in paragraph (1) shall be applied by substituting '53%' for '50%' ''

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2) and redesignating paragraph (3), as added by subsection (a), as paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as so amended, is amended by adding at the end the following new paragraph:

''(3) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2001 and before 2009—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

''For calendar year:	The number of percentage points is:
2003	1.0
2004	2.0
2005	3.0
2006	4.0
2007	5.5
2008	7.5.

''(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

''(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

''(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).''

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2004.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

SEC. 621. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

''SEC. 2052. EXEMPTION.

''(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

''(1) the exemption amount for the calendar year in which the decedent died, over

''(2) the sum of—

''(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2000, and

''(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999).

Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

''(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term 'exemption amount' means the amount determined in accordance with the following table:

''In the case of calendar year:	The exemption amount is:
2001	$675,000
2002 and 2003	$700,000
2004	$850,000
2005	$950,000
2006 or thereafter	$1,000,000.''

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by inserting before section 2522 the following new section:

''SEC. 2521. EXEMPTION.

''(a) IN GENERAL.—In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the United States an amount equal to the excess of—

''(1) the exemption amount determined under section 2052 for such calendar year, over

''(2) the sum of—

''(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2000, and

''(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999).''

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma ''reduced by the amount of described in section 2052(a)(2)''.

(B) Subsection (b) of section 2001 is amended by adding at the end the following new sentence: ''For purposes of paragraph (2), the amount of the tax payable under chapter 12 shall be determined without regard to the credit provided by section 2505 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999).''

(2) Subsection (f) of section 2011 is amended by striking '', reduced by the amount of the unified credit provided by section 2010''.

(3) Subsection (a) of section 2012 is amended by striking ''and the unified credit provided by section 2010''.

(4) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence ''and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax''.

(5) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2010,''.

(6) Paragraph (2) of section 2014(b) is amended by striking ''2010,''.

(7) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

''(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999) or the exemption allowable under section 2052 with respect to the decedent as such a credit or exemption (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,''.

(8) Section 2102 is amended by striking subsection (c).

(9) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

''(4) EXEMPTION.—

''(A) IN GENERAL.—An exemption of $60,000.

''(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

''(i) $60,000, or

''(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

''(C) SPECIAL RULES.—

''(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

''(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Financial Freedom Act of 1999) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed).''

(10) Subsection (c) of section 2107 is amended—

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

(B) by striking the second sentence of paragraph (2) (as so redesignated).

(11) Section 2206 is amended by striking ''the taxable estate'' in the first sentence and inserting ''the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate''.

(12) Section 2207 is amended by striking ''the taxable estate'' in the first sentence and inserting ''the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate''.

(13) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

''(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate.''

(14) Subsection (a) of section 2503 is amended by striking ''section 2522'' and inserting ''section 2521''.

(15) Paragraph (1) of section 6018(a) is amended by striking ''$600,000'' and inserting ''the exemption amount under section 2052 for the calendar year which includes the date of death''.

(16) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

''(A) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the excess of $1,000,000 over the exemption amount allowable under section 2052, or''.

(17) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(18) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.

Subtitle D—Modifications of Generation-Skipping Transfer Tax

SEC. 631. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—

''(1) IN GENERAL.—If any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

''(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual's GST exemption is that portion of such exemption which has not previously been—

''(A) allocated by such individual,

''(B) treated as allocated under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or

''(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.

''(3) DEFINITIONS.—

''(A) INDIRECT SKIP.—For purposes of this subsection, the term 'indirect skip' means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.

''(B) GST TRUST.—The term 'GST trust' means a trust that could have a generation-skipping transfer with respect to the transferor unless—

''(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons—

''(I) before the date that the individual attains age 46,

''(II) on or before 1 or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or

''(III) upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46;

''(ii) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons and who are living on the date of death of another person identified in the instrument (by name or by class) who is more than 10 years older than such individuals;

''(iii) the trust instrument provides that, if 1 or more individuals who are non-skip persons die on or before a date or event described in clause (i) or (ii), more than 25 percent of the trust corpus either must be distributed to the estate or estates of 1 or more of such individuals or is subject to a general power of appointment exercisable by 1 or more of such individuals;

''(iv) the trust is a trust any portion of which would be included in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer;

''(v) the trust is a charitable lead annuity trust (within the meaning of section 2642(e)(3)(A)) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)); or

''(vi) the trust is a trust with respect to which a deduction was allowed under section 2522 for the amount of an interest in the form of the right to receive annual payments of a fixed percentage of the net fair market value of the trust property (determined yearly) and which is required to pay principal to a non-skip person if such person is alive when the yearly payments for which the deduction was allowed terminate. For purposes of this subparagraph, the value of transferred property shall not be considered to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person holding a right to withdraw so much of such property as does not exceed the amount referred to in section 2503(b) with respect to any transferor, and it shall be assumed that powers of appointment held by non-skip persons will not be exercised.

''(4) AUTOMATIC ALLOCATIONS TO CERTAIN GST TRUSTS.—For purposes of this subsection, an indirect skip to which section 2642(f) applies shall be deemed to have been made only at the close of the estate tax inclusion period. The fair market value of such transfer shall be the fair market value of the trust property at the close of the estate tax inclusion period.

''(5) APPLICABILITY AND EFFECT.—

''(A) IN GENERAL.—An individual—

''(i) may elect to have this subsection not apply to—

''(I) an indirect skip, or

''(II) any or all transfers made by such individual to a particular trust, and

''(ii) may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.

''(B) ELECTIONS.—

''(i) ELECTIONS WITH RESPECT TO INDIRECT SKIPS.—An election under subparagraph (A)(i)(I) shall be deemed to be timely if filed on a timely filed gift tax return for the calendar year in which the transfer was made or deemed to have been made pursuant to paragraph (4) or on such later date or dates as may be prescribed by the Secretary.

''(ii) OTHER ELECTIONS.—An election under clause (i)(II) or (ii) of subparagraph (A) may be

made on a timely filed gift tax return for the calendar year for which the election is to become effective.

''(d) RETROACTIVE ALLOCATIONS.—

''(1) IN GENERAL.—If—

''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

''(B) such person—

''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse, and

''(ii) is assigned to a generation below the generation assignment of the transferor, and

''(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

''(B) such allocation shall be effective immediately before such death, and

''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2632(b) is amended by striking ''with respect to a direct skip'' and inserting ''or subsection (c)(1)''.

(c) EFFECTIVE DATES.—

(1) DEEMED ALLOCATION.—Section 2632(c) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendment made by subsection (b), shall apply to transfers subject to chapter 11 or 12 made after December 31, 1999, and to estate tax inclusion periods ending after December 31, 1999.

(2) RETROACTIVE ALLOCATIONS.—Section 2632(d) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to deaths of non-skip persons occurring after the date of the enactment of this Act.

SEC. 632. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

''(3) SEVERING OF TRUSTS.—

''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.

''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of 2 or more trusts if—

''(I) the single trust was divided on a fractional basis, and

''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into 2 trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after the date of the enactment of this Act.

SEC. 633. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632 (b)(1) or (c)(1)—

''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1431 of the Tax Reform Act of 1986.

SEC. 634. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

''(g) RELIEF PROVISIONS.—

''(1) RELIEF FOR LATE ELECTIONS.—

''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

''(ii) an election under subsection (b)(3) or (c)(5) of section 2632.

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of enactment of this paragraph.

''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.

(b) EFFECTIVE DATES.—

(1) RELIEF FOR LATE ELECTIONS.—Section 2642(g)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, the date of the enactment of this Act.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) of such Code (as so added) shall take effect on the date of the enactment of this Act and shall apply to allocations made prior to such date for purposes of determining the tax consequences of generation-skipping transfers with respect to which the period of time for filing claims for refund has not expired. No negative implication is intended with respect to the availability of relief for late elections or the application of a rule of substantial compliance prior to the enactment of this amendment.

TITLE VII—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 1999

SEC. 701. SHORT TITLE.

This subtitle may be cited as the ''American Community Renewal Act of 1999''.

SEC. 702. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''Part I. Designation.

''Part II. Renewal community capital gain; renewal community business.

''Part III. Family development accounts.

''Part IV. Additional incentives.

''PART I—DESIGNATION

''Sec. 1400E. Designation of renewal communities.

''SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'); and

''(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 20 nominated areas as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 4 must be areas—

''(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

''(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

''(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 10 designations made under this section—

''(i) all shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

''(ii) 2 shall be areas described in paragraph (2)(B).

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A);

''(ii) the parameters relating to the size and population characteristics of a renewal community; and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the States in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community;

''(II) to make the State and local commitments described in subsection (d); and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe; and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31, 2007,

''(B) the termination date designated by the State and local governments in their nomination, or

''(C) the date the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

''(A) has modified the boundaries of the area, or

''(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of one or more local governments;

''(B) the boundary of the area is continuous; and

''(C) the area—

''(i) has a population, of at least—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater; or

''(II) 1,000 in any other case; or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress;

''(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

''(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

''(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

''(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area; and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

''(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government

and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

''(A) licensing requirements for occupations that do not ordinarily require a professional degree;

''(B) zoning restrictions on home-based businesses which do not create a public nuisance;

''(C) permit requirements for street vendors who do not create a public nuisance;

''(D) zoning or other restrictions that impede the formation of schools or child care centers; and

''(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

''(1) a designation as a renewal community; and

''(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

''(3) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

''(C) the District of Columbia.

''(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

"PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

''Sec. 1400F. Renewal community capital gain.

''Sec. 1400G. Renewal community business defined.

"SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock;

''(B) any qualified community partnership interest; and

''(C) any qualified community business property.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer after December 31, 2000, and before January 1, 2008, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash;

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business); and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any capital or profits interest in a domestic partnership if—

''(A) such interest is acquired by the taxpayer after December 31, 2000, and before January 1, 2008;

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business); and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

''(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008;

''(ii) the original use of such property in the renewal community commences with the taxpayer; and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2008; and

''(ii) any land on which such property is located.

''(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

"SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

''For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

''(1) references to renewal communities were substituted for references to empowerment zones in such section; and

''(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

"PART III—FAMILY DEVELOPMENT ACCOUNTS

''Sec. 1400H. Family development accounts for renewal community EITC recipients.

''Sec. 1400I. Demonstration program to provide matching contributions to family development accounts in certain renewal communities.

''Sec. 1400J. Designation of earned income tax credit payments for deposit to family development account.

"SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction—

''(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit; and

''(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

No deduction shall be allowed under this paragraph for any amount deposited in a family development account under section 1400I (relating to demonstration program to provide matching amounts in renewal communities).

''(2) LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

''(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

''(4) COORDINATION WITH IRAS.—No deduction shall be allowed under this section for any taxable year to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid for such taxable year into an individual retirement account (including a Roth IRA) for the benefit of such individual.

''(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

''(b) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

''(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

''(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

''(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

''(A) Qualified higher education expenses.

''(B) Qualified first-time homebuyer costs.

''(C) Qualified business capitalization costs.

''(D) Qualified medical expenses.

''(E) Qualified rollovers.

''(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

''(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

''(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

''(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

''(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(C) QUALIFIED BUSINESS.—The term 'qualified business' means any trade or business other than any trade or business—

''(i) which consists of the operation of any facility described in section 144(c)(6)(B), or

''(ii) which contravenes any law.

''(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

''(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

''(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

''(A) such taxpayer, or

''(B) any qualified individual who is—

''(i) the spouse of such taxpayer, or

''(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

''(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

''(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

''(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

''(A) no contribution will be accepted unless it is in cash; and

''(B) contributions will not be accepted for the taxable year in excess of $3,000 (determined without regard to any contribution made under section 1400I (relating to demonstration program to provide matching amounts in renewal communities)).

''(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

''(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

''(1) who is a bona fide resident of a renewal community throughout the taxable year; and

''(2) to whom a credit was allowed under section 32 for the preceding taxable year.

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—

''(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

''(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

''(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

''(4) EMPLOYER PAYMENTS; CUSTODIAL ACCOUNTS.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

''(5) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations; and

''(B) shall be furnished to individuals—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate; and

''(ii) in such manner as the Secretary prescribes in such regulations.

''(6) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

''(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

''(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by the sum of—

''(A) 100 percent of the portion of such amount which is includible in gross income and is attributable to amounts contributed under section 1400I (relating to demonstration program to provide matching amounts in renewal communities); and

''(B) 10 percent of the portion of such amount which is includible in gross income and is not described in subparagraph (A).

For purposes of this subsection, distributions which are includable in gross income shall be treated as attributable to amounts contributed under section 1400I to the extent thereof. For purposes of the preceding sentence, all family development accounts of an individual shall be treated as one account.

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

''(A) made on or after the date on which the account holder attains age 59½,

''(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

''(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

''(i) APPLICATION OF SECTION.—This section shall apply to amounts paid to a family development account for any taxable year beginning after December 31, 2000, and before January 1, 2008.

"SEC. 1400I. DEMONSTRATION PROGRAM TO PROVIDE MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS IN CERTAIN RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this section, the term 'FDA matching demonstration area' means any renewal community—

''(A) which is nominated under this section by each of the local governments and States which nominated such community for designation as a renewal community under section 1400E(a)(1)(A); and

''(B) which the Secretary of Housing and Urban Development designates as an FDA matching demonstration area after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury, the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration; and

''(ii) in the case of a community on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 5 renewal communities as FDA matching demonstration areas.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under subparagraph (A), at least 2 must be areas described in section 1400E(a)(2)(B).

''(3) LIMITATIONS ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating a renewal community under paragraph (1)(A) (including procedures for coordinating such nomination with the nomination of an area for designation as a renewal community under section 1400E); and

''(ii) the manner in which nominated renewal communities will be evaluated for purposes of this section.

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate renewal communities as FDA matching demonstration areas only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(4) DESIGNATION BASED ON DEGREE OF POVERTY, ETC.—The rules of section 1400E(a)(3) shall apply for purposes of designations of FDA matching demonstration areas under this section.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—Any designation of a renewal community as an FDA matching demonstration area shall remain in effect during the period beginning on the date of such designation and ending on the date on which such area ceases to be a renewal community.

''(c) MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS.—

''(1) IN GENERAL.—Not less than once each taxable year, the Secretary shall deposit (to the extent provided in appropriation Acts) into a family development account of each qualified individual (as defined in section 1400H(f))—

''(A) who is a resident throughout the taxable year of an FDA matching demonstration area; and

''(B) who requests (in such form and manner as the Secretary prescribes) such deposit for the taxable year,

an amount equal to the sum of the amounts deposited into all of the family development accounts of such individual during such taxable year (determined without regard to any amount contributed under this section).

''(2) LIMITATIONS.—

''(A) ANNUAL LIMIT.—The Secretary shall not deposit more than $1000 under paragraph (1) with respect to any individual for any taxable year.

''(B) AGGREGATE LIMIT.—The Secretary shall not deposit more than $2000 under paragraph (1) with respect to any individual for all taxable years.

''(3) EXCLUSION FROM INCOME.—Except as provided in section 1400H, gross income shall not include any amount deposited into a family development account under paragraph (1).

''(d) NOTICE OF PROGRAM.—The Secretary shall provide appropriate notice to residents of FDA matching demonstration areas of the availability of the benefits under this section.

''(e) TERMINATION.—No amount may be deposited under this section for any taxable year beginning after December 31, 2007.

''SEC. 1400J. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

''(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

''(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

''(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

''(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

''(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

''(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2007.

''PART IV—ADDITIONAL INCENTIVES

''Sec. 1400K. Commercial revitalization deduction.

''Sec. 1400L. Increase in expensing under section 179.

''SEC. 1400K. COMMERCIAL REVITALIZATION DEDUCTION.

''(a) GENERAL RULE.—At the election of the taxpayer, either—

''(1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or

''(2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

The deduction provided by this section with respect to such expenditure shall be in lieu of any depreciation deduction otherwise allowable on account of such expenditure.

''(b) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) such building is located in a renewal community and is placed in service after December 31, 2000;

''(B) a commercial revitalization deduction amount is allocated to the building under subsection (d); and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building (without regard to this section).

''(2) QUALIFIED REVITALIZATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

''(i) for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

''(I) nonresidential real property; or

''(II) an addition or improvement to property described in subclause (I);

''(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation; and

''(iii) for land (including land which is functionally related to such property and subordinate thereto).

''(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

''(i) $10,000,000, reduced by

''(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the deduction under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

''(ii) CREDITS.—Any expenditure which the taxpayer may take into account in computing any credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

''(d) LIMITATION ON AGGREGATE DEDUCTIONS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the deduction determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization deduction amount (in the case of an amount determined under subsection (a)(2), the present value of such amount as determined under the rules of section 42(b)(2)(C) by substituting '100 percent' for '72 percent' in clause (ii) thereof) allocated to such building under this subsection by the commercial revitalization agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(2) COMMERCIAL REVITALIZATION DEDUCTION AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization deduction amount which a commercial revitalization agency may allocate for any calendar year is the amount of the State commercial revitalization deduction ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION DEDUCTION CEILING.—The State commercial revitalization deduction ceiling applicable to any State—

''(i) for each calendar year after 2000 and before 2008 is $6,000,000 for each renewal community in the State; and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION AGENCY.—For purposes of this section, the term 'commercial revitalization agency' means any agency authorized by a State to carry out this section.

''(e) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization deduction amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization agency which are appropriate to local conditions;

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process;

''(ii) the amount of any increase in permanent, full-time employment by reason of any project; and

''(iii) the active involvement of residents and nonprofit groups within the renewal community; and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

''(f) REGULATIONS.—For purposes of this section, the Secretary shall, by regulations, provide for the application of rules similar to the rules of section 49 and subsections (a) and (b) of section 50.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2007.

''SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

''(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(A) $35,000; or

''(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year; and

''(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

''(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

''(c) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008; and

''(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

''(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.''.

SEC. 703. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) EXTENSION.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) RENEWAL COMMUNITIES INCLUDED.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E) with respect to expenditures paid or incurred after December 31, 2000.''.

(b) EXTENSION OF TERMINATION DATE FOR RENEWAL COMMUNITIES.—Subsection (h) of section 198 is amended by inserting before the period ''(December 31, 2007, in the case of a renewal community, as defined in section 1400E).''.

SEC. 704. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

''(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

''(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

''(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

''(I) 15 percent of the qualified first-year wages for such year; and

''(II) 30 percent of the qualified second-year wages for such year;

''(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000';

''(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect; and

''(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

''(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

''(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period;

''(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period; and

''(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

''(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

''(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).''.

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2000.

SEC. 705. CONFORMING AND CLERICAL AMENDMENTS.

(a) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to adjusted gross income defined) is amended by inserting after paragraph (19) the following new paragraph:

''(20) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1).''.

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking ''or'' at the end of paragraph (3), adding ''or'' at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

''(5) a family development account (within the meaning of section 1400H(e)),''.

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

''(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of family development accounts, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 1400H(c)(7), or a contribution under section 1400I), over

''(B) the amount allowable as a deduction under section 1400H for such contributions; and

''(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

''(A) the distributions out of the accounts for the taxable year which were included in the gross income of the payee under section 1400H(b)(1);

''(B) the distributions out of the accounts for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3); and

''(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year (other than a contribution under section 1400I).

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.''.

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

''(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account.''; and

(2) in subsection (e)(1), by striking ''or'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) a family development account described in section 1400H(e), or''.

(d) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting ''or section 1400H'' after ''section 219''; and

(2) by inserting '', of any family development account described in section 1400H(e),'', after ''section 408(a)''.

(e) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) is amended by inserting ''a family development account described in section 1400H(e),'' after ''section 408(a),''.

(f) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking ''and'' at the end of subparagraph (C), by striking the period and inserting '', and'' at the end of subparagraph (D), and by adding at the end the following new subparagraph:

''(E) section 1400H(g)(6) (relating to family development accounts).''.

(g) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION DEDUCTION.—

(1) Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) NO CARRYBACK OF SECTION 1400K DEDUCTION BEFORE DATE OF ENACTMENT.—No portion of the net operating loss for any taxable year which is attributable to any commercial revitalization deduction determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''.

(2) Subparagraph (B) of section 48(a)(2) is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading.

(3) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by inserting ''AND COMMERCIAL REVITALIZATION DEDUCTION'' after ''CREDIT'' in the heading.

(h) CLERICAL AMENDMENTS.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''.

SEC. 706. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates an area as a renewal community under section 1400E of the Internal Revenue Code of 1986, and at the close of each fourth calendar year thereafter, such Secretary shall prepare and submit to the Congress a report on the effects of such designations in stimulating the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and promoting the revitalization of economically distressed areas.

Subtitle B—Farming Incentive

SEC. 711. PRODUCTION FLEXIBILITY CONTRACT PAYMENTS.

Any option to accelerate the receipt of any payment under a production flexibility contract which is payable under the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7200 et seq.), as in effect on the date of the enactment of this Act, shall be disregarded in determining the taxable year for which such payment is properly includible in gross income for purposes of the Internal Revenue Code of 1986.

Subtitle C—Oil and Gas Incentives

SEC. 721. 5-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) LOSSES ON OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.—In the case of a taxpayer—

''(i) which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, and

''(ii) which is not an integrated oil company (as defined in section 291(b)(4)),

such eligible oil and gas loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.''

(b) ELIGIBLE OIL AND GAS LOSS.—Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELIGIBLE OIL AND GAS LOSS.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible oil and gas loss' means the lesser of—

''(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to operating mineral interests (as defined in section 614(d)) in oil and gas wells are taken into account, or

''(B) the amount of the net operating loss for such taxable year.

''(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), an eligible oil and gas loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

''(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1998.

SEC. 722. DEDUCTION FOR DELAY RENTAL PAYMENTS.

(a) IN GENERAL.—Section 263 (relating to capital expenditures) is amended by adding after subsection (i) the following new subsection:

''(j) DELAY RENTAL PAYMENTS FOR DOMESTIC OIL AND GAS WELLS.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a taxpayer may elect to treat delay rental payments incurred in connection with the development of oil or gas within the United States (as defined in section 638) as payments which are not chargeable to capital account. Any payments so treated shall be allowed as a deduction in the taxable year in which paid or incurred.

''(2) DELAY RENTAL PAYMENTS.—For purposes of paragraph (1), the term 'delay rental payment' means an amount paid for the privilege of deferring development of an oil or gas well.''

(b) CONFORMING AMENDMENT.—Section 263A(c)(3) is amended by inserting ''263(j),'' after ''263(i),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 1999.

SEC. 723. ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.

(a) IN GENERAL.—Section 263 (relating to capital expenditures) is amended by adding after subsection (j) the following new subsection:

''(k) GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR DOMESTIC OIL AND GAS WELLS.—Notwithstanding subsection (a), a taxpayer may elect to treat geological and geophysical expenses incurred in connection with the exploration for, or development of, oil or gas within the United States (as defined in section 638) as expenses which are not chargeable to capital account. Any expenses so treated shall be allowed as a deduction in the taxable year in which paid or incurred.''

(b) CONFORMING AMENDMENT.—Section 263A(c)(3) is amended by inserting ''263(k),'' after ''263(j),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred in taxable years beginning after December 31, 1999.

SEC. 724. TEMPORARY SUSPENSION OF LIMITATION BASED ON 65 PERCENT OF TAXABLE INCOME.

(a) IN GENERAL.—Subsection (d) of section 613A (relating to limitation on percentage depletion in case of oil and gas wells) is amended by adding at the end the following new paragraph:

''(6) TEMPORARY SUSPENSION OF TAXABLE INCOME LIMIT.—Paragraph (1) shall not apply to taxable years beginning after December 31, 1998, and before January 1, 2005, including with respect to amounts carried under the second sentence of paragraph (1) to such taxable years.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 725. DETERMINATION OF SMALL REFINER EXCEPTION TO OIL DEPLETION DEDUCTION.

(a) IN GENERAL.—Paragraph (4) of section 613A(d) (relating to certain refiners excluded) is amended to read as follows:

''(4) CERTAIN REFINERS EXCLUDED.—If the taxpayer or a related person engages in the refining of crude oil, subsection (c) shall not apply to the taxpayer for a taxable year if the average daily refinery runs of the taxpayer and the related person for the taxable year exceed 50,000 barrels. For purposes of this paragraph, the average daily refinery runs for any taxable year shall be determined by dividing the aggregate refinery runs for the taxable year by the number of days in the taxable year.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle D—Timber Incentives

SEC. 731. TEMPORARY SUSPENSION OF MAXIMUM AMOUNT OF AMORTIZABLE REFORESTATION EXPENDITURES.

(a) INCREASE IN DOLLAR LIMITATION.—Paragraph (1) of section 194(b) (relating to amortization of reforestation expenditures) is amended by striking ''$10,000 ($5,000'' and inserting ''$25,000 ($12,500''.

(b) TEMPORARY SUSPENSION OF INCREASED DOLLAR LIMITATION.—Subsection (b) of section 194(b) (relating to amortization of reforestation expenditures) is amended by adding at the end the following new paragraph:

''(5) SUSPENSION OF DOLLAR LIMITATION.—Paragraph (1) shall not apply to taxable years beginning after December 31, 1999, and before January 1, 2004.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 48(b) is amended by striking ''section 194(b)(1)'' and inserting ''section 194(b)(1) and without regard to section 194(b)(5)''.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 732. CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY TO OUTRIGHT SALES BY LAND OWNER.

(a) IN GENERAL.—Subsection (b) of section 631 (relating to disposal of timber with a retained economic interest) is amended—

(1) by inserting ''AND OUTRIGHT SALES OF TIMBER'' after ECONOMIC INTEREST'' in the subsection heading, and

(2) by adding before the last sentence the following new sentence: ''The requirement in the first sentence of this subsection to retain an economic interest in timber shall not apply to an outright sale of such timber by the owner thereof if such owner owned the land (at the time of such sale) from which the timber is cut.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales after the date of the enactment of this Act.

Subtitle E—Steel Industry Incentive

SEC. 741. MINIMUM TAX RELIEF FOR STEEL INDUSTRY.

(a) IN GENERAL.—Subsection (c) of section 53 (as amended by section 302) is amended by adding at the end the following new paragraph:

''(4) STEEL COMPANIES.—

''(A) IN GENERAL.—In the case of a corporation engaged in the trade or business of manufacturing steel in the United States for sale to customers, in lieu of applying paragraph (2), the limitation under paragraph (1) for any taxable year beginning after December 31, 1998, shall be increased (subject to the rule of the last sentence of paragraph (2)) by 90 percent of the tentative minimum tax.

''(B) LIMITATION.—The increase in the credit allowed by this section by reason of this paragraph for any taxable year shall not exceed the increase in the credit which would be so allowed if the trade or business of such corporation of manufacturing steel in the United States for sale to customers were a separate taxpayer.

''(C) REGULATIONS.—The Secretary shall prescribe regulations to prevent the abuse of the purposes of this paragraph, including regulations to prevent the benefits of this paragraph from becoming available to any other corporation through any reorganization or other acquisition.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE VIII—RELIEF FOR SMALL BUSINESSES

SEC. 801. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 802. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 803. REPEAL OF FEDERAL UNEMPLOYMENT SURTAX.

(a) IN GENERAL.—Section 3301 (relating to rate of Federal unemployment tax) is amended—

(1) by striking ''2007'' and inserting ''2004'', and

(2) by striking ''2008'' and inserting ''2005''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 804. RESTORATION OF 80 PERCENT DEDUCTION FOR MEAL EXPENSES.

(a) IN GENERAL.—Paragraph (1) of section 274(n) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by striking ''50 percent'' in the text and inserting ''the allowable percentage''.

(b) ALLOWABLE PERCENTAGES.—Subsection (n) of section 274 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (2) the following new paragraph:

''(2) ALLOWABLE PERCENTAGE.—For purposes of paragraph (1), the allowable percentage is—

''(A) in the case of amounts for items described in paragraph (1)(B), 50 percent, and

''(B) in the case of expenses for food or beverages, the percentage determined in accordance with the following table:

''For taxable years beginning in calendar year—	***The allowable percentage is—***
2000 through 2004	*50*
2005	*55*
2006	*60*
2007	*65*
2008	*70*
2009	*75*
2010 and thereafter	*80.''*

(b) CONFORMING AMENDMENTS.—

(1) The heading for subsection (n) of section 274 is amended by striking ''50 PERCENT'' and inserting ''LIMITED PERCENTAGES''.

(2) Subparagraph (A) of section 274(n)(4), as redesignated by subsection (a), is amended by striking ''50 percent'' and inserting ''the allowable percentage''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE IX—INTERNATIONAL TAX RELIEF

SEC. 901. INTEREST ALLOCATION RULES.

(a) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—Subsection (e) of section 864 (relating to rules for allocating interest, etc.) is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—

''(A) IN GENERAL.—Except as provided in this paragraph, this subsection shall be applied by treating each worldwide affiliated group for which an election under this paragraph is in effect as an affiliated group solely for purposes of allocating and apportioning interest expense of domestic corporations which are members of such group.

''(B) WORLDWIDE AFFILIATED GROUP.—For purposes of this paragraph, the term 'worldwide affiliated group' means the group of corporations which consists of—

''(i) all corporations in an affiliated group (as defined in paragraph (5)), and

''(ii) all foreign corporations (other than a FSC, as defined in section 922(a)) with respect to which corporations described in clause (i) own stock meeting the ownership requirements of section 957(a) (without regard to stock considered as owned under section 958(b)).

''(C) ALLOCATION.—

''(i) IN GENERAL.—For purposes of paragraph (1), only the applicable percentage of the interest expense and assets of a foreign corporation described in subparagraph (B)(ii) shall be taken into account.

''(ii) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the term 'applicable percentage' means, with respect to any foreign corporation, the percentage equal to the ratio which the value of the stock in such corporation taken into account under subparagraph (B)(ii) bears to the aggregate value of all stock in such corporation.

''(D) TREATMENT OF FOREIGN INTEREST EXPENSE.—Interest expense of domestic corporations which are members of an electing worldwide affiliated group which is allocated to foreign source income under this subsection shall be reduced (but not below zero) by the applicable percentage of the interest expense incurred by any foreign corporation in the electing worldwide affiliated group to the extent such interest expense of such foreign corporation would have been allocated and apportioned to foreign source income of such foreign corporation if this subsection were applied to a group consisting of all the foreign corporations in such affiliated group.

''(E) ELECTION.—An election under this paragraph with respect to any worldwide affiliated group may be made only by the common parent of the affiliated group referred to in subparagraph (B)(i) and may be made only for the first taxable year beginning after December 31, 2001, in which a worldwide affiliated group exists which includes such affiliated group and at least 1 corporation described in subparagraph (B)(ii). Such an election, once made, shall apply to such parent and all other corporations which are included in such worldwide affiliated group for such taxable year and all subsequent years unless revoked with the consent of the Secretary.''.

(b) ELECTION TO ALLOCATE INTEREST WITHIN FINANCIAL INSTITUTION GROUPS AND SUBSIDIARY GROUPS.—Section 864 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) ELECTION TO APPLY SUBSECTION (e) ON BASIS OF FINANCIAL INSTITUTION GROUP AND SUBSIDIARY GROUPS.—

''(1) IN GENERAL.—Subsection (e) shall be applied—

''(A) as if the electing financial institution group were a separate affiliated group, and

''(B) for purposes of allocating interest expense with respect to qualified indebtedness of members of an electing subsidiary group, as if each electing subsidiary group were a separate affiliated group.

Subsection (e) shall apply to any such electing group in the same manner as subsection (e) applies to the pre-election affiliated group of which such electing group is a part.

''(2) ELECTING FINANCIAL INSTITUTION GROUP.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'electing financial institution group' means any group of corporations if—

''(i) such group consists only of all of the financial corporations in the pre-election affiliated group, and

''(ii) an election under this paragraph is in effect for such group of corporations.

''(B) FINANCIAL CORPORATION.—The term 'financial corporation' means any corporation if at least 80 percent of its gross income is income described in section 904(d)(2)(C)(ii) and the regulations thereunder. To the extent provided in regulations prescribed by the Secretary, such term includes a bank holding company (within the meaning of section 2(a) of the Bank Holding Company Act of 1956).

''(C) EFFECT OF CERTAIN TRANSACTIONS.—Rules similar to the rules of paragraph (3)(D) shall apply to transactions between any member of the electing financial institution group and any member of the pre-election affiliated group (other than a member of the electing financial institution group).

''(D) ELECTION.—An election under this paragraph with respect to any financial institution group may be made only by the common parent of the pre-election affiliated group. Such an election, once made, shall apply only to the taxable year for which made.

''(3) ELECTING SUBSIDIARY GROUPS.—

''(A) IN GENERAL.—The term 'electing subsidiary group' means any group of corporations if—

''(i) such group consists only of corporations in the pre-election affiliated group,

''(ii) such group includes—

''(I) a domestic corporation (which is not the common parent of the pre-election affiliated group or a member of an electing financial institution group) which incurs interest expense with respect to qualified indebtedness, and

''(II) every other corporation (other than a member of an electing financial institution group) which is in the pre-election affiliated group and which would be a member of an affiliated group having such domestic corporation as the common parent, and

''(iii) an election under this paragraph is in effect for such group.

''(B) EQUALIZATION RULE.—All interest expense of a domestic corporation which is a member of a pre-election affiliated group (other than subsidiary group interest expense) shall be treated as allocated to foreign source income to the extent such expense does not exceed the excess (if any) of—

''(i) the interest expense of the pre-election affiliated group (including subsidiary group interest expense) which would (but for any election under this paragraph) be allocated to foreign source income, over

''(ii) the subsidiary group interest expense allocated to foreign source income.

For purposes of the preceding sentence, the subsidiary group interest expense is the interest expense to which subsection (e) applies separately by reason of paragraph (1)(B).

''(C) QUALIFIED INDEBTEDNESS.—For purposes of this subsection, the term 'qualified indebtedness' means any indebtedness of a domestic corporation—

''(i) which is held by an unrelated person, and

''(ii) which is not guaranteed (or otherwise supported) by any corporation which is a member of the pre-election affiliated group other than a corporation which is a member of the electing subsidiary group.

For purposes of this subparagraph, the term 'unrelated person' means any person not bearing a relationship specified in section 267(b) or 707(b)(1) to the corporation.

''(D) EFFECT OF CERTAIN TRANSACTIONS ON QUALIFIED INDEBTEDNESS.—In the case of a corporation which is a member of an electing subsidiary group, to the extent that such corporation—

''(i) distributes dividends or makes other distributions with respect to its stock after the date of the enactment of this paragraph to any member of the pre-election affiliated group (other than to a member of the electing subsidiary group) in excess of the greater of—

''(I) its average annual dividend (expressed as a percentage of current earnings and profits) during the 5-taxable-year period ending with the taxable year preceding the taxable year, or

''(II) 25 percent of its average annual earnings and profits for such 5 taxable year period, or

''(ii) deals with any person in any manner not clearly reflecting the income of the corporation (as determined under principles similar to the principles of section 482),

an amount of qualified indebtedness equal to the excess distribution or the understatement or overstatement of income, as the case may be, shall be recharacterized (for the taxable year and subsequent taxable years) for purposes of this subsection as indebtedness which is not qualified indebtedness. If a corporation has not been in existence for 5 taxable years, this subparagraph shall be applied with respect to the period it was in existence.

''(E) ELECTION.—An election under this paragraph with respect to any electing subsidiary group may be made only by the common parent of the pre-election affiliated group. Such an election, once made, shall apply only to the taxable year for which made. No election may be made under this paragraph if the effect of the election would be to have the same member of the pre-election affiliated group included in more than 1 electing subsidiary group.

''(4) PRE-ELECTION AFFILIATED GROUP.—For purposes of this subsection, the term 'pre-election affiliated group' means, with respect to a corporation, the affiliated group or electing worldwide affiliated group of which such corporation would (but for an election under this subsection) be a member for purposes of applying subsection (e).

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this subsection and subsection (e), including regulations—

''(A) providing for the direct allocation of interest expense in other circumstances where such allocation would be appropriate to carry out the purposes of this subsection,

''(B) preventing assets or interest expense from being taken into account more than once, and

''(C) dealing with changes in members of any group (through acquisitions or otherwise) treated under this subsection as an affiliated group for purposes of subsection (e).''

(c) INSURANCE COMPANIES INCLUDED IN AFFILIATED GROUPS.—Paragraph (5) of section 864(e) is amended to read as follows:

''(5) AFFILIATED GROUP.—The term 'affiliated group' has the meaning given such term by section 1504 (determined without regard to paragraphs (2) and (4) of section 1504(b)).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 902. LOOK-THRU RULES TO APPLY TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) IN GENERAL.—Section 904(d)(4) (relating to application of look-thru rules to dividends from noncontrolled section 902 corporations) is amended to read as follows:

''(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

''(A) IN GENERAL.—For purposes of this subsection, any dividend from a noncontrolled section 902 corporation with respect to the taxpayer shall be treated as income in a separate category in proportion to the ratio of—

''(i) the portion of earnings and profits attributable to income in such category, to

''(ii) the total amount of earnings and profits.

''(B) SPECIAL RULES.—For purposes of this paragraph—

''(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply; except that the term 'separate category' shall include the category of income described in paragraph (1)(I).

''(ii) EARNINGS AND PROFITS.—

''(I) IN GENERAL.—The rules of section 316 shall apply.

''(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods before the taxpayer's acquisition of the stock to which the distributions relate.

''(iii) DIVIDENDS NOT ALLOCABLE TO SEPARATE CATEGORY.—The portion of any dividend from a noncontrolled section 902 corporation which is not treated as income in a separate category under subparagraph (A) shall be treated as a dividend to which subparagraph (A) does not apply.

''(iv) LOOK-THRU WITH RESPECT TO CARRYFORWARDS OF CREDIT.—Rules similar to subparagraph (A) also shall apply to any carryforward under subsection (c) from a taxable year beginning before January 1, 2002, of tax allocable to a dividend from a noncontrolled section 902 corporation with respect to the taxpayer.''

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 904(d)(1), as in effect both before and after the amendments made by section 1105 of the Taxpayer Relief Act of 1997, is hereby repealed.

(2) Section 904(d)(2)(C)(iii), as so in effect, is amended by striking subclause (II) and by redesignating subclause (III) as subclause (II).

(3) The last sentence of section 904(d)(2)(D), as so in effect, is amended to read as follows: ''Such term does not include any financial services income.''

(4) Section 904(d)(2)(E) is amended by striking clauses (ii) and (iv) and by redesignating clause (iii) as clause (ii).

(5) Section 904(d)(3)(F) is amended by striking ''(D), or (E)'' and inserting ''or (D)''.

(6) Section 864(d)(5)(A)(i) is amended by striking ''(C)(iii)(III)'' and inserting ''(C)(iii)(II)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 903. CLARIFICATION OF TREATMENT OF PIPELINE TRANSPORTATION INCOME.

(a) IN GENERAL.—Section 954(g)(1) (defining foreign base company oil related income) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the pipeline transportation of oil or gas within such foreign country.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2001, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 904. SUBPART F TREATMENT OF INCOME FROM TRANSMISSION OF HIGH VOLTAGE ELECTRICITY.

(a) IN GENERAL.—Paragraph (2) of section 954(e) (relating to foreign base company services income) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the transmission of high voltage electricity.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2001, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 905. RECHARACTERIZATION OF OVERALL DOMESTIC LOSS.

(a) GENERAL RULE.—Section 904 is amended by redesignating subsections (g), (h), (i), (j), and (k) as subsections (h), (i), (j), (k), and (l), respectively, and by inserting after subsection (f) the following new subsection:

''(g) RECHARACTERIZATION OF OVERALL DOMESTIC LOSS.—

''(1) GENERAL RULE.—For purposes of this subpart and section 936, in the case of any taxpayer who sustains an overall domestic loss for any taxable year beginning after December 31, 2004, that portion of the taxpayer's taxable income from sources within the United States for each succeeding taxable year which is equal to the lesser of—

''(A) the amount of such loss (to the extent not used under this paragraph in prior taxable years), or

''(B) 50 percent of the taxpayer's taxable income from sources within the United States for such succeeding taxable year,

shall be treated as income from sources without the United States (and not as income from sources within the United States).

''(2) OVERALL DOMESTIC LOSS DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'overall domestic loss' means any domestic loss to the extent such loss offsets taxable income from sources without the United States for the taxable year or for any preceding taxable year by reason of a carryback. For purposes of the preceding sentence, the term 'domestic loss' means the amount by which the gross income for the taxable year from sources within the United States is exceeded by the sum of the deductions properly apportioned or allocated thereto (determined without regard to any carryback from a subsequent taxable year).

''(B) TAXPAYER MUST HAVE ELECTED FOREIGN TAX CREDIT FOR YEAR OF LOSS.—The term 'overall domestic loss' shall not include any loss for any taxable year unless the taxpayer chose the benefits of this subpart for such taxable year.

''(3) CHARACTERIZATION OF SUBSEQUENT INCOME.—

''(A) IN GENERAL.—Any income from sources within the United States that is treated as income from sources without the United States under paragraph (1) shall be allocated among and increase the income categories in proportion to the loss from sources within the United States previously allocated to those income categories.

''(B) INCOME CATEGORY.—For purposes of this paragraph, the term 'income category' has the meaning given such term by subsection (f)(5)(E)(i).

''(4) COORDINATION WITH SUBSECTION (f).—The Secretary shall prescribe such regulations as may be necessary to coordinate the provisions of this subsection with the provisions of subsection (f).''

(b) CONFORMING AMENDMENTS.—

(1) Section 535(d)(2) is amended by striking ''section 904(g)(6)'' and inserting ''section 904(h)(6)''.

(2) Subparagraph (A) of section 936(a)(2) is amended by striking ''section 904(f)'' and inserting ''subsections (f) and (g) of section 904''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to losses for taxable years beginning after December 31, 2004.

SEC. 906. TREATMENT OF MILITARY PROPERTY OF FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Section 923(a) (defining exempt foreign trade income) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 907. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) TREATMENT OF CERTAIN DIVIDENDS.—

(1) NONRESIDENT ALIEN INDIVIDUALS.—Section 871 (relating to tax on nonresident alien individuals) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

''(k) EXEMPTION FOR CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.—

''(1) INTEREST-RELATED DIVIDENDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no tax shall be imposed under paragraph (1)(A) of subsection (a) on any interest-related dividend received from a regulated investment company.

''(B) EXCEPTIONS.—Subparagraph (A) shall not apply—

''(i) to any interest-related dividend received from a regulated investment company by a person to the extent such dividend is attributable to interest (other than interest described in clause (i), (iii), or the last sentence of subparagraph (E)) received by such company on indebtedness issued by such person or by any corporation or partnership with respect to which such person is a 10-percent shareholder,

''(ii) to any interest-related dividend with respect to stock of a regulated investment company unless the person who would otherwise be required to deduct and withhold tax from such dividend under chapter 3 receives a statement (which meets requirements similar to the requirements of subsection (h)(5)) that the beneficial owner of such stock is not a United States person, and

''(iii) to any interest-related dividend paid to any person within a foreign country (or any interest-related dividend payment addressed to, or for the account of, persons within such foreign country) during any period described in subsection (h)(6) with respect to such country.

Clause (iii) shall not apply to any dividend with respect to any stock the holding period of which begins on or before the date of the publication of the Secretary's determination under subsection (h)(6).

''(C) INTEREST-RELATED DIVIDEND.—For purposes of this paragraph, an interest-related dividend is any dividend (or part thereof) which is designated by the regulated investment company as an interest-related dividend in a written notice mailed to its shareholders not later than 60 days after the close of its taxable year. If the aggregate amount so designated with respect to a taxable year of the company (including amounts so designated with respect to dividends paid after the close of the taxable year described in section 855) is greater than the qualified net interest income of the company for such taxable year, the portion of each distribution which shall be an interest-related dividend shall be only that portion of the amounts so designated which such qualified net interest income bears to the aggregate amount so designated.

''(D) QUALIFIED NET INTEREST INCOME.—For purposes of subparagraph (C), the term 'qualified net interest income' means the qualified interest income of the regulated investment company reduced by the deductions properly allocable to such income.

''(E) QUALIFIED INTEREST INCOME.—For purposes of subparagraph (D), the term 'qualified interest income' means the sum of the following amounts derived by the regulated investment company from sources within the United States:

''(i) Any amount includible in gross income as original issue discount (within the meaning of section 1273) on an obligation payable 183 days or less from the date of original issue (without regard to the period held by the company).

''(ii) Any interest includible in gross income (including amounts recognized as ordinary income in respect of original issue discount or market discount or acquisition discount under part V of subchapter P and such other amounts as regulations may provide) on an obligation which is in registered form; except that this clause shall not apply to—

''(I) any interest on an obligation issued by a corporation or partnership if the regulated investment company is a 10-percent shareholder in such corporation or partnership, and

''(II) any interest which is treated as not being portfolio interest under the rules of subsection (h)(4).

''(iii) Any interest referred to in subsection (i)(2)(A) (without regard to the trade or business of the regulated investment company).

''(iv) Any interest-related dividend includable in gross income with respect to stock of another regulated investment company.

Such term includes any interest derived by the regulated investment company from sources outside the United States other than interest that is subject to a tax imposed by a foreign jurisdiction if the amount of such tax is reduced (or eliminated) by a treaty with the United States.

''(F) 10-PERCENT SHAREHOLDER.—For purposes of this paragraph, the term '10-percent shareholder' has the meaning given such term by subsection (h)(3)(B).

''(2) SHORT-TERM CAPITAL GAIN DIVIDENDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no tax shall be imposed under paragraph (1)(A) of subsection (a) on any short-term capital gain dividend received from a regulated investment company.

''(B) EXCEPTION FOR ALIENS TAXABLE UNDER SUBSECTION (a)(2).—Subparagraph (A) shall not apply in the case of any nonresident alien individual subject to tax under subsection (a)(2).

''(C) SHORT-TERM CAPITAL GAIN DIVIDEND.—For purposes of this paragraph, a short-term capital gain dividend is any dividend (or part thereof) which is designated by the regulated investment company as a short-term capital gain dividend in a written notice mailed to its shareholders not later than 60 days after the close of its taxable year. If the aggregate amount so designated with respect to a taxable year of the company (including amounts so designated with respect to dividends paid after the close of the taxable year described in section 855) is greater than the qualified short-term gain of the company for such taxable year, the portion of each distribution which shall be a short-term capital gain dividend shall be only that portion of the amounts so designated which such qualified short-term gain bears to the aggregate amount so designated.

''(D) QUALIFIED SHORT-TERM GAIN.—For purposes of subparagraph (C), the term 'qualified short-term gain' means the excess of the net short-term capital gain of the regulated investment company for the taxable year over the net long-term capital loss (if any) of such company for such taxable year. For purposes of this subparagraph—

''(i) the net short-term capital gain of the regulated investment company shall be computed by treating any short-term capital gain dividend includible in gross income with respect to stock of another regulated investment company as a short-term capital gain, and

''(ii) the excess of the net short-term capital gain for a taxable year over the net long-term capital loss for a taxable year (to which an election under section 4982(e)(4) does not apply) shall be determined without regard to any net capital loss or net short-term capital loss attributable to transactions after October 31 of such year, and any such net capital loss or net short-term capital loss shall be treated as arising on the 1st day of the next taxable year.

To the extent provided in regulations, clause (ii) shall apply also for purposes of computing the taxable income of the regulated investment company.''

(2) FOREIGN CORPORATIONS.—Section 881 (relating to tax on income of foreign corporations not connected with United States business) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) TAX NOT TO APPLY TO CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.—

''(1) INTEREST-RELATED DIVIDENDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no tax shall be imposed under paragraph (1) of subsection (a) on any interest-related dividend (as defined in section 871(k)(1)) received from a regulated investment company.

''(B) EXCEPTION.—Subparagraph (A) shall not apply—

''(i) to any dividend referred to in section 871(k)(1)(B), and

''(ii) to any interest-related dividend received by a controlled foreign corporation (within the meaning of section 957(a)) to the extent such dividend is attributable to interest received by the regulated investment company from a person who is a related person (within the meaning of section 864(d)(4)) with respect to such controlled foreign corporation.

''(C) TREATMENT OF DIVIDENDS RECEIVED BY CONTROLLED FOREIGN CORPORATIONS.—The rules

of subsection (c)(5)(A) shall apply to any interest-related dividend received by a controlled foreign corporation (within the meaning of section 957(a)) to the extent such dividend is attributable to interest received by the regulated investment company which is described in clause (ii) of section 871(k)(1)(E) (and not described in clause (i), (iii), or the last sentence of such section).

''(2) SHORT-TERM CAPITAL GAIN DIVIDENDS.—No tax shall be imposed under paragraph (1) of subsection (a) on any short-term capital gain dividend (as defined in section 871(k)(2)) received from a regulated investment company.''

(3) WITHHOLDING TAXES.—

(A) Section 1441(c) (relating to exceptions) is amended by adding at the end the following new paragraph:

''(12) CERTAIN DIVIDENDS RECEIVED FROM REGULATED INVESTMENT COMPANIES.—

''(A) IN GENERAL.—No tax shall be required to be deducted and withheld under subsection (a) from any amount exempt from the tax imposed by section 871(a)(1)(A) by reason of section 871(k).

''(B) SPECIAL RULE.—For purposes of subparagraph (A), clause (i) of section 871(k)(1)(B) shall not apply to any dividend unless the regulated investment company knows that such dividend is a dividend referred to in such clause. A similar rule shall apply with respect to the exception contained in section 871(k)(2)(B).''

(B) Section 1442(a) (relating to withholding of tax on foreign corporations) is amended—

(i) by striking ''and the reference in section 1441(c)(10)'' and inserting ''the reference in section 1441(c)(10)'', and

(ii) by inserting before the period at the end the following: '', and the references in section 1441(c)(12) to sections 871(a) and 871(k) shall be treated as referring to sections 881(a) and 881(e) (except that for purposes of applying subparagraph (A) of section 1441(c)(12), as so modified, clause (ii) of section 881(e)(1)(B) shall not apply to any dividend unless the regulated investment company knows that such dividend is a dividend referred to in such clause)''.

(b) ESTATE TAX TREATMENT OF INTEREST IN CERTAIN REGULATED INVESTMENT COMPANIES.—Section 2105 (relating to property without the United States for estate tax purposes) is amended by adding at the end the following new subsection:

''(d) STOCK IN A RIC.—

''(1) IN GENERAL.—For purposes of this subchapter, stock in a regulated investment company (as defined in section 851) owned by a nonresident not a citizen of the United States shall not be deemed property within the United States in the proportion that, at the end of the quarter of such investment company's taxable year immediately preceding a decedent's date of death (or at such other time as the Secretary may designate in regulations), the assets of the investment company that were qualifying assets with respect to the decedent bore to the total assets of the investment company.

''(2) QUALIFYING ASSETS.—For purposes of this subsection, qualifying assets with respect to a decedent are assets that, if owned directly by the decedent, would have been—

''(A) amounts, deposits, or debt obligations described in subsection (b) of this section,

''(B) debt obligations described in the last sentence of section 2104(c), or

''(C) other property not within the United States.''

(c) TREATMENT OF REGULATED INVESTMENT COMPANIES UNDER SECTION 897.—

(1) Paragraph (1) of section 897(h) is amended by striking ''REIT'' each place it appears and inserting ''qualified investment entity''.

(2) Paragraphs (2) and (3) of section 897(h) are amended to read as follows:

''(2) SALE OF STOCK IN DOMESTICALLY CONTROLLED ENTITY NOT TAXED.—The term 'United States real property interest' does not include any interest in a domestically controlled qualified investment entity.

''(3) DISTRIBUTIONS BY DOMESTICALLY CONTROLLED QUALIFIED INVESTMENT ENTITIES.—In the case of a domestically controlled qualified investment entity, rules similar to the rules of subsection (d) shall apply to the foreign ownership percentage of any gain.''

(3) Subparagraphs (A) and (B) of section 897(h)(4) are amended to read as follows:

''(A) QUALIFIED INVESTMENT ENTITY.—The term 'qualified investment entity' means any real estate investment trust and any regulated investment company.

''(B) DOMESTICALLY CONTROLLED.—The term 'domestically controlled qualified investment entity' means any qualified investment entity in which at all times during the testing period less than 50 percent in value of the stock was held directly or indirectly by foreign persons.''

(4) Subparagraphs (C) and (D) of section 897(h)(4) are each amended by striking ''REIT'' and inserting ''qualified investment entity''.

(5) The subsection heading for subsection (h) of section 897 is amended by striking ''REITS'' and inserting ''CERTAIN INVESTMENT ENTITIES''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to dividends with respect to taxable years of regulated investment companies beginning after December 31, 2004.

(2) ESTATE TAX TREATMENT.—The amendment made by subsection (b) shall apply to estates of decedents dying after December 31, 2004.

(3) CERTAIN OTHER PROVISIONS.—The amendments made by subsection (c) (other than paragraph (1) thereof) shall take effect on January 1, 2005.

SEC. 908. REPEAL OF SPECIAL RULES FOR APPLYING FOREIGN TAX CREDIT IN CASE OF FOREIGN OIL AND GAS INCOME.

(a) IN GENERAL.—Section 907 (relating to special rules in case of foreign oil and gas income) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Each of the following provisions are amended by striking ''907,'':

(A) Section 245(a)(10).

(B) Section 865(h)(1)(B).

(C) Section 904(d)(1).

(D) Section 904(g)(10)(A).

(2) Section 904(f)(5)(E)(iii) is amended by inserting '', as in effect before its repeal by the Financial Freedom Act of 1999'' after ''section 907(c)(4)(B)''.

(3) Section 954(g)(1) is amended by inserting '', as in effect before its repeal by the Financial Freedom Act of 1999'' after ''907(c)''.

(4) Section 6501(i) is amended—

(A) by striking '', or under section 907(f) (relating to carryback and carryover of disallowed oil and gas extraction taxes)'', and

(B) by striking ''or 907(f)''.

(5) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by striking the item relating to section 907.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 909. STUDY OF PROPER TREATMENT OF EUROPEAN UNION UNDER SAME COUNTRY EXCEPTIONS.

(a) STUDY.—The Secretary of the Treasury or the Secretary's delegate shall conduct a study on the feasibility of treating all countries included in the European Union as 1 country for purposes of applying the same country exceptions under subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1986.

(b) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the results of the study conducted under subsection (a), including recommendations (if any) for legislation.

SEC. 910. APPLICATION OF DENIAL OF FOREIGN TAX CREDIT WITH RESPECT TO CERTAIN FOREIGN COUNTRIES.

(a) IN GENERAL.—Clause (ii) of section 901(j)(2)(B) (relating to denial of foreign tax credit, etc., with respect to certain foreign countries) is amended by inserting before the period ''or, if earlier, ending on the date that the President determines that the application of this subsection to such foreign country is no longer in the national interests of the United States''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 911. ADVANCE PRICING AGREEMENTS TREATED AS CONFIDENTIAL TAXPAYER INFORMATION.

(a) IN GENERAL.—

(1) TREATMENT AS RETURN INFORMATION.—Paragraph (2) of section 6103(b) (defining return information) is amended by striking ''and'' at the end of subparagraph (A), by inserting ''and'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement,''.

(2) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—Paragraph (1) of section 6110(b) (defining written determination) is amended by adding at the end the following new sentence: ''Such term shall not include any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) ANNUAL REPORT REGARDING ADVANCE PRICING AGREEMENTS.—

(1) IN GENERAL.—Not later than 90 days after the end of each calendar year, the Secretary of the Treasury shall prepare and publish a report regarding advance pricing agreements.

(2) CONTENTS OF REPORT.—The report shall include the following for the calendar year to which such report relates:

(A) Information about the structure, composition, and operation of the advance pricing agreement program office.

(B) A copy of each model advance pricing agreement.

(C) The number of—

(i) applications filed during such calendar year for advanced pricing agreements;

(ii) advance pricing agreements executed cumulatively to date and during such calendar year;

(iii) renewals of advanced pricing agreements issued;

(iv) pending requests for advance pricing agreements;

(v) pending renewals of advance pricing agreements;

(vi) for each of the items in clauses (ii) through (v), the number that are unilateral, bilateral, and multilateral, respectively;

(vii) advance pricing agreements revoked or canceled, and the number of withdrawals from the advance pricing agreement program; and

(viii) advanced pricing agreements finalized or renewed by industry.

(D) General descriptions of—

(i) the nature of the relationships between the related organizations, trades, or businesses covered by advance pricing agreements;

(ii) the covered transactions and the business functions performed and risks assumed by such organizations, trades, or businesses;

(iii) the related organizations, trades, or businesses whose prices or results are tested to determine compliance with transfer pricing methodologies prescribed in advanced pricing agreements;

(iv) methodologies used to evaluate tested parties and transactions and the circumstances leading to the use of those methodologies;

(v) critical assumptions made and sources of comparables used;

(vi) comparable selection criteria and the rationale used in determining such criteria;

(vii) the nature of adjustments to comparables or tested parties;

(viii) the nature of any ranges agreed to, including information regarding when no range was used and why, when interquartile ranges were used, and when there was a statistical narrowing of the comparables;

(ix) adjustment mechanisms provided to rectify results that fall outside of the agreed upon advance pricing agreement range;

(x) the various term lengths for advance pricing agreements, including rollback years, and the number of advance pricing agreements with each such term length;

(xi) the nature of documentation required; and

(xii) approaches for sharing of currency or other risks.

(E) Statistics regarding the amount of time taken to complete new and renewal advance pricing agreements.

(3) CONFIDENTIALITY.—The reports required by this subsection shall be treated as authorized by the Internal Revenue Code of 1986 for purposes of section 6103 of such Code, but the reports shall not include information—

(A) which would not be permitted to be disclosed under section 6110(c) of such Code if such report were a written determination as defined in section 6110 of such Code, or

(B) which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(4) FIRST REPORT.—The report for calendar year 1999 shall include prior calendar years after 1990.

(c) USER FEE.—Section 7527, as added by title XV of this Act, is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) ADVANCE PRICING AGREEMENTS.—

''(1) IN GENERAL.—In addition to any fee otherwise imposed under this section, the fee imposed for requests for advance pricing agreements shall be increased by $500.

''(2) REDUCED FEE FOR SMALL BUSINESSES.—The Secretary shall provide an appropriate reduction in the amount imposed by reason of paragraph (1) for requests for advance pricing agreements for small businesses.''

(d) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 6103(b)(2)(C), and the last sentence of section 6110(b)(1), of the Internal Revenue Code of 1986, as added by this section.

SEC. 912. INCREASE IN DOLLAR LIMITATION ON SECTION 911 EXCLUSION.

(a) GENERAL RULE.—The table contained in clause (i) of section 911(b)(2)(D) is amended to read as follows:

''**For calendar year—**	**The exclusion amount is—**
2000	*$76,000*
2001	*78,000*
2002	*80,000*
2003	*83,000*
2004	*86,000*
2005	*89,000*
2006	*92,000*
2007 and thereafter	*95,000.''*

(b) CONFORMING AMENDMENT.—Clause (ii) of section 911(b)(2)(D) is amended by striking ''$80,000'' and inserting ''$95,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE X—PROVISIONS RELATING TO TAX-EXEMPT ORGANIZATIONS

SEC. 1001. EXEMPTION FROM INCOME TAX FOR STATE-CREATED ORGANIZATIONS PROVIDING PROPERTY AND CASUALTY INSURANCE FOR PROPERTY FOR WHICH SUCH COVERAGE IS OTHERWISE UNAVAILABLE.

(a) IN GENERAL.—Subsection (c) of section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by adding at the end the following new paragraph:

''(28)(A) Any association created before January 1, 1999, by State law and organized and operated exclusively to provide property and casualty insurance coverage for property located within the State for which the State has determined that coverage in the authorized insurance market is limited or unavailable at reasonable rates, if—

''(i) no part of the net earnings of which inures to the benefit of any private shareholder or individual,

''(ii) except as provided in clause (v), no part of the assets of which may be used for, or diverted to, any purpose other than—

''(I) to satisfy, in whole or in part, the liability of the association for, or with respect to, claims made on policies written by the association,

''(II) to invest in investments authorized by applicable law,

''(III) to pay reasonable and necessary administration expenses in connection with the establishment and operation of the association and the processing of claims against the association, or

''(IV) to make remittances pursuant to State law to be used by the State to provide for the payment of claims on policies written by the association, purchase reinsurance covering losses under such policies, or to support governmental programs to prepare for or mitigate the effects of natural catastrophic events,

''(iii) the State law governing the association permits the association to levy assessments on insurance companies authorized to sell property and casualty insurance in the State, or on property and casualty insurance policyholders with insurable interests in property located in the State to fund deficits of the association, including the creation of reserves,

''(iv) the plan of operation of the association is subject to approval by the chief executive officer or other official of the State, by the State legislature, or both, and

''(v) the assets of the association revert upon dissolution to the State, the State's designee, or an entity designated by the State law governing the association, or State law does not permit the dissolution of the association.

''(B)(i) An entity described in clause (ii) shall be disregarded as a separate entity and treated as part of the association described in subparagraph (A) from which it receives remittances described in clause (ii) if an election is made within 30 days after the date that such association is determined to be exempt from tax.

''(ii) An entity is described in this clause if it is an entity or fund created before January 1, 1999, pursuant to State law and organized and operated exclusively to receive, hold, and invest remittances from an association described in subparagraph (A) and exempt from tax under subsection (a), to make disbursements to pay claims on insurance contracts issued by such association, and to make disbursements to support governmental programs to prepare for or mitigate the effects of natural catastrophic events.''

(b) UNRELATED BUSINESS TAXABLE INCOME.—Subsection (a) of section 512 (relating to unrelated business taxable income) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE APPLICABLE TO ORGANIZATIONS DESCRIBED IN SECTION 501(C)(28).—In the case of an organization described in section 501(c)(28), the term 'unrelated business taxable income' means taxable income for a taxable year computed without the application of section 501(c)(28) if at the end of the immediately preceding taxable year the organization's net equity exceeded 15 percent of the total coverage in force under insurance contracts issued by the organization and outstanding at the end of such preceding year.''

(c) TRANSITIONAL RULE.—No income or gain shall be recognized by an association as a result of a change in status to that of an association described by section 501(c)(28) of the Internal Revenue Code of 1986, as amended by subsection (a).

(d) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1999.

SEC. 1002. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS.

(a) IN GENERAL.—Paragraph (1) of section 648 of the Tax Reform Act of 1984 is amended to read as follows:

''(1) such securities or obligations are held in a fund—

''(A) which, except to the extent of the investment earnings on such securities or obligations, cannot be used, under State constitutional or statutory restrictions continuously in effect since October 9, 1969, through the date of issue of the bond issue, to pay debt service on the bond issue or to finance the facilities that are to be financed with the proceeds of the bonds, or

''(B) the annual distributions from which cannot exceed 7 percent of the average fair market value of the assets held in such fund except to the extent distributions are necessary to pay debt service on the bond issue,''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of such section is amended by striking ''the investment earnings of'' and inserting ''distributions from''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2000.

SEC. 1003. CHARITABLE SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.

(a) IN GENERAL.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

''(10) SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.—

''(A) IN GENERAL.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

''(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

''(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

''(B) PERSONAL BENEFIT CONTRACT.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

''(C) APPLICATION TO CHARITABLE REMAINDER TRUSTS.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (F) to an organization described in subsection (c) shall be treated as a reference to such trust.

''(D) EXCEPTION FOR CERTAIN ANNUITY CONTRACTS.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as indirect beneficiaries under such contract if—

''(i) such organization possesses all of the incidents of ownership under such contract,

''(ii) such organization is entitled to all the payments under such contract, and

''(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer).

''(E) EXCEPTION FOR CERTAIN CONTRACTS HELD BY CHARITABLE REMAINDER TRUSTS.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

''(i) such trust possesses all of the incidents of ownership under such contract, and

''(ii) such trust is entitled to all the payments under such contract.

''(F) EXCISE TAX ON PREMIUMS PAID.—

''(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined without regard to when such transfer is made.

''(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

''(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual return which includes—

''(I) the amount of such premiums paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

''(II) such other information as the Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

''(iv) CERTAIN RULES TO APPLY.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

''(G) SPECIAL RULE WHERE STATE REQUIRES SPECIFICATION OF CHARITABLE GIFT ANNUITANT IN CONTRACT.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of a State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

''(i) such State law requirement was in effect on February 8, 1999,

''(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

''(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

''(H) MEMBER OF FAMILY.—For purposes of this paragraph, an individual's family consists of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

''(I) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfers made after February 8, 1999.

(2) EXCISE TAX.—Except as provided in paragraph (3) of this subsection, section 170(f)(10)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) REPORTING.—Clause (iii) of such section 170(f)(10)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 1004. EXEMPTION PROCEDURE FROM TAXES ON SELF-DEALING.

(a) IN GENERAL.—Subsection (d) of section 4941 (relating to taxes on self-dealing) is amended by adding at the end the following new paragraph:

''(3) SPECIAL EXEMPTION.—The Secretary shall establish an exemption procedure for purposes of this subsection. Pursuant to such procedure, the Secretary may grant a conditional or unconditional exemption of any disqualified person or transaction or class of disqualified persons or transactions, from all or part of the restrictions imposed by paragraph (1). The Secretary may not grant an exemption under this paragraph unless he finds that such exemption is—

''(A) administratively feasible,

''(B) in the interests of the private foundation, and

''(C) protective of the rights of the private foundation.

Before granting an exemption under this paragraph, the Secretary shall require adequate notice to be given to interested persons and shall publish notice in the Federal Register of the pendency of such exemption and shall afford interested persons an opportunity to present views.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions occurring after the date of the enactment of this Act.

SEC. 1005. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (a) of section 7428 (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after ''509(a))'' the following: ''or as a private operating foundation (as defined in section 4942(j)(3))'', and

(2) by amending subparagraph (C) to read as follows:

''(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in section 501(c) (other than paragraph (3)) which is exempt from tax under section 501(a), or''.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking ''United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia'' and inserting the following: ''United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

SEC. 1006. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new paragraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment received by the controlling organization that exceeds the amount which would have been paid if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of such excess.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 1999.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 do not apply to any amount received or accrued after the date of the enactment of this Act under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2000.

TITLE XI—REAL ESTATE PROVISIONS

Subtitle A—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 1101. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

''(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)), and

''(ii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

''(I) not more than 5 percent of the value of its total assets is represented by securities of any 1 issuer,

''(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any 1 issuer, and

''(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any 1 issuer.''

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

''(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

''(A) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

''(B) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.''

SEC. 1102. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting ''or through a taxable REIT subsidiary of such trust'' after ''income''.

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

''(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of subparagraph (A) or (B) are met.

''(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

''(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

''(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

''(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

''(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

''(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

''(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

''(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as on the later of—

''(I) January 1, 1999, or

''(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

''(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

''(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

''(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

''(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

''(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

''(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

''(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.''.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) is amended by inserting ''except as provided in paragraph (8),'' after ''(B)''.

SEC. 1103. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 is amended by adding at the end the following new subsection:

''(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

''(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

''(A) such trust directly or indirectly owns stock in such corporation, and

''(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

''(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

''(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

''(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

''(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

''(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

''(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

''(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: ''Such term shall not include a taxable REIT subsidiary.''

SEC. 1104. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.''.

SEC. 1105. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

''(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

''(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

''(B) REDETERMINED RENTS.—

''(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

''(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

''(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

''(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

''(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

''(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

''(II) the charge for such service from such subsidiary is separately stated.

''(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

''(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

''(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be increased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

''(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

''(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

''(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.''.

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (7)''.

SEC. 1106. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 1101.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 1101 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 1101 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 1111. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

''(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

''(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

''(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

''(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant 1 or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

''(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

''(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

''(ii) any lease of property entered into after such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED HEALTH CARE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

''(I) is a health care facility, or

''(II) is necessary or incidental to the use of a health care facility.

''(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 1121. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment

trusts) are each amended by striking ''95 percent (90 percent for taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking ''95 percent (90 percent in the case of taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 1131. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

''In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 1141. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND PROFITS FROM NON-RIC YEAR.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

''(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

''(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.''.

(b) CLARIFICATION OF APPLICATION OF REIT SPILLOVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENT.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period ''and section 858''.

(c) APPLICATION OF DEFICIENCY DIVIDEND PROCEDURES.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: ''If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

SEC. 1151. STUDY RELATING TO TAXABLE REIT SUBSIDIARIES.

The Commissioner of the Internal Revenue shall conduct a study to determine how many taxable REIT subsidiaries are in existence and the aggregate amount of taxes paid by such subsidiaries. The Secretary shall submit a report to the Congress describing the results of such study.

Subtitle B—Modification of At-Risk Rules for Publicly Traded Nonrecourse Debt

SEC. 1161. TREATMENT UNDER AT-RISK RULES OF PUBLICLY TRADED NONRECOURSE DEBT.

(a) IN GENERAL.—Subparagraph (A) of section 465(b)(6) (relating to qualified nonrecourse financing treated as amount at risk) is amended by striking ''share of'' and all that follows and inserting ''share of—

''(i) any qualified nonrecourse financing which is secured by real property used in such activity, and

''(ii) any other financing which—

''(I) would (but for subparagraph (B)(ii)) be qualified nonrecourse financing,

''(II) is qualified publicly traded debt, and

''(III) is not borrowed by the taxpayer from a person described in subclause (I), (II), or (III) of section 49(a)(1)(D)(iv).''

(b) QUALIFIED PUBLICLY TRADED DEBT.—Paragraph (6) of section 465(b) is amended by adding at the end the following new subparagraph:

''(F) QUALIFIED PUBLICLY TRADED DEBT.—For purposes of subparagraph (A), the term 'qualified publicly traded debt' means any debt instrument which is readily tradable on an established securities market. Such term shall not include any debt instrument which has a yield to maturity which equals or exceeds the limitation in section 163(i)(1)(B).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued after December 31, 1999.

Subtitle C—Treatment of Construction Allowances and Certain Contributions to Capital of Retailers

SEC. 1171. EXCLUSION FROM GROSS INCOME OF QUALIFIED LESSEE CONSTRUCTION ALLOWANCES NOT LIMITED FOR CERTAIN RETAILERS TO SHORT-TERM LEASES.

(a) IN GENERAL.—Subsection (a) section 110 (relating to qualified lessee construction allowances for short-term leases) is amended by adding at the end the following new sentence: ''Paragraph (1) shall not apply if the lessee is a qualified retail business (as defined by section 118(d)(3) without regard to the proximity requirement in subparagraph (A) thereof).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to leases entered into after December 31, 1999.

SEC. 1172. EXCLUSION FROM GROSS INCOME FOR CERTAIN CONTRIBUTIONS TO THE CAPITAL OF CERTAIN RETAILERS.

(a) IN GENERAL.—Section 118 (relating to contributions to the capital of a corporation) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

''(d) SAFE HARBOR FOR CONTRIBUTIONS TO CERTAIN RETAILERS.—

''(1) GENERAL RULE.—For purposes of this section, the term 'contribution to the capital of the taxpayer' includes any amount of money or other property received by the taxpayer if—

''(A) the taxpayer has entered into an agreement to operate (or cause to be operated) a qualified retail business at a particular location for a period of at least 15 years,

''(B)(i) immediately after the receipt of such money or other property, the taxpayer owns the land and the structure to be used by the taxpayer in carrying on a qualified retail business at such location, or

''(ii) the taxpayer uses such amount to acquire ownership of at least such land and structure,

''(C) such amount meets the requirements of the expenditure rule of paragraph (2), and

''(D) the contributor of such amount does not hold a beneficial interest in any property located on the premises of such qualified retail business other than de minimis amounts of property associated with the operation of property adjacent to such premises.

''(2) EXPENDITURE RULE.—An amount meets the requirements of this paragraph if—

''(A) an amount equal to such amount is expended for the acquisition of land or for acquisition or construction of other property described in section 1231(b)—

''(i) which was the purpose motivating the contribution, and

''(ii) which is used predominantly in a qualified retail business at the location referred to in paragraph (1)(A),

''(B) the expenditure referred to in subparagraph (A) occurs before the end of the second taxable year after the year in which such amount was received, and

''(C) accurate records are kept of the amounts contributed and expenditures made on the basis of the project for which the contribution was made and on the basis of the year of the contribution expenditure.

''(3) DEFINITION OF QUALIFIED RETAIL BUSINESS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified retail business' means a trade or business of selling tangible personal property to the general public if the premises on which such trade or business is conducted is in close proximity to property that the contributor of the amount referred to in paragraph (1) is developing or operating for profit (or, in the case of a contributor which is a governmental entity, is attempting to revitalize).

''(B) SERVICES.—A trade or business shall not fail to be treated as a qualified retail business by reason of sales of services if such sales are incident to the sale of tangible personal property or if the services are de minimis in amount.

''(4) SPECIAL RULES.—

''(A) LEASES.—For purposes of paragraph (1)(B)(i), property shall be treated as owned by the taxpayer if the taxpayer is the lessee of such property under a lease having a term of at least 30 years and on which only nominal rent is required.

''(B) CONTROLLED GROUPS.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as 1 person.

''(5) DISALLOWANCE OF DEDUCTIONS AND CREDITS; ADJUSTED BASIS.—Notwithstanding any other provision of this subtitle, no deduction or credit shall be allowed for, or by reason of, any amount received by the taxpayer which constitutes a contribution to capital to which this subsection applies. The adjusted basis of any property acquired with the contributions to which this subsection applies shall be reduced by the amount of the contributions to which this subsection applies.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations are appropriate to prevent the abuse of the purposes of the subsection, including regulations which allocate income and deductions (or adjust the amount excludable under this subsection) in cases in which—

''(A) payments in excess of fair market value are paid to the contributor by the taxpayer, or

''(B) the contributor and the taxpayer are related parties.''

(b) CONFORMING AMENDMENT.—Subsection (e) of section 118 (as redesignated by subsection (a)) is amended by adding at the end the following flush sentence:

''Rules similar to the rules of the preceding sentence shall apply to any amount treated as a contribution to the capital of the taxpayer under subsection (d).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1999.

TITLE XII—PROVISIONS RELATING TO PENSIONS

Subtitle A—Expanding Coverage

SEC. 1201. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended by striking ''$90,000'' each place it appears in the headings and the text and inserting ''$160,000''.

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62''.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) in paragraph (1)(A) by striking ''$90,000'' and inserting ''$160,000'', and

(B) in paragraph (3)(A)—

(i) by striking ''$90,000'' in the heading and inserting ''$160,000'', and

(ii) by striking ''October 1, 1986'' and inserting ''July 1, 2000''.

(5) CONFORMING AMENDMENT.—Section 415(b)(2) is amended by striking subparagraph (F).

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) in paragraph (1)(C) by striking ''$30,000'' and inserting ''$40,000'', and

(B) in paragraph (3)(D)—

(i) by striking ''$30,000'' in the heading and inserting ''$40,000'', and

(ii) by striking ''October 1, 1993'' and inserting ''July 1, 2000''.

(c) QUALIFIED TRUSTS.—

(1) COMPENSATION LIMIT.—Sections 401(a)(17), 404(l), 408(k), and 505(b)(7) are each amended by striking ''$150,000'' each place it appears and inserting ''$200,000''.

(2) BASE PERIOD AND ROUNDING OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (B) of section 401(a)(17) is amended—

(A) by striking ''October 1, 1993'' and inserting ''July 1, 2000'', and

(B) by striking ''$10,000'' both places it appears and inserting ''$5,000''.

(d) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

''(1) IN GENERAL.—

''(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

''Taxable year:	*Applicable dollar amount:*
2001	*$11,000*
2002	*$12,000*
2003	*$13,000*
2004	*$14,000*
2005 or thereafter	*$15,000.''.*

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

''(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d); except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking ''402(g)(8)(A)(iii)'' and inserting ''402(g)(7)(A)(iii)''.

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking ''(other than paragraph (4) thereof)''.

(e) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) in subsections (b)(2)(A) and (c)(1) by striking ''$7,500'' each place it appears and inserting ''the applicable dollar amount'', and

(B) in subsection (b)(3)(A) by striking ''$15,000'' and inserting ''twice the dollar amount in effect under subsection (b)(2)(A)''.

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

''(15) APPLICABLE DOLLAR AMOUNT.—

''(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

''Taxable year:	*Applicable dollar amount:*
2001	*$11,000*
2002	*$12,000*
2003	*$13,000*
2004	*$14,000*
2005 or thereafter	*$15,000.*

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(f) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

''Year:	*Applicable dollar amount:*
2001	*$7,000*
2002	*$8,000*
2003	*$9,000*
2004 or thereafter	*$10,000.*

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2004, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2003, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Clause (I) of section 401(k)(11)(B)(i) is amended by striking ''$6,000'' and inserting ''the amount in effect under section 408(p)(2)(A)(ii)''.

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(g) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of enactment of this Act, the amendments made by this section shall not apply to contributions or benefits pursuant to any such agreement for years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

SEC. 1202. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) IN GENERAL.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to loans made after December 31, 2000.

SEC. 1203. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i),

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than $150,000,'',

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C).

(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE'', and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) in clause (i), by striking ''clause (ii)'' and inserting ''clause (ii) or (iii)'', and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no employee or former employee.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1204. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

''(n) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 1207. REPEAL OF COORDINATION REQUIREMENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations), as amended by section 1201(e), is amended to read as follows:

''(c) LIMITATION.—The maximum amount of the compensation of any one individual which may be deferred under subsection (a) during any taxable year shall not exceed the amount in effect under subsection (b)(2)(A) (as modified by any adjustment provided under subsection (b)(3)).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2000.

SEC. 1208. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

(b) PENSION BENEFIT PLAN.—For purposes of this section, the term ''pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ''eligible employer'' has the same meaning given such term in section 408(p)(2)(C)(i)(I) of the Internal Revenue Code of 1986. The determination of whether an employer is an eligible employer under this section shall be made as of the date of the request described in subsection (a).

(d) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 1209. DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation' shall include amounts treated as participant's compensation under subparagraph (C) or (D) of section 415(c)(3).''.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1210. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

''SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

''(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

''(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

''(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

''(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

''(B) maintains separate recordkeeping with respect to each account.

''(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

''(A) is excludable from gross income of an employee without regard to this section, and

''(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

''(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

''(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

''(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

''(3) ROLLOVER CONTRIBUTIONS.—

''(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated

plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated plus account of the individual from whose account the payment or distribution was made, or

''(ii) a Roth IRA of such individual.

''(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

''(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

''(i) the 1st taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the 1st taxable year for which the individual made a designated plus contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

''(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).''

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: ''The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.'', and

(2) by inserting ''(or would be included but for the last sentence thereof)'' after ''paragraph (1)'' in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

''If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA.''

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting '', including the amount of designated plus contributions (as defined in section 402A)'' before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.''

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ''Such term includes a rollover contribution described in section 402A(c)(3)(A).''

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

''Sec. 402A. Optional treatment of elective deferrals as plus contributions.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1211. INCREASE IN MINIMUM DEFINED BENEFIT LIMIT UNDER SECTION 415.

(a) IN GENERAL.—Paragraph (4) of section 415(b) (relating to total annual benefits not in excess of $10,000) is amended to read as follows:

''(4) TOTAL ANNUAL BENEFITS NOT IN EXCESS OF $40,000.—Notwithstanding the preceding provisions of this subsection, the benefits payable with respect to a participant under any defined benefit plan shall be deemed not to exceed the limitation of this subsection if the retirement benefits payable with respect to such participant under such plan and under all other defined benefit plans of the employer do not exceed $40,000 for the plan year or any prior plan year. The preceding sentence shall be applied by substituting for '$40,000'—

''(A) $20,000 if the plan year begins during 2001, and

''(B) $30,000 if the plan year begins during 2002.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

Subtitle B—Enhancing Fairness for Women

SEC. 1221. ADDITIONAL SALARY REDUCTION CATCH-UP CONTRIBUTIONS.

(a) LIMITATION ON EXCLUSION FOR ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Subsection (g) of section 402 (as amended by section 1201(d)) is further amended by adding at the end the following:

''(9) CATCH-UP CONTRIBUTIONS FOR THOSE APPROACHING RETIREMENT.—

''(A) IN GENERAL.—In the case of an individual who is at least age 50 as of the end of any taxable year, the limitation of paragraph (1) for such year, after the application of paragraph (7), shall be increased by the applicable catch-up amount.

''(B) APPLICABLE CATCH-UP AMOUNT.—For purposes of subparagraph (A), the applicable catch-up amount shall be the amount determined in accordance with the following table:

''Taxable year:	***Applicable catch-up amount:***
2001	*$1,000*
2002	*$2,000*
2003	*$3,000*
2004	*$4,000*
2005 or thereafter	*$5,000.''.*

(2) COST-OF-LIVING ADJUSTMENTS.—Paragraph (4) of section 402(g) (relating to cost-of-living adjustment), as amended by section 1201(d), is further amended by inserting ''and the $5,000 dollar amount in paragraph (9)'' after ''paragraph (1)(B)''.

(b) SIMPLE RETIREMENT ACCOUNTS.—Paragraph (2) of section 408(p) (relating to qualified salary reduction arrangement) is amended by inserting at the end of the following new subparagraph:

''(F) CATCH-UP CONTRIBUTIONS FOR THOSE APPROACHING RETIREMENT.—In the case of an individual who is at least age 50 as of the end of any taxable year, the limitation of subparagraph (A)(ii) for such year shall be increased by the applicable catch-up amount. For purposes of the preceding sentence, the applicable catch-up amount is the amount in effect under section 402(g)(9) for such taxable year.''.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—Subsection (e) of section 457 (relating to other definitions and special rules) is amended by adding after paragraph (16) the following new paragraph:

''(17) CATCH-UP AMOUNTS.—In the case of an individual who is at least age 50 as of the end of any taxable year, the limitation of subsection (b)(2)(A) for such year shall be increased by the applicable catch-up amount (as in effect under section 402(g)(9) for such taxable year), except that this paragraph shall not apply to any taxable year to which subsection (b)(3) applies.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1222. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect on December 31, 2000)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section

414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as amended by section 1201(d)) is amended by inserting before the period at the end the following: ''(as in effect on the date of the enactment of the Financial Freedom Act of 1999)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 1999.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2000, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking ''33⅓ percent'' and inserting ''100 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 1223. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) IN GENERAL.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan'', and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	***The nonforfeitable percentage is:***
2	*20*
3	*40*
4	*60*
5	*80*
6 or more	*100.''.*

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 1224. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES.

(a) SIMPLIFICATION AND FINALIZATION OF MINIMUM DISTRIBUTION REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall—

(A) simplify and finalize the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code of 1986, and

(B) modify such regulations to—

(i) reflect current life expectancy, and

(ii) revise the required distribution methods so that, under reasonable assumptions, the amount of the required minimum distribution does not decrease over a participant's life expectancy.

(2) FRESH START.—Notwithstanding subparagraph (D) of section 401(a)(9) of such Code, during the first year that regulations are in effect under this subsection, required distributions for future years may be redetermined to reflect changes under such regulations. Such redetermination shall include the opportunity to choose a new designated beneficiary and to elect a new method of calculating life expectancy.

(3) EFFECTIVE DATE FOR REGULATIONS.—Regulations referred to in paragraph (1) shall be effective for years beginning after December 31, 2000, and shall apply in such years without regard to whether an individual had previously begun receiving minimum distributions.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading, and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him,''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'',

(ii) in subclause (I) by striking ''clause (iii)(III)'' and inserting ''clause (ii)(III)'',

(iii) in subclause (I) by striking ''the date on which the employee would have attained the age 70½,'' and inserting ''April 1 of the calendar year following the calendar year in which the spouse attains 70½,'', and

(iv) in subclause (II) by striking ''the distributions to such spouse begin,'' and inserting ''his entire interest has been distributed to him,''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(c) REDUCTION IN EXCISE TAX.—

(1) IN GENERAL.—Subsection (a) of section 4974 is amended by striking ''50 percent'' and inserting ''10 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 1225. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting ''or an eligible deferred compensation plan (within the meaning of section 457(b))'' after ''subsection (e))'', and

(2) in the heading, by striking ''GOVERNMENTAL AND CHURCH PLANS'' and inserting ''CERTAIN OTHER PLANS''.

(b) WAIVER OF CERTAIN DISTRIBUTION REQUIREMENTS.—Paragraph (10) of section 414(p) is amended by striking ''and section 409(d)'' and inserting ''section 409(d), and section 457(d)''.

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

''(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers, distributions, and payments made after December 31, 2000.

Subtitle C—Increasing Portability for Participants

SEC. 1231. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

''(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

''(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

''(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) (other than

paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

''(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).''.

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting ''(other than rollover amounts)'' after ''taxable year''.

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following:

''(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.''.

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or''.

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

''(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).''.

(iii) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by adding at the end the following:

''(iv) section 457(b).''.

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by inserting after clause (iv) the following new clause:

''(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A).''.

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

''(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.''.

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).''.

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking ''such distribution'' and all that follows and inserting ''such distribution to an eligible retirement plan described in section 402(c)(8)(B), and''.

(2) ROLLOVERS TO SECTION 403(b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking ''and'' at the end of clause (iv), by striking the period at the end of clause (v) and inserting

'', and'', and by inserting after clause (v) the following new clause:

''(vi) an annuity contract described in section 403(b).''

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.''.

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking ''; except that'' and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(2) Section 219(d)(2) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(3) Section 401(a)(31)(B) is amended by striking ''and 403(a)(4)'' and inserting '', 403(a)(4), 403(b)(8), and 457(e)(16)''.

(4) Subparagraph (A) of section 402(f)(2) is amended by striking ''or paragraph (4) of section 403(a)'' and inserting '', paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)''.

(5) Paragraph (1) of section 402(f) is amended by striking ''from an eligible retirement plan''.

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking ''another eligible retirement plan'' and inserting ''an eligible retirement plan''.

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

(8) Section 408(a)(1) is amended by striking ''or 403(b)(8)'' and inserting '', 403(b)(8), or 457(e)(16)''.

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(10) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(11) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 1232. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) IN GENERAL.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding ''or'' at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' has the meaning given such term by clauses (iii), (iv), (v), and (vi) of section 402(c)(8)(B).''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 403(b) is amended by striking ''section 408(d)(3)(A)(iii)'' and inserting ''section 408(d)(3)(A)(ii)''.

(2) Clause (i) of section 408(d)(3)(D) is amended by striking ''(i), (ii), or (iii)'' and inserting ''(i) or (ii)''.

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

''(G) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account.''.

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 1233. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is

amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in the contract, to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 1234. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) EXEMPT TRUSTS.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

''(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(B) HARDSHIP EXCEPTION.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(b) IRAS.—Paragraph (3) of section 408(d) (relating to rollover contributions) is amended by adding after subparagraph (H) the following new subparagraph:

''(I) WAIVER OF 60-DAY REQUIREMENT.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1235. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) IN GENERAL.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) PLAN TRANSFERS.—

''(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I);

''(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election;

''(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2); and

''(VI) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

''(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

''(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

''(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) IN GENERAL.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: ''The Secretary may by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''.

(2) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 1236. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking ''separation from service'' and inserting ''severance from employment''.

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

''(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).''.

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking ''An event'' in clause (i) and inserting ''A termination'', and

(II) by striking ''the event'' in clause (i) and inserting ''the termination'',

(ii) by striking subparagraph (C), and

(iii) by striking ''OR DISPOSITION OF ASSETS OR SUBSIDIARY'' in the heading.

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking ''separates from service'' and inserting ''has a severance from employment''.

(B) The heading for paragraph (11) of section 403(b) is amended by striking ''SEPARATION FROM SERVICE'' and inserting ''SEVERANCE FROM EMPLOYMENT''.

(3) SECTION 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking ''is separated from service'' and inserting ''has a severance from employment''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1237. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

''(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (17) the following new paragraph:

''(18) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(2) Section 457(b)(2) is amended by striking ''(other than rollover amounts)'' and inserting ''(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(16))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 1238. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) IN GENERAL.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

''(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).''.

(b) ELIGIBLE DEFERRED COMPENSATION PLANS.—Clause (i) of section 457(e)(9)(A) is amended by striking ''such amount'' and inserting ''the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1239. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended to read as follows:

''(2) MINIMUM DISTRIBUTION REQUIREMENTS.—A plan meets the minimum distribution requirements of this paragraph if such plan meets the requirements of section 401(a)(9).''

(b) INCLUSION IN GROSS INCOME.—

(1) YEAR OF INCLUSION.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

''(a) YEAR OF INCLUSION IN GROSS INCOME.—

''(1) IN GENERAL.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

''(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

''(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

''(2) SPECIAL RULE FOR ROLLOVER AMOUNTS.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.''.

(2) CONFORMING AMENDMENT.—So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

''(9) BENEFITS OF TAX EXEMPT ORGANIZATION PLANS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—In the case of an eligible deferred compensation plan of an employer described in subsection (e)(1)(B)—''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle D—Strengthening Pension Security and Enforcement

SEC. 1241. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) IN GENERAL.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2004, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in—	**The applicable percentage is—**
2001	160
2002	165
2003	170.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 1242. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

''(D) SPECIAL RULE IN CASE OF CERTAIN PLANS.—

''(i) IN GENERAL.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

''(ii) PLANS WITH LESS THAN 100 PARTICIPANTS.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

''(iii) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as 1 plan, but only employees of such member or employer shall be taken into account.

''(iv) PLANS ESTABLISHED AND MAINTAIN BY PROFESSIONAL SERVICE EMPLOYERS.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.''.

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c) is amended to read as follows:

''(6) EXCEPTIONS.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

''(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

''(B) the sum of—

''(i) the amount of contributions described in section 401(m)(4)(A), plus

''(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 1244. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1245. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) IN GENERAL.—Chapter 43 of subtitle D (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

"SEC. 4980F. FAILURE OF APPLICABLE PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the failure is corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan. For purposes of this paragraph, if not all persons who are treated as a single employer for purposes of this section have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(2) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(f) APPLICABLE INDIVIDUAL; APPLICABLE PENSION PLAN.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) any participant in the plan, and

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

who may reasonably be expected to be affected by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412,

which had 100 or more participants who had accrued a benefit, or with respect to whom contributions were made, under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective.''

(b) CLERICAL AMENDMENT.—The table of sections for chapter 43 of subtitle D is amended by adding at the end the following new item:

''Sec. 4980F. Failure of applicable plans reducing benefit accruals to satisfy notice requirements.''

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under sections 4980F(e)(2) and (3) of the Internal Revenue Code of 1986 (as added by the amendment made by subsection (a)), a plan shall be treated as meeting the requirements of such section if it makes a good faith effort to comply with such requirements.

(3) SPECIAL RULE.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

Subtitle E—Reducing Regulatory Burdens

SEC. 1251. REPEAL OF THE MULTIPLE USE TEST.

(a) IN GENERAL.—Paragraph (9) of section 401(m) is amended to read as follows:

''(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 1252. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Section 412(c)(9) (relating to annual valuation) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(A) IN GENERAL.—For purposes'', and

(2) by adding at the end the following:

''(B) ELECTION TO USE PRIOR YEAR VALUATION.—

''(i) IN GENERAL.—Except as provided in clause (ii), if, for any plan year—

''(I) an election is in effect under this subparagraph with respect to a plan, and

''(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

''(ii) EXCEPTIONS.—

''(I) ACTUAL VALUATION EVERY 3 YEARS.—Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this clause.

''(II) REGULATIONS.—Subclause (I) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

''(iii) ADJUSTMENTS.—Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 1253. FLEXIBILITY AND NONDISCRIMINATION AND LINE OF BUSINESS RULES.

The Secretary of the Treasury shall, on or before December 31, 2000, modify the existing regulations issued under section 401(a)(4) and section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the nondiscrimination and line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 1255. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in qualifying employer securities, or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1256. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) IN GENERAL.—Subparagraph (A) of section 417(a)(6) is amended by striking ''90-day'' and inserting ''180-day''.

(2) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(3) EFFECTIVE DATE.—The amendments made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

SEC. 1257. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 2000.

SEC. 1258. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)–6(g) to provide that employees of an organization described in section 403(b)(1)(A)(i) of the Internal Revenue Code of 1986 who are eligible to make contributions under section 403(b) pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401(k), or section 401(m) of such Code that is provided under the same general arrangement as a plan under such section 401(k), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 401(k) plan or section 401(m) plan, and

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such section 401(k) plan or section 401(m) plan.

(b) EFFECTIVE DATE.—The modification required by subsection (a) shall apply as of the same date set forth in section 1426(b) of the Small Business Job Protection Act of 1996.

SEC. 1259. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking ''or'' at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting '', or'', and by adding at the end the following new paragraph:

''(7) qualified retirement planning services.''.

(b) QUALIFIED RETIREMENT PLANNING SERVICES DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) QUALIFIED RETIREMENT PLANNING SERVICES.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a retirement plan.

''(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally

provided education and information regarding the employer's pension plan.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 1260. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1986, this paragraph shall be applied by substituting ''2005'' for ''2003''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

SEC. 1261. MODEL PLANS FOR SMALL BUSINESSES.

(a) IN GENERAL.—Not later than December 31, 2000, the Secretary of the Treasury is directed to issue at least one model defined contribution plan and at least one model defined benefit plan that fit the needs of small businesses and that shall be treated as meeting the requirements of section 401(a) of the Internal Revenue Code of 1986 with respect to the form of the plan. To the extent that the requirements of section 401(a) of such Code are modified after the issuance of such plans, the Secretary of the Treasury shall, in a timely manner, issue model amendments that, if adopted in a timely manner by an employer that has a model plan in effect, shall cause such model plan to be treated as meeting the requirements of section 401(a) of such Code, as modified, with respect to the form of the plan.

(b) PROTOTYPE PLAN ALTERNATIVE.—The Secretary of the Treasury may satisfy the requirements of subsection (a) through the enhancement and simplification of the Secretary's programs for prototype plans in such a manner as to achieve the purposes of subsection (a).

SEC. 1262. SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.

(a) IN GENERAL.—In the case of a retirement plan which covers less than 25 employees on the 1st day of the plan year and meets the requirements described in subsection (b), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(b) REQUIREMENTS.—A plan meets the requirements of this subsection if it—

(1) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business,

(2) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control, and

(3) does not cover a business that leases employees.

SEC. 1263. IMPROVEMENT OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program,

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures,

(3) extending the duration of the self-correction period under the Administrative Policy Regarding Self-Correction for significant compliance failures,

(4) expanding the availability to correct insignificant compliance failures under the Administrative Policy Regarding Self-Correction during audit, and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 1264. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) IN GENERAL.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

TITLE XIII—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Primarily Affecting Individuals

SEC. 1301. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

(a) IN GENERAL.—The matter preceding subparagraph (B) of section 131(b)(1) (defining qualified foster care payment) is amended to read as follows:

''(1) IN GENERAL.—The term 'qualified foster care payment' means any payment made pursuant to a foster care program of a State or political subdivision thereof—

''(A) which is paid by—

''(i) a State or political subdivision thereof, or

''(ii) a qualified foster care placement agency, and''.

(b) QUALIFIED FOSTER INDIVIDUALS TO INCLUDE INDIVIDUALS PLACED BY QUALIFIED PLACEMENT AGENCIES.—Subparagraph (B) of section 131(b)(2) (defining qualified foster individual) is amended to read as follows:

''(B) a qualified foster care placement agency.''

(c) QUALIFIED FOSTER CARE PLACEMENT AGENCY DEFINED.—Subsection (b) of section 131 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) QUALIFIED FOSTER CARE PLACEMENT AGENCY.—The term 'qualified foster care placement agency' means any placement agency which is licensed or certified by—

''(A) a State or political subdivision thereof, or

''(B) an entity designated by a State or political subdivision thereof,

for the foster care program of such State or political subdivision to make foster care payments to providers of foster care.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1302. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS EXCLUDED FROM GROSS INCOME.

(A) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting after section 138 the following new section:

''SEC. 138A. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS.

''(a) IN GENERAL.—Gross income of an individual does not include amounts received, from an organization described in section 170(c), as reimbursement of operating expenses with respect to use of a passenger automobile for the benefit of such organization. The preceding sentence shall apply only to the extent that such reimbursement would be deductible under section 274(d) (determined by applying the standard business mileage rate established pursuant to section 274(d)) if the organization were not so described and such individual were an employee of such organization.

''(b) NO DOUBLE BENEFIT.—Subsection (a) shall not apply with respect to any expenses if the individual claims a deduction or credit for such expenses under any other provision of this title.

''(c) EXEMPTION FROM REPORTING REQUIREMENTS.—Section 6041 shall not apply with respect to reimbursements excluded from income under subsection (a).''

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 138 the following new items:

''Sec. 138A. Reimbursement for use of passenger automobile for charity.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1303. W–2 TO INCLUDE EMPLOYER SOCIAL SECURITY TAXES.

(a) IN GENERAL.—Subsection (a) of section 6051 (relating to receipts for employees) is amended by striking ''and'' at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting a comma, and by inserting after paragraph (11) the following new paragraphs:

''(12) the amount of tax imposed by section 3111(a), and

''(13) the amount of tax imposed by section 3111(b).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to remuneration paid after December 31, 1999.

SEC. 1304. CONSISTENT TREATMENT OF SURVIVOR BENEFITS FOR PUBLIC SAFETY OFFICERS KILLED IN THE LINE OF DUTY.

Subsection (b) of section 1528 of the Taxpayer Relief Act of 1997 (Public Law 105–34) is amended by striking the period and inserting ', and to amounts received in taxable years beginning after December 31, 1999, with respect to individuals dying on or before December 31, 1996.''

Subtitle B—Provisions Primarily Affecting Businesses

SEC. 1311. DISTRIBUTIONS FROM PUBLICLY TRADED PARTNERSHIPS TREATED AS QUALIFYING INCOME OF REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Paragraph (2) of section 851(b) (defining regulated investment company)

is amended by inserting ''income derived from an interest in a publicly traded partnership (as defined in section 7704(b)),'' after ''dividends, interest,''.

(b) SOURCE FLOW-THROUGH RULE NOT TO APPLY.—The last sentence of section 851(b) is amended by inserting ''(other than a publicly traded partnership (as defined in section 7704(b)))'' after ''derived from a partnership''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1312. SPECIAL PASSIVE ACTIVITY RULE FOR PUBLICLY TRADED PARTNERSHIPS TO APPLY TO REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Subsection (k) of section 469 (relating to separate application of section in case of publicly traded partnerships) is amended by adding at the end the following new paragraph:

''(4) APPLICATION TO REGULATED INVESTMENT COMPANIES.—For purposes of this section, a regulated investment company (as defined in section 851) holding an interest in a publicly traded partnership shall be treated as a taxpayer described in subsection (a)(2) with respect to items attributable to such interest.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1313. LARGE ELECTRIC TRUCKS, VANS, AND BUSES ELIGIBLE FOR DEDUCTION FOR CLEAN-FUEL VEHICLES IN LIEU OF CREDIT.

(a) IN GENERAL.—Paragraph (1) of section 30(c) (relating to credit for qualified electric vehicles) is amended by adding at the end the following new flush sentence:

''Such term shall not include any vehicle described in subclause (I) or (II) of section 179A(b)(1)(A)(iii).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 1999.

SEC. 1314. MODIFICATIONS TO SPECIAL RULES FOR NUCLEAR DECOMMISSIONING COSTS.

(a) REPEAL OF LIMITATION ON DEPOSITS INTO FUND BASED ON COST OF SERVICE.—Subsection (b) of section 468A is amended to read as follows:

''(b) LIMITATION ON AMOUNTS PAID INTO FUND.—The amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the ruling amount applicable to such taxable year.''

(b) CLARIFICATION OF TREATMENT OF FUND TRANSFERS.—Subsection (e) of section 468A is amended by adding at the end the following new paragraph:

''(8) TREATMENT OF FUND TRANSFERS.—If, in connection with the transfer of the taxpayer's interest in a nuclear powerplant, the taxpayer transfers the Fund with respect to such powerplant to the transferee of such interest and the transferee elects to continue the application of this section to such Fund—

''(A) the transfer of such Fund shall not cause such Fund to be disqualified from the application of this section, and

''(B) no amount shall be treated as distributed from such Fund, or be includible in gross income, by reason of such transfer.''

(c) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS.—Section 468A is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

''(f) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS INTO QUALIFIED FUNDS.—

''(1) IN GENERAL.—Notwithstanding subsection (b), any taxpayer maintaining a Fund to which this section applies with respect to a nuclear powerplant may transfer into such Fund amounts held in any nonqualified fund of such taxpayer with respect to such powerplant.

''(2) MAXIMUM AMOUNT PERMITTED TO BE TRANSFERRED.—The amount permitted to be transferred under paragraph (1) shall not exceed the balance in the nonqualified fund as of December 31, 1998.

''(3) DEDUCTION FOR AMOUNTS TRANSFERRED.—

''(A) IN GENERAL.—The deduction allowed by subsection (a) for any transfer permitted by this subsection shall be allowed ratably over the remaining estimated useful life (within the meaning of subsection (d)(2)(A)) of the nuclear powerplant, beginning with the later of the taxable year during which the transfer is made or the taxpayer's first taxable year beginning after December 31, 2001.

''(B) DENIAL OF DEDUCTION FOR PREVIOUSLY DEDUCTED AMOUNTS.—No deduction shall be allowed for any transfer under this subsection of an amount for which a deduction was allowed when such amount was paid into the nonqualified fund. For purposes of the preceding sentence, a ratable portion of each transfer shall be treated as being from previously deducted amounts to the extent thereof.

''(C) TRANSFERS OF QUALIFIED FUNDS.—If—

''(i) any transfer permitted by this subsection is made to any Fund to which this section applies, and

''(ii) such Fund is transferred thereafter,

any deduction under this subsection for taxable years ending after the date that such Fund is transferred shall be allowed to the transferee and not to the transferor. The preceding sentence shall not apply if the transferor is an organization exempt from tax imposed by this chapter.

''(4) NEW RULING AMOUNT REQUIRED.—Paragraph (1) shall not apply to any transfer unless the taxpayer requests from the Secretary a new schedule of ruling amounts in connection with such transfer.

''(5) NONQUALIFIED FUND.—For purposes of this subsection, the term 'nonqualified fund' means, with respect to any nuclear powerplant, any fund in which amounts are irrevocably set aside pursuant to the requirements of any State or Federal agency exclusively for the purpose of funding the decommissioning of such powerplant.

''(6) NO BASIS IN QUALIFIED FUNDS.—Notwithstanding any other provision of law, the basis of any Fund to which this section applies shall not be increased by reason of any transfer permitted by this subsection.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1315. CONSOLIDATION OF LIFE INSURANCE COMPANIES WITH OTHER CORPORATIONS.

(a) IN GENERAL.—Section 1504(b) (defining includible corporation) is amended by striking paragraph (2).

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1503 is amended by striking paragraph (2) (relating to losses of recent nonlife affiliates).

(2) Section 1504 is amended by striking subsection (c) and by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

(3) Section 1503(c)(1) (relating to special rule for application of certain losses against income of insurance companies taxed under section 801) is amended by striking ''an election under section 1504(c)(2) is in effect for the taxable year and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(d) NO CARRYBACK BEFORE JANUARY 1, 2005.—To the extent that a consolidated net operating loss is allowed or increased by reason of the amendments made by this section, such loss may not be carried back to a taxable year beginning before January 1, 2005.

(e) NONTERMINATION OF GROUP.—No affiliated group shall terminate solely as a result of the amendments made by this section.

(f) WAIVER OF 5-YEAR WAITING PERIOD.—Under regulations prescribed by the Secretary of the Treasury or his delegate, an automatic waiver from the 5-year waiting period for reconsolidation provided in section 1504(a)(3) of such Code shall be granted to any corporation which was previously an includible corporation but was subsequently deemed a nonincludible corporation as a result of becoming a subsidiary of a corporation which was not an includible corporation solely by operation of section 1504(c)(2) of such Code (as in effect on the day before the date of enactment of this Act).

Subtitle C—Provisions Relating to Excise Taxes

SEC. 1321. CONSOLIDATION OF HAZARDOUS SUBSTANCE SUPERFUND AND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 (relating to trust fund code) is amended by striking sections 9507 and 9508 and inserting the following new section:

''SEC. 9507. ENVIRONMENTAL REMEDIATION TRUST FUND.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Environmental Remediation Trust Fund' consisting of such amounts as may be—

''(1) appropriated to the Environmental Remediation Trust Fund as provided in this section,

''(2) appropriated to the Environmental Remediation Trust Fund pursuant to section 517(b) of the Superfund Revenue Act of 1986, or

''(3) credited to the Environmental Remediation Trust Fund as provided in section 9602(b).

''(b) TRANSFERS TO ENVIRONMENTAL REMEDIATION TRUST FUND.—

''(1) IN GENERAL.—There are hereby appropriated to the Environmental Remediation Trust Fund amounts equivalent to—

''(A) the taxes received in the Treasury under—

''(i) section 59A, 4611, 4661, or 4671 (relating to environmental taxes),

''(ii) section 4041(d) (relating to additional taxes on motor fuels),

''(iii) section 4081 (relating to tax on gasoline, diesel fuel, and kerosene) to the extent attributable to the Environmental Remediation Trust Fund financing rate under such section,

''(iv) section 4091 (relating to tax on aviation fuel) to the extent attributable to the Environmental Remediation Trust Fund financing rate under such section, and

''(v) section 4042 (relating to tax on fuel used in commercial transportation on inland waterways) to the extent attributable to the Environmental Remediation Trust Fund financing rate under such section,

''(B) amounts recovered on behalf of the Environmental Remediation Trust Fund under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this section referred to as 'CERCLA'),

''(C) all moneys recovered or collected under section 311(b)(6)(B) of the Clean Water Act,

''(D) penalties assessed under title I of CERCLA,

''(E) punitive damages under section 107(c)(3) of CERCLA, and

''(F) amounts received in the Treasury and collected under section 9003(h)(6) of the Solid Waste Disposal Act.

''(2) LIMITATION ON TRANSFERS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no amount may be appropriated

or credited to the Environmental Remediation Trust Fund on and after the date of any expenditure from any such Trust Fund which is not permitted by this section. The determination of whether an expenditure is so permitted shall be made without regard to—

''(i) any provision of law which is not contained or referenced in this title or in a revenue Act, and

''(ii) whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of this paragraph.

''(B) EXCEPTION FOR PRIOR OBLIGATIONS.—Subparagraph (A) shall not apply to any expenditure to liquidate any contract entered into (or for any amount otherwise obligated) in accordance with the provisions of this section.''

''(c) EXPENDITURES FROM ENVIRONMENTAL REMEDIATION TRUST FUND.—

''(1) IN GENERAL.—Amounts in the Environmental Remediation Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures—

''(A) to carry out the purposes of—

''(i) paragraphs (1), (2), (5), and (6) of section 111(a) of CERCLA as in effect on July 12, 1999,

''(ii) section 111(c) of CERCLA (as so in effect), other than paragraphs (1) and (2) thereof, and

''(iii) section 111(m) of CERCLA (as so in effect), or

''(B) to carry out section 9003(h) of the Solid Waste Disposal Act as in effect on July 12, 1999.

''(2) EXCEPTION FOR CERTAIN TRANSFERS, ETC., OF HAZARDOUS SUBSTANCES.—No amount in the Environmental Remediation Trust Fund or derived from the Environmental Remediation Trust Fund shall be available or used for the transfer or disposal of hazardous waste carried out pursuant to a cooperative agreement between the Administrator of the Environmental Protection Agency and a State if the following conditions apply—

''(A) the transfer or disposal, if made on December 13, 1985, would not comply with a State or local requirement,

''(B) the transfer is to a facility for which a final permit under section 3005(a) of the Solid Waste Disposal Act was issued after January 1, 1983, and before November 1, 1984, and

''(C) the transfer is from a facility identified as the McColl Site in Fullerton, California.

''(3) TRANSFERS FROM TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

''(A) IN GENERAL.—The Secretary shall pay from time to time from the Environmental Remediation Trust Fund into the general fund of the Treasury amounts equivalent to—

''(i) amounts paid under—

''(I) section 6420 (relating to amounts paid in respect of gasoline used on farms),

''(II) section 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems), and

''(III) section 6427 (relating to fuels not used for taxable purposes), and

''(ii) credits allowed under section 34,

with respect to the taxes imposed by section 4041(d) or by sections 4081 and 4091 (to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rate or the Environmental Remediation Trust Fund financing rate under such sections).

''(B) TRANSFERS BASED ON ESTIMATES.—Transfers under subparagraph (A) shall be made on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

''(d) LIABILITY OF UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

''(1) GENERAL RULE.—Any claim filed against the Environmental Remediation Trust Fund may be paid only out of the Environmental Remediation Trust Fund.

''(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in CERCLA or the Superfund Amendments and Reauthorization Act of 1986 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Environmental Remediation Trust Fund.

''(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Environmental Remediation Trust Fund has insufficient funds to pay all of the claims payable out of the Environmental Remediation Trust Fund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined.''

(b) CONFORMING AMENDMENTS.—

(1) Subsections (c) and (d) of section 4611 are each amended by striking ''Hazardous Substance Superfund'' each place it appears and inserting ''Environmental Remediation Trust Fund''.

(2) Subsection (c) of section 4661 is amended by striking ''Hazardous Substance Superfund'' and inserting ''Environmental Remediation Trust Fund''.

(3) Sections 4041(d), 4042(b), 4081(a)(2)(B), 4081(d)(3), 4091(b), 4092(b), 6421(f), and 6427(l) are each amended by striking ''Leaking Underground Storage Tank'' each place it appears (other than the headings) and inserting ''Environmental Remediation''.

(4) The heading for subsection (d) of section 4041 is amended by striking ''LEAKING UNDERGROUND STORAGE TANK'' and inserting ''ENVIRONMENTAL REMEDIATION''.

(5) The headings for subsections (a)(2)(B) and (d)(3) of section 4081 and section 4091(b)(2) are each amended by striking ''LEAKING UNDERGROUND STORAGE TANK'' and inserting ''ENVIRONMENTAL REMEDIATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1999.

(d) ENVIRONMENTAL REMEDIATION TRUST FUND TREATED AS CONTINUATION OF OLD TRUST FUNDS.—The Environmental Remediation Trust Fund established by the amendments made by this section shall be treated for all purposes of law as a continuation of both the Hazardous Substance Superfund and the Leaking Underground Storage Tank Trust Fund. Any reference in any law to the Hazardous Substance Superfund or the Leaking Underground Storage Tank Trust Fund shall be deemed to include (wherever appropriate) a reference to the Environmental Remediation Trust Fund established by such amendments.

SEC. 1322. REPEAL OF CERTAIN MOTOR FUEL EXCISE TAXES ON FUEL USED BY RAILROADS AND ON INLAND WATERWAY TRANSPORTATION.

(a) REPEAL OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND TAXES ON FUEL USED IN TRAINS.—

(1) IN GENERAL.—Paragraph (1) of section 4041(d) is amended by adding at the end the following new sentence: ''The preceding sentence shall not apply to any sale for use, or use, of fuel in a diesel-powered train.''

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (3) of section 6421(f) is amended by striking ''with respect to—'' and all that follows through ''so much of'' and inserting ''with respect to so much of''.

(B) Paragraph (3) of section 6427(l) is amended by striking ''with respect to—'' and all that follows through ''so much of'' and inserting ''with respect to so much of''.

(b) REPEAL OF 4.3-CENT MOTOR FUEL EXCISE TAXES ON RAILROADS AND INLAND WATERWAY TRANSPORTATION WHICH REMAIN IN GENERAL FUND.—

(1) TAXES ON TRAINS.—

(A) IN GENERAL.—Subparagraph (A) of section 4041(a)(1) is amended by striking ''or a diesel-powered train'' each place it appears and by striking ''or train''.

(B) CONFORMING AMENDMENTS.—

(i) Subparagraph (C) of section 4041(a)(1) is amended by striking clause (ii) and by redesignating clause (iii) as clause (ii).

(ii) Subparagraph (C) of section 4041(b)(1) is amended by striking all that follows ''section 6421(e)(2)'' and inserting a period.

(iii) Paragraph (3) of section 4083(a) is amended by striking ''or a diesel-powered train''.

(iv) Section 6421(f) is amended by striking paragraph (3).

(v) Section 6427(l) is amended by striking paragraph (3).

(2) FUEL USED ON INLAND WATERWAYS.—

(A) IN GENERAL.—Paragraph (1) of section 4042(b) is amended by adding ''and'' at the end of subparagraph (A), by striking '', and'' at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(B) CONFORMING AMENDMENT.—Paragraph (2) of section 4042(b) is amended by striking subparagraph (C).

(c) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on October 1, 1999 (October 1, 2003, in the case of the amendments made by subsection (b)), but shall not take effect if section 1321 does not take effect.

SEC. 1323. REPEAL OF EXCISE TAX ON FISHING TACKLE BOXES.

(a) IN GENERAL.—Paragraph (6) of section 4162(a) (defining sport fishing equipment) is amended by striking subparagraph (C) and by redesignating subparagraphs (D) through (J) as subparagraphs (C) through (I), respectively.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to articles sold by the manufacturer, producer, or importer more than 30 days after the date of the enactment of this Act.

SEC. 1324. CLARIFICATION OF EXCISE TAX IMPOSED ON ARROW COMPONENTS.

(a) IN GENERAL.—Paragraph (2) of section 4161(b) (relating to bows and arrows, etc.) is amended to read as follows:

''(2) ARROWS.—

''(A) IN GENERAL.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any shaft, point, article used to attach a point to a shaft, nock, or vane of a type used in the manufacture of any arrow which after its assembly—

''(i) measures 18 inches overall or more in length, or

''(ii) measures less than 18 inches overall in length but is suitable for use with a bow described in paragraph (1)(A),

a tax equal to 12.4 percent of the price for which so sold.

''(B) REDUCED RATE ON CERTAIN HUNTING POINTS.—Subparagraph (A) shall be applied by substituting '11 percent' for '12.4 percent' in the case of a point which is designed primarily for use in hunting fish or large animals.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to articles sold by the manufacturer, producer, or importer after the close of the first calendar month ending more than 30 days after the date of the enactment of this Act.

Subtitle D—Improvements in Low-Income Housing Credit

SEC. 1331. INCREASE IN STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) INCREASE IN STATE CEILING.—Clause (i) of section 42(h)(3)(C) (relating to State housing credit ceiling) is amended by striking ''$1.25'' and inserting ''the applicable amount under subparagraph (H)''.

(b) APPLICABLE AMOUNT; ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to

housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraphs:

''(H) INITIAL AMOUNT OF STATE CEILING.—For purposes of subparagraph (C)(i), the applicable amount shall be determined under the following table:

"For calendar year	**The applicable amount is**
2000	*$1.35*
2001	*1.45*
2002	*1.55*
2003	*1.65*
2004 and thereafter	*1.75.*

''(I) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2004 the $1.75 amount in subparagraph (H) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2003' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—Any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 1999.

SEC. 1332. MODIFICATION OF CRITERIA FOR ALLOCATING HOUSING CREDITS AMONG PROJECTS.

(a) SELECTION CRITERIA.—Subparagraph (C) of section 42(m)(1) (relating to certain selection criteria must be used) is amended—

(1) by inserting '', including whether the project includes the use of existing housing as part of a community revitalization plan'' before the comma at the end of clause (iii), and

(2) by striking clauses (v), (vi), and (vii) and inserting the following new clauses:

''(v) tenant populations with special housing needs,

''(vi) public housing waiting lists,

''(vii) tenant populations of individuals with children, and

''(viii) projects intended for eventual tenant ownership.''

(b) PREFERENCE FOR COMMUNITY REVITALIZATION PROJECTS LOCATED IN QUALIFIED CENSUS TRACTS.—Clause (ii) of section 42(m)(1)(B) is amended by striking ''and'' at the end of subclause (I), by adding ''and'' at the end of subclause (II), and by inserting after subclause (II) the following new subclause:

''(III) projects which are located in qualified census tracts (as defined in subsection (d)(5)(C)) and the development of which contributes to a concerted community revitalization plan,''.

SEC. 1333. ADDITIONAL RESPONSIBILITIES OF HOUSING CREDIT AGENCIES.

(a) MARKET STUDY; PUBLIC DISCLOSURE OF RATIONALE FOR NOT FOLLOWING CREDIT ALLOCATION PRIORITIES.—Subparagraph (A) of section 42(m)(1) (relating to responsibilities of housing credit agencies) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting a comma, and by adding at the end the following new clauses:

''(iii) a comprehensive market study of the housing needs of low-income individuals in the area to be served by the project is conducted before the credit allocation is made and at the developer's expense by a disinterested party who is approved by such agency, and

''(iv) a written explanation is available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria of the housing credit agency.''.

(b) SITE VISITS.—Clause (iii) of section 42(m)(1)(B) (relating to qualified allocation plan) is amended by inserting before the period ''and in monitoring for noncompliance with habitability standards through regular site visits''.

SEC. 1334. MODIFICATIONS TO RULES RELATING TO BASIS OF BUILDING WHICH IS ELIGIBLE FOR CREDIT.

(a) HOME ASSISTANCE NOT TO DISQUALIFY BUILDING FOR ADDITIONAL CREDIT AVAILABLE TO BUILDINGS IN HIGH COST AREAS.—Clause (i) of section 42(i)(2)(E) (relating to buildings receiving HOME assistance) is amended by striking the last sentence.

(b) ADJUSTED BASIS TO INCLUDE PORTION OF CERTAIN BUILDINGS USED BY LOW-INCOME INDIVIDUALS WHO ARE NOT TENANTS AND BY PROJECT EMPLOYEES.—Paragraph (4) of section 42(d) (relating to special rules relating to determination of adjusted basis) is amended—

(1) by striking ''subparagraph (B)'' in subparagraph (A) and inserting ''subparagraphs (B) and (C)'',

(2) by redesignating subparagraph (C) as subparagraph (D), and

(3) by inserting after subparagraph (B) the following new subparagraph:

''(C) INCLUSION OF BASIS OF PROPERTY USED TO PROVIDE SERVICES FOR CERTAIN NONTENANTS.—

''(i) IN GENERAL.—The adjusted basis of any building located in a qualified census tract (as defined in paragraph (5)(C)) shall be determined by taking into account the adjusted basis of property (of a character subject to the allowance for depreciation and not otherwise taken into account) used throughout the taxable year in providing any community service facility.

''(ii) LIMITATION.—The increase in the adjusted basis of any building which is taken into account by reason of clause (i) shall not exceed 20 percent of the eligible basis of the qualified low-income housing project of which it is a part. For purposes of the preceding sentence, all community service facilities which are part of the same qualified low-income housing project shall be treated as 1 facility.

''(iii) COMMUNITY SERVICE FACILITY.—For purposes of this subparagraph, the term 'community service facility' means any facility designed to serve primarily individuals whose income is 60 percent or less of area median income (within the meaning of subsection (g)(1)(B)).''.

SEC. 1335. OTHER MODIFICATIONS.

(a) ALLOCATION OF CREDIT LIMIT TO CERTAIN BUILDINGS.—

(1) The first sentence of section 42(h)(1)(E)(ii) is amended by striking ''(as of'' the first place it appears and inserting ''(as of the later of the date which is 6 months after the date that the allocation was made or''.

(2) The last sentence of section 42(h)(3)(C) is amended by striking ''project which'' and inserting ''project which fails to meet the 10 percent test under paragraph (1)(E)(ii) on a date after the close of the calendar year in which the allocation was made or which''.

(b) DETERMINATION OF WHETHER BUILDINGS ARE LOCATED IN HIGH COST AREAS.—The first sentence of section 42(d)(5)(C)(ii)(I) is amended—

(1) by inserting ''either'' before ''in which 50 percent'', and

(2) by inserting before the period '' or which has a poverty rate of at least 25 percent''.

SEC. 1336. CARRYFORWARD RULES.

(a) IN GENERAL.—Clause (ii) of section 42(h)(3)(D) (relating to unused housing credit carryovers allocated among certain states) is amended by striking ''the excess'' and all that follows and inserting ''the excess (if any) of—

''(I) the unused State housing credit ceiling for the year preceding such year, over

''(II) the aggregate housing credit dollar amount allocated for such year.''.

(b) CONFORMING AMENDMENT.—The second sentence of section 42(h)(3)(C) (relating to State housing credit ceiling) is amended by striking ''clauses (i) and (iii)'' and inserting ''clauses (i) through (iv)''.

SEC. 1337. EFFECTIVE DATE.

Except as otherwise provided in this subtitle, the amendments made by this subtitle shall apply to—

(1) housing credit dollar amounts allocated after December 31, 2000, and

(2) buildings placed in service after such date to the extent paragraph (1) of section 42(h) of the Internal Revenue Code of 1986 does not apply to any building by reason of paragraph (4) thereof, but only with respect to bonds issued after such date.

Subtitle E—Entrepreneurial Equity Capital Formation

PART I—TAX-FREE CONVERSIONS OF SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES INTO PASS-THRU ENTITIES

SEC. 1341. MODIFICATIONS TO PROVISIONS RELATING TO REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Section 851 (relating to definition of regulated investment company) is amended by adding at the end the following new subsection:

''(i) SPECIAL RULES FOR SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES.—

''(1) IN GENERAL.—For purposes of determining whether a specialized small business investment company is a regulated investment company for purposes of this subchapter—

''(A) income derived from an investment as a limited partner in a partnership shall be treated as qualifying income under subsection (b)(2) if—

''(i) the company does not participate in the active management of the normal business operations of the partnership, and

''(ii) the company's investment in such partnership is an investment permitted for specialized small business investment companies under the Small Business Investment Act of 1958, and

''(B) the requirements of subsection (b)(3) shall be treated as met if, at the close of each quarter of the taxable year, at least 50 percent of the value of its total assets is represented by—

''(i) assets described in subsection (b)(3)(A)(i), and

''(ii) other investments permitted to be made by a specialized small business investment company under the Small Business Investment Act of 1958.

''(2) COORDINATION OF DISTRIBUTION REQUIREMENTS WITH SBIC REQUIREMENTS.—A specialized small business investment company shall be treated as meeting the requirements of section 852(a)(1) if the deduction for dividends paid during the taxable year (as defined in section 561, but without regard to capital gain dividends) equals or exceeds the lesser of the amount required under section 852(a)(1) or 100 percent of the maximum amount that the company would be permitted to distribute during such year under the Small Business Investment Act of 1958.

''(3) SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY.—For purposes of this subsection, the term 'specialized small business investment company' has the meaning given to such term by section 1044(c)(3).

''(4) REFERENCES TO 1958 ACT.—For purposes of this subsection, references to the Small Business Investment Act of 1958 shall be treated as references to such Act as in effect on May 13, 1993.''

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

SEC. 1342. TAX-FREE REORGANIZATION OF SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY AS A PARTNERSHIP.

(a) IN GENERAL.—If, within 180 days after the date of the enactment of this Act, a corporation which is a specialized small business investment company transfers substantially all of its assets to a partnership (including its license to operate as a specialized small business investment company) solely in exchange for partnership interests in such partnership, no gain or loss shall be recognized to the corporation on such a transfer if—

(1) immediately after such exchange, such corporation holds partnership interests in such partnership having a value equal to at least 80 percent of the total value of all partnership interests in such partnership, and

(2) before the 90th day after such exchange, such corporation transfers all partnership interests held by the corporation in such partnership, and all remaining assets of the corporation, to its shareholders in the complete liquidation of such corporation.

(b) NONRECOGNITION OF GAIN OR LOSS TO CORPORATION ON DISTRIBUTION OF PARTNERSHIP INTERESTS.—In the case of any distribution of a partnership interest acquired by the liquidating corporation in an exchange to which subsection (a) applies—

(1) no gain or loss shall be recognized to the liquidating corporation by reason of such distribution, and

(2) such distribution shall not be treated as a sale or exchange for purposes of section 708(b)(1)(B) of the Internal Revenue Code of 1986.

(c) GAIN RECOGNIZED BY SHAREHOLDERS ON RECEIPT OF PROPERTY OTHER THAN PARTNERSHIP INTERESTS.—

(1) IN GENERAL.—No gain or loss shall be recognized to a shareholder of a corporation on the transfer of such shareholder's stock in such corporation to such corporation solely in exchange for a partnership interest in the partnership referred to in subsection (a)(1).

(2) RECEIPT OF PROPERTY.—If paragraph (1) would apply to an exchange but for the fact that there is received, in addition to the partnership interests permitted to be received under paragraph (1), other property or money, then—

(A) gain (if any) to such recipient shall be recognized, but not in excess of—

(i) the amount of money received, plus

(ii) the fair market value of such other property received, and

(B) no loss to such recipient shall be recognized.

(d) BASIS.—The basis of property received in any exchange to which this section applies shall be determined in accordance with rules similar to the rules of section 358 of the Internal Revenue Code of 1986.

(e) ADDITIONAL REQUIREMENTS.—This section shall not apply to any specialized small business investment company unless—

(1) such company elects to be subject to tax on its built-in gains computed in a manner similar to that provided in section 1374 of such Code (without regard to any recognition period (as defined in subsection (d)(7) thereof)), and

(2) such company distributes all of its accumulated earnings and profits (in distributions to which section 301 of such Code applies) before its liquidation under this section.

If, after making an election under paragraph (1), a company ceases to be a specialized small business investment company, such company shall be treated as having disposed of all of its assets for purposes of applying paragraph (1).

(f) SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY.—For purposes of this section, the term ''specialized small business investment company'' has the meaning given to such term by section 1044(c)(3) of such Code.

PART II—ADDITIONAL INCENTIVES RELATED TO INVESTING IN SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES

SEC. 1346. EXPANSION OF NONRECOGNITION TREATMENT FOR SECURITIES GAIN ROLLED OVER INTO SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES.

(a) EXTENSION OF ROLLOVER PERIOD.—Paragraph (1) of section 1044(a) (relating to nonrecognition of gain) is amended by striking ''60-day period'' and inserting ''180-day period''.

(b) INCREASE OF MAXIMUM EXCLUSION.—

(1) IN GENERAL.—Paragraphs (1) and (2) of section 1044(b) (relating to limitations) are amended to read as follows:

''(1) LIMITATION ON INDIVIDUALS.—In the case of an individual, the amount of gain which may be excluded under subsection (a) for any taxable year shall not exceed—

''(A) $750,000, reduced by

''(B) the amount of gain excluded under subsection (a) for all preceding taxable years.

''(2) LIMITATION ON C CORPORATIONS.—In the case of a C corporation, the amount of gain which may be excluded under subsection (a) for any taxable year shall not exceed—

''(A) $2,000,000, reduced by

''(B) the amount of gain excluded under subsection (a) for all preceding taxable years.''

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 1044(b)(3) (relating to special rules for married individuals) is amended to read as follows:

''(A) SEPARATE RETURNS.—In the case of a separate return by a married individual, paragraph (1) shall be applied by substituting '$375,000' for '$750,000'.''

(c) EXTENSION TO PREFERRED STOCK.—Paragraph (1) of section 1044(a) is amended by striking ''common''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to sales occurring after the date of the enactment of this Act.

SEC. 1347. MODIFICATIONS TO EXCLUSION FOR GAIN FROM QUALIFIED SMALL BUSINESS STOCK.

(a) IN GENERAL.—Section 1202 (relating to 50-percent exclusion for gain from certain small business stock) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

''(k) SPECIAL RULES FOR SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES.—

''(1) INCREASE IN EXCLUSION.—In the case of—

''(A) the sale or exchange of stock in a specialized small business investment company, and

''(B) any amount treated under subsection (g) as gain described in subsection (a) by reason of the sale or exchange of stock in a specialized small business investment company,

subsection (a) shall be applied by substituting '60 percent' for '50 percent'.

''(2) WAIVER OF ACTIVE BUSINESS REQUIREMENT.—Notwithstanding any provision of subsection (e), a corporation shall be treated as meeting the active business requirements of such subsection for any period during which such corporation qualifies as a specialized small business investment company.

''(3) SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY.—For purposes of this section, the term 'specialized small business investment company' means any eligible corporation (as defined in subsection (e)(4)) which is licensed to operate under section 301(d) of the Small Business Investment Act of 1958 (as in effect on May 13, 1993).''

(b) CONFORMING AMENDMENT.—Section 1202(c)(2) is amended to read as follows:

''(2) ACTIVE BUSINESS REQUIREMENT, ETC.—Stock in a corporation shall not be treated as qualified small business stock unless, during substantially all of the taxpayer's holding period for such stock, such corporation meets the active business requirements of subsection (e) and such corporation is a C corporation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges occurring after the date of the enactment of this Act.

Subtitle F—Other Provisions

SEC. 1351. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—Subsection (d) of section 146 (relating to volume cap) is amended by striking paragraph (2), by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, and by striking paragraph (1) and inserting the following new paragraph:

''(1) IN GENERAL.—The State ceiling applicable to any State for any calendar year shall be the greater of—

''(A) an amount equal to $75 multiplied by the State population, or

''(B) $225,000,000.

Subparagraph (B) shall not apply to any possession of the United States.''.

(b) CONFORMING AMENDMENT.—Sections 25(f)(3) and 42(h)(3)(E)(iii) are each amended by striking ''section 146(d)(3)(C)'' and inserting ''section 146(d)(2)(C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 1999.

SEC. 1352. TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

(a) IN GENERAL.—Subpart A of part I of subchapter J of chapter 1 (relating to general rules for taxation of trusts and estates) is amended by adding at the end the following new section:

''SEC. 646. ELECTING ALASKA NATIVE SETTLEMENT TRUSTS.

''(a) IN GENERAL.—Except as otherwise provided in this section, the provisions of this subchapter and section 1(e) shall apply to all Settlement Trusts.

''(b) BENEFICIARIES OF ELECTING TRUST NOT TAXED ON CONTRIBUTIONS.—

''(1) IN GENERAL.—In the case of a Settlement Trust for which an election under paragraph (2) is in effect for any taxable year, no amount shall be includible in the gross income of a beneficiary of the Settlement Trust by reason of a contribution to the Settlement Trust made during such taxable year.

''(2) ONE-TIME ELECTION.—

''(A) IN GENERAL.—A Settlement Trust may elect to have the provisions of this section apply to the trust and its beneficiaries.

''(B) TIME AND METHOD OF ELECTION.—An election under subparagraph (A) shall be made—

''(i) before the due date (including extensions) for filing the Settlement Trust's return of tax for the 1st taxable year of the Settlement Trust ending after December 31, 1999, and

''(ii) by attaching to such return of tax a statement specifically providing for such election.

''(C) PERIOD ELECTION IN EFFECT.—Except as provided in paragraph (3), an election under subparagraph (A)—

''(i) shall apply to the 1st taxable year described in subparagraph (B)(i) and all subsequent taxable years, and

''(ii) may not be revoked once it is made.

''(c) SPECIAL RULES WHERE TRANSFER RESTRICTIONS MODIFIED.—

''(1) TRANSFER OF BENEFICIAL INTERESTS.—If, at any time, a beneficial interest in a Settlement Trust may be disposed of to a person in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if the interest were Settlement Common Stock—

''(A) no election may be made under subsection (b)(2) with respect to such trust, and

''(B) if such an election is in effect as of such time, such election shall cease to apply for purposes of subsection (b)(1) as of the 1st day of the taxable year following the taxable year in which such disposition is first permitted.

''(2) STOCK IN CORPORATION.—If—

''(A) the Settlement Common Stock in any Native Corporation which transferred assets to a Settlement Trust making an election under subsection (b)(2) may be disposed of to a person in a manner not permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)), and

''(B) at any time after such disposition of stock is first permitted, such corporation transfers assets to such trust,

subparagraph (B) of paragraph (1) shall be applied to such trust on and after the date of the transfer in the same manner as if the trust permitted dispositions of beneficial interests in the trust in a manner not permitted by such section 7(h).

''(c) TAX TREATMENT OF DISTRIBUTIONS TO BENEFICIARIES.—

''(1) IN GENERAL.—In the case of a Settlement Trust for which an election under subsection (b)(2) is in effect for any taxable year, any distribution to a beneficiary shall be included in gross income of the beneficiary as ordinary income to the extent such distribution reduces the earnings and profits of any Native Corporation making a contribution to such Trust.

''(2) EARNINGS AND PROFITS.—The earnings and profits of any Native Corporation making a contribution to a Settlement Trust shall not be reduced on account thereof at the time of such contribution, but such earnings and profits shall be reduced (up to the amount of such contribution) as distributions are thereafter made by the Settlement Trust which exceed the sum of—

''(A) such Trust's total undistributed net income for all prior years during which an election under subsection (b)(2) is in effect, and

''(B) such Trust's distributable net income.

''(d) DEFINITIONS.—For purposes of this section—

''(1) NATIVE CORPORATION.—The term 'Native Corporation' has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)).

''(2) SETTLEMENT TRUST.—The term 'Settlement Trust' means a trust which constitutes a Settlement Trust under section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e).''

(b) WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—Section 3402 is amended by adding at the end the following new subsection:

''(t) TAX WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—

''(1) IN GENERAL.—Any Settlement Trust (as defined in section 646(d)) for which an election under section 646(b)(2) is in effect (in this subsection referred to as an 'electing trust') and which makes a payment to any beneficiary which is includable in gross income under section 646(c) shall deduct and withhold from such payment a tax in an amount equal to such payment's proportionate share of the annualized tax.

''(2) EXCEPTION.—The tax imposed by paragraph (1) shall not apply to any payment to the extent that such payment, when annualized, does not exceed an amount equal to the amount in effect under section 6012(a)(1)(A)(i) for taxable years beginning in the calendar year in which the payment is made.

''(3) ANNUALIZED TAX.—For purposes of paragraph (1), the term 'annualized tax' means, with respect to any payment, the amount of tax which would be imposed by section 1(c) (determined without regard to any rate of tax in excess of 31 percent) on an amount of taxable income equal to the excess of—

''(A) the annualized amount of such payment, over

''(B) the amount determined under paragraph (2).

''(4) ANNUALIZATION.—For purposes of this subsection, amounts shall be annualized in the manner prescribed by the Secretary.

''(5) ALTERNATE WITHHOLDING PROCEDURES.—At the election of an electing trust, the tax imposed by this subsection on any payment made by such trust shall be determined in accordance with such tables or computational procedures as may be specified in regulations prescribed by the Secretary (in lieu of in accordance with paragraphs (2) and (3)).

''(6) COORDINATION WITH OTHER SECTIONS.—For purposes of this chapter and so much of subtitle F as relates to this chapter, payments which are subject to withholding under this subsection shall be treated as if they were wages paid by an employer to an employee.''

(c) REPORTING.—Section 6041 is amended by adding at the end the following new subsection:

''(f) APPLICATION TO ALASKA NATIVE SETTLEMENT TRUSTS.—In the case of any distribution from a Settlement Trust (as defined in section 646(d)) to a beneficiary which is includable in gross income under section 646(c), this section shall apply, except that—

''(1) this section shall apply to such distribution without regard to the amount thereof,

''(2) the Settlement Trust shall include on any return or statement required by this section information as to the character of such distribution (if applicable) and the amount of tax imposed by chapter 1 which has been deducted and withheld from such distribution, and

''(3) the filing of any return or statement required by this section shall satisfy any requirement to file any other form or schedule under this title with respect to distributive share information (including any form or schedule to be included with the trust's tax return).''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part I of subchapter J of chapter 1 is amended by adding at the end the following new item:

''Sec. 646. Electing Alaska Native Settlement Trusts.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of Settlement Trusts ending after December 31, 1999, and to contributions to such trusts after such date.

SEC. 1353. INCREASE IN THRESHOLD FOR JOINT COMMITTEE REPORTS ON REFUNDS AND CREDITS.

(a) GENERAL RULE.—Subsections (a) and (b) of section 6405 are each amended by striking ''$1,000,000'' and inserting ''$2,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act, except that such amendment shall not apply with respect to any refund or credit with respect to a report that has been made before such date of enactment under section 6405 of the Internal Revenue Code of 1986.

SEC. 1354. CLARIFICATION OF DEPRECIATION STUDY.

Paragraph (1) of section 2022 of the Tax and Trade Relief Extension Act of 1998 (Public Law 105–277; 112 Stat. 2681-903) is amended by inserting after ''1986,'' the following: ''including such periods and methods applicable to section 1250 property used in connection with a franchise (within the meaning of section 1253) and owned by the franchisee,''.

Subtitle G—Tax Court Provisions

SEC. 1361. TAX COURT FILING FEE IN ALL CASES COMMENCED BY FILING PETITION.

(a) IN GENERAL.—Section 7451 (relating to fee for filing a Tax Court petition) is amended by striking all that follows ''petition'' and inserting a period.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 1362. EXPANDED USE OF TAX COURT PRACTICE FEE.

Subsection (b) of section 7475 (relating to use of fees) is amended by inserting before the period at the end ''and to provide services to pro se taxpayers''.

SEC. 1363. CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.

(a) CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.—Subsection (b) of section 6214 (relating to jurisdiction over other years and quarters) is amended by adding at the end the following new sentence: ''Notwithstanding the preceding sentence, the Tax Court may apply the doctrine of equitable recoupment to the same extent that it is available in civil tax cases before the district courts of the United States and the United States Court of Federal Claims.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any action or proceeding in the Tax Court with respect to which a decision has not become final (as determined under section 7481 of the Internal Revenue Code of 1986) as of the date of the enactment of this Act.

Subtitle H—Tax-Free Transfer of Bottled Distilled Spirits to Bonded Dealers

SEC. 1371. TAX-FREE TRANSFER OF BOTTLED DISTILLED SPIRITS FROM DISTILLED SPIRITS PLANT TO BONDED DEALER.

(a) DOMESTIC BOTTLED DISTILLED SPIRITS.—

(1) IN GENERAL.—The last sentence of section 5212 is amended by inserting before the period ''and shall not apply to bottled distilled spirits transferred from a distilled spirits plant (other than a bonded dealer) to a bonded dealer if the proprietor of such plant notifies (in such form and manner as the Secretary prescribes by regulations) such bonded dealer of the amount of tax determined on the distilled spirits so transferred''.

(2) TRANSFER OF LIABILITY CONTINGENT ON FURNISHING OF CERTAIN INFORMATION.—Paragraph (2) of section 5005(c) is amended by adding at the end the following new sentence: ''In the case of a transfer of bottled distilled spirits from a distilled spirits plant to a bonded dealer, the preceding provisions of this subsection shall apply only to the extent of the amount specified by the proprietor of such plant in accordance with the last sentence of section 5212.''

(b) COMPARABLE TREATMENT FOR IMPORTED BOTTLED DISTILLED SPIRITS.—Subsection (a) of section 5232 is amended to read as follows:

''(a) TRANSFER TO DISTILLED SPIRITS PLANT WITHOUT PAYMENT OF TAX.—

''(1) IN GENERAL.—Distilled spirits imported or brought into the United States in bulk containers may, under such regulations as the Secretary shall prescribe, be withdrawn from customs custody and transferred in such bulk containers or by pipeline to the bonded premises of a distilled spirits plant without payment of the internal revenue tax imposed on such distilled spirits by section 5001.

''(2) IMPORTED BOTTLED DISTILLED SPIRITS.—The restriction under paragraph (1) to transfers in bulk or by pipeline shall not apply to bottled distilled spirits transferred from customs custody to a bonded dealer if the proprietor of the customs bonded warehouse notifies (in such form and manner as the Secretary prescribes by regulations) such bonded dealer of the amount of tax determined on the distilled spirits so transferred.

''(3) TRANSFER OF LIABILITY.—The person operating the bonded premises of the distilled spirits plant to which such spirits are transferred shall become liable for the tax on distilled spirits withdrawn from customs custody under this section upon release of the spirits from customs

custody, and the importer, or the person bringing such distilled spirits into the United States, shall thereupon be relieved of his liability for such tax. In the case of a transfer of bottled distilled spirits from a customs bonded warehouse to a bonded dealer, the preceding sentence shall apply only to the extent of the amount specified by the proprietor of such warehouse in accordance with paragraph (2).''

(c) PENALTY FOR FALSE OR ERRONEOUS INFORMATION TO BONDED DEALERS.—

(1) IN GENERAL.—Section 5684 is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and inserting after subsection (a) the following new subsection:

''(b) FALSE OR ERRONEOUS INFORMATION TO BONDED DEALERS.—Any distilled spirits plant or importer which furnishes false or erroneous information to a bonded dealer relating to the amount of tax determined on a product, as required under sections 5212 and 5232, shall, in addition to any other penalty imposed by this title, be liable for a penalty equal to the greater of $1,000 or 5 times the amount of additional tax due on the product.''

(2) CONFORMING AMENDMENT.—Subsection (c) of section 5684, as redesignated by paragraph (1), is amended by striking ''subsection (a)'' and inserting ''subsections (a) and (b)''.

SEC. 1372. ESTABLISHMENT OF DISTILLED SPIRITS PLANT.

Section 5171 is amended—

(1) by striking from subsection (a) ''or processor'' and inserting ''processor, or bonded dealer'', and

(2) by striking from subsection (b) ''or both.'' and inserting ''as a bonded dealer, or as any combination thereof.''

SEC. 1373. DISTILLED SPIRITS PLANTS.

Section 5178(a) is amended by adding at the end the following new paragraph:

''(5) BONDED DEALER OPERATIONS.—Any person establishing a distilled spirits plant to conduct operations as a bonded dealer may, as described in the application for registration—

''(A) store distilled spirits in any approved container on the bonded premises of such plant, and

''(B) under such regulations as the Secretary shall prescribe, store taxpaid distilled spirits, beer and wine and such other beverages and items (products) not subject to tax or regulation under this title on such bonded premises.''

SEC. 1374. BONDED DEALERS.

(a) IN GENERAL.—Subpart A of part I of subchapter A of chapter 51 (relating to distilled spirits) is amended by adding at the end the following new section:

''SEC. 5011. ELECTION TO BE TREATED AS BONDED DEALER.

''(a) ELECTION.—

''(1) IN GENERAL.—Any wholesale dealer, or any control State entity, may elect to be treated as a bonded dealer if such wholesale dealer or entity sells bottled distilled spirits exclusively to 1 or more of the following: wholesale dealers in liquor, independent retail dealers, or other bonded dealers.

''(2) ELECTION BY CERTAIN ENTITIES NOT PERMITTED.—

''(A) RETAIL DEALERS.—Except in the case of a control State entity, the election under paragraph (1) may not be made by a retail dealer in liquor.

''(B) SMALL DEALERS.—The election under paragraph (1) may not be made by any person who is part of a group treated as a single taxpayer under section 5061(e)(3) if the gross receipts of such group from the sale of distilled spirits during the 12-month period prior to making such election is less than $10,000,000.

''(3) CONTROL STATE ENTITIES PERMITTED TO SELL TO RELATED RETAIL DEALERS.—In the case of a control State entity, paragraph (1) shall be applied by substituting 'retail dealers' for 'independent retail dealers'.

''(b) INDEPENDENT RETAIL DEALER.—For purposes of subsection (a), the term 'independent retail dealer' means, with respect to a bonded dealer, any retail dealer if—

''(1) the bonded dealer does not have a greater than 10 percent ownership interest in, or control of, the retail dealer,

''(2) the retail dealer does not have a greater than 10 percent ownership interest in, or control of, the bonded dealer, and

''(3) no person has a greater than 10 percent ownership interest in, or control of, both the bonded and retail dealer.

For purposes of this subsection, rules similar to the rules of section 318 shall apply.

''(c) INVENTORY OWNED AT TIME OF ELECTION.—Any bottled distilled spirits in the inventory of any person electing under this section to be treated as a bonded dealer shall not be subject to additional Federal excise tax on such spirits as a result of the election being in effect to the extent that the bonded dealer establishes that the Federal excise tax previously has been determined and paid at the time the election becomes effective.

''(d) REVOCATION OF ELECTION.—The election made under this section may be revoked by the bonded dealer at any time, but once revoked shall not be made again without the consent of the Secretary. When the election is revoked, the bonded dealer shall immediately withdraw the distilled spirits on determination of tax in accordance with a tax payment procedure established by the Secretary.

''(e) APPROVAL OF APPLICATION.—Any application under section 5171(c) submitted by a person electing to be treated as a bonded dealer shall be subject to the same conditions as an application for a basic permit under section 204(a)(2) of title 27 of the United States Code (the Federal Alcohol Administration Act) and shall be accorded notice and hearing as described in section 204(b) of such title 27.

''(f) ADDITIONAL TAX.—

''(1) IN GENERAL.—In addition to any other tax imposed by this chapter, there is hereby imposed on each bonded dealer a tax for each semimonthly period under section 5061(d) for which an election under this section is in effect for such dealer.

''(2) AMOUNT OF TAX.—The tax imposed by this subsection for any semimonthly period shall be equal to 1.5 percent of the liability for tax under sections 5001 and 7652 of such dealer for such semimonthly period.

''(3) PAYMENT OF TAX.—The tax imposed by this subsection shall be paid with the return of tax for such semimonthly period.

''(4) TAXPAYERS NOT PAYING ON SEMIMONTHLY BASIS.—If the taxes referred to in paragraph (2) are not paid on the basis of semimonthly periods, this subsection shall be applied by substituting the time such taxes are required to be paid for such periods.

''(5) TERMINATION.—The tax imposed by this subsection shall not apply to any semimonthly period ending after December 31, 2010.''

(b) CONFORMING AMENDMENTS.—

(1) Section 5002(a) is amended by adding the end the following new paragraphs:

''(16) BONDED DEALER.—The term 'bonded dealer' means any person who has elected under section 5011 to be treated as a bonded dealer.

''(17) CONTROL STATE ENTITY.—The term 'control State entity' means a State or a political subdivision of a State in which only the State or a political subdivision thereof is allowed under applicable law to perform distilled spirit operations, or any instrumentality of such a State or political subdivision.''

(2) The table of sections of subpart A of part I of subchapter A of chapter 51 and the table of contents of subtitle E are each amended by adding at the appropriate places:

''Sec. 5011. Election to be treated as bonded dealer.''

SEC. 1375. TIME FOR COLLECTING TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Section 5061(d) is amended by adding at the end the following new paragraph:

''(6) ADVANCED PAYMENT OF DISTILLED SPIRITS TAX BY BONDED DEALERS.—Notwithstanding the preceding provisions of this subsection, in the case of any tax imposed by section 5001, 5011(f), or 7652 with respect to a bonded dealer who has an election under section 5011 in effect on September 20 of any year, any payment which would, but for this paragraph, be due in October or November of that year, shall be made on such September 20. No penalty or interest shall be imposed for the period after such September 20 and before the due date for such payment (determined without regard to this paragraph) to the extent that the tax due exceeds the payment which would have been due in such October and November had the election under section 5011 been in effect.''

(b) PAYMENT BY ELECTRONIC FUND TRANSFER.—Section 5061(e)(1) is amended by inserting ''and any bonded dealer,'' after ''respectively,''.

SEC. 1376. EXEMPTION FROM OCCUPATIONAL TAX NOT APPLICABLE.

Section 5113(a) is amended by adding at the end the following new sentence: ''The exemption under this subsection shall not apply to a proprietor of a distilled spirits plant whose premises are used for operations of a bonded dealer.''

SEC. 1377. TECHNICAL, CONFORMING, AND CLERICAL AMENDMENTS.

(a) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 5003(3) is amended by striking ''certain''.

(2) Subsection (a) of section 5214 is amended by inserting ''(other than a bonded dealer)'' after ''distilled spirits plant''.

(3) Section 5362(b)(5) is amended by adding at the end the following new sentence: ''This term shall not apply to premises used for operations as a bonded dealer.''.

(4) Section 5551(a) is amended by inserting ''bonded dealer,'' after ''processor,'' each place it appears.

(5) Section 5601(a) (2), (3), (4), (5), and (b) are amended by inserting '', bonded dealer'' before ''or processor'' each place it appears.

(6) Section 5602 is amended—

(A) by inserting '', warehouseman, processor, or bonded dealer'' after ''distiller'', and

(B) by inserting ''or possessed'' after ''distilled''.

(7) Sections 5180 and 5681 are repealed.

(b) CLERICAL AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 51 is amended by striking the item relating to section 5180.

(2) The table of sections for part IV of subchapter J of chapter 51 is amended by striking the item relating to section 5681.

SEC. 1378. COOPERATIVE AGREEMENTS.

(a) STUDY.—The Secretary of the Treasury shall study and report to Congress concerning possible administrative efficiencies which could inure to the benefit of the Federal Government of cooperative agreements with States regarding the collection of distilled spirits excise taxes. Such study shall include, but not be limited to, possible benefits of the standardization of forms and collection procedures and shall be submitted 1 year after the date of the enactment of this Act.

(b) COOPERATIVE AGREEMENT.—The Secretary of the Treasury is authorized to enter into such cooperative agreements with States which the

Secretary deems will increase the efficient collection of distilled spirits excise taxes.

SEC. 1379. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this subtitle shall take effect at the beginning of the first calendar quarter that begins after one hundred and twenty days following enactment.

(b) AUTHORITY TO ESTABLISH DISTILLED SPIRITS PLANT.—

(1) IN GENERAL.—The amendments made by section 1372 of this Act shall take effect on the date of enactment of this Act.

(2) DEEMED QUALIFICATION IN CERTAIN CASES.—Each wholesale dealer—

(A) who is required to file an application for registration under section 5171(c) of the Internal Revenue Code of 1986,

(B) whose operations are required to be covered by a basic permit under the Federal Alcohol Administration Act (27 U.S.C. 203 and 204) and who has received such a basic permit as an importer, wholesaler, or both, and

(C) has obtained a bond required under this subchapter,

shall be treated as having such application approved as of the first day of the first calendar quarter that begins at least 9 months after the application is filed until such time as the Secretary or the Secretary's delegate takes final action on such application.

(3) CONTROL STATE ENTITIES.—In the case of a control State entity, paragraph (2) shall be applied without regard to subparagraph (B) thereof.

(c) EQUITABLE TREATMENT OF BONDED DEALERS USING LIFO INVENTORY.—The Secretary of the Treasury or the Secretary's delegate shall provide such rules as may be necessary to assure that taxpayers using the last-in first-out method of inventory valuation do not suffer a recapture of their LIFO reserve by reason of making the election under section 5011 of such Code or by reason of operating a bonded wine cellar as permitted by section 5351 of such Code.

SEC. 1380. STUDY.

Not later than June 1, 2002, the Secretary of the Treasury or the Secretary's delegate shall prepare and submit to the Congress a report—

(1) on the extent to which (if any) there has been a decrease in compliance with the provisions of chapter 51 of the Internal Revenue Code of 1986 by reason of the amendments made by this subtitle, and

(2) on any particular compliance issues in applying the credit allowable by section 5010 of such Code under the amendments made by this subtitle.

TITLE XIV—EXTENSIONS OF EXPIRING PROVISIONS

SEC. 1401. RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (1) of section 41(h) (relating to termination) is amended—

(A) by striking ''June 30, 1999'' and inserting ''June 30, 2004'', and

(B) by striking the material following subparagraph (B).

(2) TECHNICAL AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''June 30, 1999'' and inserting ''June 30, 2004''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking ''1.65 percent'' and inserting ''2.65 percent'',

(B) by striking ''2.2 percent'' and inserting ''3.2 percent'', and

(C) by striking ''2.75 percent'' and inserting ''3.75 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

SEC. 1402. SUBPART F EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) IN GENERAL.—Sections 953(e)(10) and 954(h)(9) are each amended—

(1) by striking ''the first taxable year'' and inserting ''taxable years'', and

(2) by striking ''January 1, 2000'' and inserting ''January 1, 2005''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1403. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended by striking ''January 1, 2000'' and inserting ''January 1, 2005''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1404. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking ''June 30, 1999'' and inserting ''December 31, 2001''.

(b) CLARIFICATION OF FIRST YEAR OF EMPLOYMENT.—Paragraph (2) of section 51(i) is amended by striking ''during which he was not a member of a targeted group''.

(c) ELECTRONIC FILING OF CERTIFICATION.—Not later than July 1, 2001, the Secretary of the Treasury or the Secretary's delegate shall provide an electronic format by which employers may submit requests to designated local agencies (as defined in section 51(d)(11) of the Internal Revenue Code of 1986) for certifications that individuals are members of targeted groups for purposes of section 51 of such Code.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

TITLE XV—REVENUE OFFSETS

SEC. 1501. RETURNS RELATING TO CANCELLATIONS OF INDEBTEDNESS BY ORGANIZATIONS LENDING MONEY.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) (relating to definitions and special rules) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting after subparagraph (C) the following new subparagraph:

''(D) any organization a significant trade or business of which is the lending of money.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 1502. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

"SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

''(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

''(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

''(2) other similar requests.

''(b) PROGRAM CRITERIA.—

''(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

''(A) shall vary according to categories (or subcategories) established by the Secretary,

''(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

''(C) shall be payable in advance.

''(2) EXEMPTIONS, ETC.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

''(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

"Category	**Average Fee**
Employee plan ruling and opinion	*$250*
Exempt organization ruling	*$350*
Employee plan determination	*$300*
Exempt organization determination	*$275*
Chief counsel ruling	*$200.*

''(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2009.''

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

''Sec. 7527. Internal Revenue Service user fees.''

(2) Section 10511 of the Revenue Act of 1987 is repealed.

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

SEC. 1503. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10 OR MORE EMPLOYER PLANS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) (relating to exception for 10 or more employer plans) is amended to read as follows:

''(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are 1 or more of the following:

''(i) Medical benefits.

''(ii) Disability benefits.

''(iii) Group term life insurance benefits which do not provide for any cash surrender value or other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.''

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) (defining disqualified benefit) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING LIMITS.—For purposes of paragraph (1)(C), if—

''(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide 1 or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

''(B) any portion of the welfare benefit fund attributable to such contributions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 1504. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) IN GENERAL.—Section 3405(b)(1) (relating to withholding) is amended by striking '10 percent' and inserting '15 percent'.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after December 31, 1999.

SEC. 1505. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) IN GENERAL.—Subsection (a) of section 856 (relating to definition of real estate investment

trust) is amended by striking ''and'' at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

''(7) which is not a controlled entity (as defined in subsection (l)); and''.

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

''(l) CONTROLLED ENTITY.—

''(1) IN GENERAL.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

''(A) in the case of a corporation, owns stock—

''(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

''(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation, or

''(B) in the case of a trust, owns beneficial interests in the trust which would meet the requirements of subparagraph (A) if such interests were stock.

''(2) QUALIFIED ENTITY.—For purposes of paragraph (1), the term 'qualified entity' means—

''(A) any real estate investment trust, and

''(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

''(3) ATTRIBUTION RULES.—For purposes of this paragraphs (1) and (2)—

''(A) IN GENERAL.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply.

''(B) STAPLED ENTITIES.—A group of entities which are stapled entities (as defined in section 269B(c)(2)) shall be treated as 1 person.

''(4) EXCEPTION FOR CERTAIN NEW REITS.—

''(A) IN GENERAL.—The term 'controlled entity' shall not include an incubator REIT.

''(B) INCUBATOR REIT.—A corporation shall be treated as an incubator REIT for any taxable year during the eligibility period if it meets all the following requirements for such year:

''(i) The corporation elects to be treated as an incubator REIT.

''(ii) The corporation has only voting common stock outstanding.

''(iii) Not more than 50 percent of the corporation's real estate assets consist of mortgages.

''(iv) From not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder.

''(v) The directors of the corporation adopt a resolution setting forth an intent to engage in a going public transaction.

No election may be made with respect to any REIT if an election under this subsection was in effect for any predecessor of such REIT.

''(C) ELIGIBILITY PERIOD.—The eligibility period (for which an incubator REIT election can be made) begins with the REIT's second taxable year and ends at the close of the REIT's third taxable year, but, subject to the following rules, it may be extended for an additional 2 taxable years if the REIT so elects:

''(i) A REIT cannot elect to extend the eligibility period unless it agrees that, if it does not engage in a going public transaction by the end of the extended eligibility period, it shall pay Federal income taxes for the 2 years of the extended eligibility period as if it had not made an incubator REIT election and had ceased to qualify as a REIT for those 2 taxable years.

''(ii) In the event the corporation ceases to be treated as a REIT by operation of clause (i), the corporation shall file any appropriate amended returns reflecting the change in status within 3 months of the close of the extended eligibility period. Interest would be payable but, unless there was a finding under subparagraph (D), no substantial underpayment penalties shall be imposed. The corporation shall, at the same time, also notify its shareholders and any other persons whose tax position is, or may reasonably be expected to be, affected by the change in status so they also may file any appropriate amended returns to conform their tax treatment consistent with the corporation's loss of REIT status. The Secretary shall provide appropriate regulations setting forth transferee liability and other provisions to ensure collection of tax and the proper administration of this provision.

''(iii) Clause (i) and (ii) shall not apply if the corporation allows its incubator REIT status to lapse at the end of the initial 2-year eligibility period without engaging in a going public transaction, provided the corporation satisfies the requirements of the closely-held test commencing with its fourth taxable year. In such a case, the corporation's directors may still be liable for the penalties described in subparagraph (D) during the eligibility period.

''(D) SPECIAL PENALTIES.—If the Secretary determines that an incubator REIT election was filed for a principal purpose other than as part of a reasonable plan to undertake a going public transaction, an excise tax of $20,000 would be imposed on each of the corporation's directors for each taxable year for which an election was in effect.

''(E) GOING PUBLIC TRANSACTION.—For purposes of this paragraph, a going public transaction means—

''(i) a public offering of shares of the stock of the incubator REIT;

''(ii) a transaction, or series of transactions, that results in the stock of the incubator REIT being regularly traded on an established securities market and that results in at least 50 percent of such stock being held by shareholders who are unrelated to persons who held such stock before it began to be so regularly traded; or

''(iii) any transaction resulting in ownership of the REIT by 200 or more persons (excluding the largest single shareholder) who in the aggregate own at least 50 percent of the stock of the REIT.

For the purposes of this subparagraph, the rules of paragraph (3) shall apply in determining the ownership of stock.

''(F) DEFINITIONS.—The term 'established securities market' shall have the meaning set forth in the regulations under section 897.''

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 856(h) is amended by striking ''and (6)'' each place it appears and inserting '', (6), and (7)''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after July 12, 1999.

(2) EXCEPTION FOR EXISTING CONTROLLED ENTITIES.—The amendments made by this section shall not apply to any entity which is a controlled entity (as defined in section 856(l) of the Internal Revenue Code of 1986, as added by this section) as of July 12, 1999, which is a real estate investment trust for the taxable year which includes such date, and which has significant business assets or activities as of such date.

SEC. 1506. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

''SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

''(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

''(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

''(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

''(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

''(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

''(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

''(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

''(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the tax imposed by section 55.

''(c) FINANCIAL ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'financial asset' means—

''(A) any equity interest in any pass-thru entity, and

''(B) to the extent provided in regulations—

''(i) any debt instrument, and

''(ii) any stock in a corporation which is not a pass-thru entity.

''(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term 'pass-thru entity' means—

''(A) a regulated investment company,

''(B) a real estate investment trust,

''(C) an S corporation,

''(D) a partnership,

''(E) a trust,

''(F) a common trust fund,

''(G) a passive foreign investment company (as defined in section 1297),

''(H) a foreign personal holding company, and

''(I) a foreign investment company (as defined in section 1246(b)).

''(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

''(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

''(A) holds a long position under a notional principal contract with respect to the financial asset,

''(B) enters into a forward or futures contract to acquire the financial asset,

''(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

''(D) to the extent provided in regulations prescribed by the Secretary, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

''(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

''(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

''(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

''(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

''(4) FORWARD CONTRACT.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

''(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the taxpayer would have had if—

''(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

''(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

''(f) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

''(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

''(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset.''

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1260. Gains from constructive ownership transactions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 1507. TRANSFER OF EXCESS DEFINED BENEFIT PLAN ASSETS FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking ''in any taxable year beginning after December 31, 2000'' and inserting ''made after September 30, 2009''.

(b) APPLICATION OF MINIMUM COST REQUIREMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 420(c) is amended to read as follows:

''(3) MINIMUM COST REQUIREMENTS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if each group health plan or arrangement under which applicable health benefits are provided provides that the applicable employer cost for each taxable year during the cost maintenance period shall not be less than the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the qualified transfer.

''(B) APPLICABLE EMPLOYER COST.—For purposes of this paragraph, the term 'applicable employer cost' means, with respect to any taxable year, the amount determined by dividing—

''(i) the qualified current retiree health liabilities of the employer for such taxable year determined—

''(I) without regard to any reduction under subsection (e)(1)(B), and

''(II) in the case of a taxable year in which there was no qualified transfer, in the same manner as if there had been such a transfer at the end of the taxable year, by

''(ii) the number of individuals to whom coverage for applicable health benefits was provided during such taxable year.

''(C) ELECTION TO COMPUTE COST SEPARATELY.—An employer may elect to have this paragraph applied separately with respect to individuals eligible for benefits under title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

''(D) COST MAINTENANCE PERIOD.—For purposes of this paragraph, the term 'cost maintenance period' means the period of 5 taxable years beginning with the taxable year in which the qualified transfer occurs. If a taxable year is in 2 or more overlapping cost maintenance periods, this paragraph shall be applied by taking into account the highest applicable employer cost required to be provided under subparagraph (A) for such taxable year.''

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 420(b)(1)(C) is amended by striking ''benefits'' and inserting ''cost''.

(B) Subparagraph (D) of section 420(e)(1) is amended by striking ''and shall not be subject to the minimum benefit requirements of subsection (c)(3)'' and inserting ''or in calculating applicable employer cost under subsection (c)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

SEC. 1508. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 (relating to installment method) is amended to read as follows:

''(a) USE OF INSTALLMENT METHOD.—

''(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

''(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).''

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking ''(a)'' each place it appears and inserting ''(a)(1)''.

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: ''A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 1509. LIMITATION ON USE OF NONACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Section 448(d)(5) (relating to special rule for services) is amended—

(1) by inserting ''in fields described in paragraph (2)(A)'' after ''services by such person'', and

(2) by inserting ''CERTAIN PERSONAL'' before ''SERVICES'' in the heading.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 1510. EXCLUSION OF LIKE-KIND EXCHANGE PROPERTY FROM NONRECOGNITION TREATMENT ON THE SALE OF A PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (d) of section 121 (relating to the exclusion of gain from the sale of a principal residence) is amended by adding at the end the following new paragraph:

''(9) LIKE-KIND EXCHANGES.—Subsection (a) shall not apply to any sale or exchange of a residence if such residence was acquired by the taxpayer during the 5-year period ending on the date of such sale or exchange in an exchange in which any amount of gain was not recognized under section 1031.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any sale or exchange of a principal residence after the date of the enactment of this Act.

TITLE XVI—TECHNICAL CORRECTIONS

SEC. 1601. AMENDMENTS RELATED TO TAX AND TRADE RELIEF EXTENSION ACT OF 1998.

(a) AMENDMENT RELATED TO SECTION 1004(b) OF THE ACT.—Subsection (d) of section 6104 is amended by adding at the end the following new paragraph:

''(6) APPLICATION TO NONEXEMPT CHARITABLE TRUSTS AND NONEXEMPT PRIVATE FOUNDATIONS.—The organizations referred to in paragraphs (1) and (2) of section 6033(d) shall comply with the requirements of this subsection relating to annual returns filed under section 6033 in the same manner as the organizations referred to in paragraph (1).''

(b) AMENDMENTS RELATED TO SECTION 4003 OF THE ACT.—

(1) Subsection (b) of section 4003 of the Tax and Trade Relief Extension Act of 1998 is amended by inserting ''(7)(A)(i)(II),'' after ''(5)(A)(ii)(I),''.

(2) Subparagraph (A) of section 9510(c)(1) is amended by striking ''August 5, 1997'' and inserting ''October 21, 1998''.

(c) VACCINE TAX AND TRUST FUND.—Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

SEC. 1602. AMENDMENTS RELATED TO INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.

(a) AMENDMENT RELATED TO 1103 OF THE ACT.—Paragraph (6) of section 6103(k) is amended—

(1) by inserting ''and an officer or employee of the Office of Treasury Inspector General for Tax Administration'' after ''internal revenue officer or employee'', and

(2) by striking ''INTERNAL REVENUE'' in the heading and inserting ''CERTAIN''.

(b) AMENDMENT RELATED TO SECTION 3509 OF THE ACT.—Subparagraph (A) of section 6110(g)(5) is amended by inserting '', any Chief Counsel advice,'' after ''technical advice memorandum''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Internal Revenue Service Restructuring and Reform Act of 1998 to which they relate.

SEC. 1603. AMENDMENTS RELATED TO TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 302 OF THE ACT.—The last sentence of section 3405(e)(1)(B) is amended by inserting ''(other than a Roth IRA)'' after ''individual retirement plan''.

(b) AMENDMENTS RELATED TO SECTION 1072 OF THE ACT.—

(1) Clause (ii) of section 415(c)(3)(D) and subparagraph (B) of section 403(b)(3) are each amended by striking ''section 125 or'' and inserting ''section 125, 132(f)(4), or''.

(2) Paragraph (2) of section 414(s) is amended by striking ''section 125, 402(e)(3)'' and inserting ''section 125, 132(f)(4), 402(e)(3)''.

(c) AMENDMENT RELATED TO SECTION 1454 OF THE ACT.—Subsection (a) of section 7436 is amended by inserting before the period at the end of the first sentence ''and the proper amount of employment tax under such determination''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Relief of 1997 to which they relate.

SEC. 1604. OTHER TECHNICAL CORRECTIONS.

(a) AFFILIATED CORPORATIONS IN CONTEXT OF WORTHLESS SECURITIES.—

(1) Subparagraph (A) of section 165(g)(3) is amended to read as follows:

''(A) the taxpayer owns directly stock in such corporation meeting the requirements of section 1504(a)(2), and''.

(2) Paragraph (3) of section 165(g) is amended by striking the last sentence.

(3) The amendments made by this subsection shall apply to taxable years beginning after December 31, 1984.

(b) REFERENCE TO CERTAIN STATE PLANS.—

(1) Subparagraph (B) of section 51(d)(2) is amended—

(A) by striking ''plan approved'' and inserting ''program funded'', and

(B) by striking ''(relating to assistance for needy families with minor children)''.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1201 of the Small Business Job Protection Act of 1996.

(c) AMOUNT OF IRA CONTRIBUTION OF LESSER EARNING SPOUSE.—

(1) Clause (ii) of section 219(c)(1)(B) is amended by striking ''and'' at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

''(II) the amount of any designated nondeductible contribution (as defined in section 408(o)) on behalf of such spouse for such taxable year, and''.

(2) The amendment made by paragraph (1) shall take effect as if included in section 1427 of the Small Business Job Protection Act of 1996.

(d) MODIFIED ENDOWMENT CONTRACTS.—

(1) Paragraph (2) of section 7702A(a) is amended by inserting ''or this paragraph'' before the period.

(2) Clause (ii) of section 7702A(c)(3)(A) is amended by striking ''under the contract'' and inserting ''under the old contract''.

(3) The amendments made by this subsection shall take effect as if included in the amendments made by section 5012 of the Technical and Miscellaneous Revenue Act of 1988.

(e) LUMP-SUM DISTRIBUTIONS.—

(1) Clause (ii) of section 401(k)(10)(B) is amended by adding at the end the following new sentence: ''Such term includes a distribution of an annuity contract from—

''(I) a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501(a), or

''(II) an annuity plan described in section 403(a).''

(2) The amendment made by paragraph (1) shall take effect as if included in section 1401 of the Small Business Job Protection Act of 1996.

(f) TENTATIVE CARRYBACK ADJUSTMENTS OF LOSSES FROM SECTION 1256 CONTRACTS.—

(1) Subsection (a) of section 6411 is amended by striking ''section 1212(a)(1)'' and inserting ''subsection (a)(1) or (c) of section 1212''.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 504 of the Economic Recovery Tax Act of 1981.

SEC. 1605. CLERICAL CHANGES.

(1) Subsection (f) of section 67 is amended by striking ''the last sentence'' and inserting ''the second sentence''.

(2) The heading for paragraph (5) of section 408(d) is amended to read as follows:

''(5) DISTRIBUTIONS OF EXCESS CONTRIBUTIONS AFTER DUE DATE FOR TAXABLE YEAR AND CERTAIN EXCESS ROLLOVER CONTRIBUTIONS.—''.

(3) The heading for subparagraph (B) of section 529(e)(3) is amended by striking ''UNDER GUARANTEED PLANS''.

(4)(A) Subsection (e) of section 678 is amended by striking ''an electing small business corporation'' and inserting ''an S corporation''.

(B) Clause (v) of section 6103(e)(1)(D) is amended to read as follows:

''(v) if the corporation was an S corporation, any person who was a shareholder during any part of the period covered by such return during which an election under section 1362(a) was in effect, or''.

(5) Subparagraph (B) of section 995(b)(3) is amended by striking ''the Military Security Act of 1954 (22 U.S.C. 1934)'' and inserting ''section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2778)''.

(6) Subparagraph (B) of section 4946(c)(3) is amended by striking ''the lowest rate of compensation prescribed for GS-16 of the General Schedule under section 5332'' and inserting ''the lowest rate of basic pay for the Senior Executive Service under section 5382''.

TITLE XVIII—COMMITMENT TO DEBT REDUCTION

SEC. 1701. COMMITMENT TO DEBT REDUCTION.

(a) FINDINGS.—The Congress finds that—

(1) the national debt of the United States held by the public is $3.619 trillion as of fiscal year 1999,

(2) the Federal budget is projected to produce a surplus each year in the next 10 fiscal years, and

(3) refunding taxes and reducing the national debt held by the public will assure continued economic growth and financial freedom for future generations.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the national debt held by the public shall be reduced from $3.619 trillion to a level below $1.61 trillion by fiscal year 2009.

TITLE XVIII—BUDGETARY TREATMENT

SEC. 1801. EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.

Upon the enactment of this Act, the Director of the Office of Management and Budget shall not make any estimate of changes in direct spending outlays and receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of this Act.

The SPEAKER pro tempore. After 2 hours of debate on the bill, as amended, it shall be in order to consider the further amendment printed in Part B of that report if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered read and debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

Pursuant to Section 2 of the resolution, the Chair may postpone further consideration of the bill until the following legislative day, when consideration shall resume at a time designated by the Speaker.

The gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) each will control 1 hour.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 2488.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

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

Mr. Speaker, I am proud of the Financial Freedom Act of 1999 because it returns a portion of the tax overcharge to American families and individuals whose income taxes, and I repeat that, whose income taxes have created this historic surplus.

After all, it is their money, they earned it, and we should give it back to them or it will surely be spent by the politicians in Washington.

The American people are caught in a tax trap. The harder they work, the longer they work, the more they pay. And that is wrong.

We should be rewarding success, not punishing it, not punishing the American dream. And the evidence is overwhelming that taxpayers are simply paying too much.

Consider these statistics. Americans are paying the highest taxes as they are a percentage of their productivity since World War II. The typical American family pays more than 38 percent of its income in total taxes. That is more than it spends on food, shelter, and clothing combined.

The average household paid $9,445 in Federal income taxes alone last year. Mr. Speaker, that is twice as much as they paid in 1985. Is it any wonder that Americans are working harder and longer just to pay their household bills?

The strongest evidence of all that Americans are paying too much is that the Treasury is overflowing with piles and piles of their hard-earned cash. Believe it or not, Americans are sending so much money to Washington that there is actually more money, far more money, than the Government needs to operate.

Now, if the power company or the phone company overbilled their customers, the customers would rightfully be irate. If a local grocery store charged $5 for a gallon of milk, people would shop somewhere else. But the exact same thing is happening in Washington, and the American people have the right to a refund.

Today we should take a major step in that direction. The Financial Freedom Act is based on the principle of fairness. All American income taxpayers created this surplus, and it is only fair to return it to those who sent it here.

So the biggest component of our bill is an evenhanded 10 percent across-the-board rate reduction. That is fair. That means an average family with an income of about $55,000 will get $1,000 in tax relief, money that can be used however that family sees fit.

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A single person making about $25,000 will get $380 to help with a car payment or a student loan. And a senior with income of $30,000 would have an extra $510 for prescription drugs or other health care costs or whatever they need to sustain life.

We also help fix the marriage penalty that makes about 42 million Americans pay higher taxes just because they are married. And our bill gives relief of $250 per couple.

We also help parents and students with the cost of education. We keep student loan interest payments tax deductible, we expand education savings accounts, and we make prepaid college tuition plans tax-free for both public colleges and private colleges. We include a national public school construction initiative to help build and renovate public schools.

In the health area, we make health insurance more affordable and accessible for all Americans because we have a 100 percent deduction for people who buy their own health insurance. And to help with the growing need for long-term care, we provide an additional tax exemption for people who care for their own elderly in their own homes. Where they prefer to look after their own elderly rather than place them in a retirement home, today they get no tax benefit, this bill for the first time will give them that.

This plan also strengthens and simplifies our pension systems, so that more American workers, particularly women, have access to a pension plan, portability and greater retirement security.

To deal with our historically low personal savings rate, and that is right, in this country today we have the lowest savings rate in all history. It is negative. So what do we do? We reduce capital gains taxes which protects existing savings and gives incentive for more. Up to 100 million Americans today are investing in the stock market and will take advantage of this to save their savings. We repeal the death tax which is a dollar-for-dollar tax on savings, and the losers when someone dies are those who are employed by family farms and family businesses that have to be sold. And we include tax breaks for Americans with small savings accounts.

Finally, we simplify the tax code, long overdue. We get rid of 240 pages of the tax code in this bill, including repealing the tax hike time bomb on middle-income Americans that is known as the alternative minimum tax.

Today we will hear a lot about priorities, and I look forward to that debate, because the Republican agenda is based on securing America's future for our children and our grandchildren. We will save Social Security for all time without cutting benefits and without raising taxes, and we have a precise, comprehensive plan to do that. We will strengthen Medicare and include prescription drug benefits for older Americans. We will pay down the public debt. And we provide tax relief for the people who created our surplus in the first place.

We will also hear a lot of predictions about the future. Like a circus palm reader, we will hear dire claims that the government cannot afford this tax cut, that we have other needs, that we should save this money to pay off the debt. And that will all sound very good to very many people. But just as no one knows what the future holds, everyone watching this debate knows one thing for certain, if the money is left in Washington, politicians will spend it most certainly, every dime of it. What we seem to learn from history is that we never seem to learn from history, and that has been true throughout the halls of history. Government will get bigger and our children and grandchildren will be forced to sustain a government structure that takes the largest percentage of their productivity and work in all history.

Mr. Speaker, today's debate is about choices. We are committed to saving Social Security, strengthening Medicare and paying down the public debt, but once we have done that, Republicans believe it is a matter of principle to return excess tax money in Washington to the families and workers who sent it here in the first place. Republicans believe that Americans have the right to keep more of what they earn, and we are starting today to give it back.

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

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

Mr. Speaker, the majority has said that if this surplus is not returned to the taxpayers, that the politicians in Washington would surely spend it. I have not heard language like this since it would grab these mad criminals who seem like they want to get caught and they say, ''Stop me before I kill again.''

Who are these politicians in Washington? Who will be spending the money? Now, I know that Republicans have a leadership problem, but still, you have the majority. All we are saying is, take some of this money and pay down the Federal debt. We borrowed the money, and we are asking that you join with us in giving a smaller tax cut and save Medicare and save Social Security. Since when have you been so afraid that the trillion dollars, that one-third of it, two-thirds of it goes to the top 10 percent of the highest paid people in the United States, but what is all this business about you do not trust yourselves, that you have to give it back before you do something crazy and spend it?

If you want to have a real tax bill that is going to be signed into law, for openers you try to have it as a bipartisan thing. But if you want a political

statement, then God knows that you and the Committee on Rules have worked that out and it has been an ever-changing so-called tax bill. It is hard to know every hour what other changes are being made.

And so all we can say is that we may not be on the side of the angels, but we certainly are on the side of Chairman Greenspan who told our committee, who told the Congress, who told the American people, ''If you don't trust the Republican politicians in Washington that they will spend the money, then pay down the debt.'' And he asked that we consider doing that. He also when asked about the 10 percent across-the-board tax cut suggested that we not do this, that it was not in the best interest of our economy and our country.

And so whatever you decide to do, it just surprises me that you would have a rule that would make the tax cut conditional on the amount of increase in the interest on our national debt. Now, I know the Committee on Rules are expert in tax law and interest and all those other things. They are expert in everything. But constitutionally the Committee on Ways and Means is the tax-writing committee. And if you cannot do it with Democrats and you cannot do it with Republicans, for God sake, do not turn it over to the Committee on Rules.

So if we want to know whether or not the wealthy supporters of your party are going to get an across-the-board tax cut, we cannot even go to the IRS anymore. We have to now go to the Federal Reserve Board Chairman and ask, ''What does it look like for a tax cut for our friends?''

Well, the only thing I can say in justification of doing this in the middle of the night is that I know that you know it is not on the level.

□ 0030

I know that this is a salvo for campaign 2000. If my Republican colleagues can live with it; I do not think the American people can.

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

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a true American hero and a Member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I just want to say to the previous speaker and to all of those in New York, my Democratic colleague is going to deny about $3,823 per capita to the taxpayers in his State of New York if he votes against this bill. That is not fair. We ought to return that money to the people of New York, and I think you New Yorkers ought to have it, just so Washington cannot spend it on more government programs.

For too long the American tax system has been punished the very virtues that we live by in America: hard work, marriage, savings, entrepreneurship, and freedom. Let us look at what happens when we play by the rules. If you get married, the government punishes you. You pay more in taxes than an unmarried couple. If you save and invest money for your family's future, you pay capital gains taxes on the earnings from those savings. If you work hard to earn more, you end up paying what is called an alternative minimum tax or AMT and lose your family tax credits.

Finally, if you build a successful business and try to leave it to your kids, they may have to sell it just in order to pay off Uncle Sam when you die. That is an assault on American values, and there are so many examples, and the consequences are devastating.

Our sons and daughters cannot afford to marry and thus never truly make a lifelong commitment to God, each other, and their children. Families give up on trying to save and invest because they see it is cheaper to spend their money than pay taxes on their savings and investments. My Republican colleagues and I are committed to ending this assault on our values of family, investing, savings, hard work, entrepreneurship, and freedom. This bill is one giant step forward for freedom and removing the greedy hand of government from your lives.

Mr. Speaker, 88 percent of nearly $800 billion of tax relief over 10 years goes to families. Let us give America's families a break and vote for freedom.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Mrs. MEEK).

Mrs. MEEK of Florida. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise at this late hour and early morning to support the Rangel substitute and in strong opposition to the Republicans financial reckless and fiscally irresponsible tax cut proposal. The Republican tax cut proposal fails to protect Medicare. I care about Medicare; and Social Security, I care about Social Security. Instead of paying off the national debt, it would explode the deficit, as I understand it in 10 years, and by the year 2009 it would require massive cuts in education, housing, and other programs for our citizens.

Mr. Speaker, Republicans have produced a very strong bill for Wall Street, not main street, not for Joe Lunch Bucket, but for the rich and the middle class. Their bill cuts taxes for the rich, while leaving crumbs for an average American family. Republicans seem to think that the welfare of the Nation means giving rich people welfare-like tax breaks and write off office. A more appropriate name for the Republican tax cut proposal would be the ''Financial Freedom Act for the Rich.'' Mr. Speaker, 45 percent of the benefits of the Republican tax cut will go to the top 1 percent of taxpayers, and 65 percent will go to the wealthiest 10 percent. Such tax relief for the rich today means trouble for the country in the years to come.

Mr. Speaker, I have been around long enough to know what happened back in the 1980s. The Republicans tried to sell us a bill of goods with supply-side economics which tripled the national debt. The country learned the hard way the error of this approach. It never trickled down. But while the country changed, the Republicans did not. Instead of at a time when the Nation is at its strongest militarily, economically and internationally, the Republicans are still trying to do supply-side economics. It is time that we defeat the Republican tax cut bill.

But the American people are not buying it! The investments that we have made in the past seven years have placed our economy in the strong position that it is today. We need to continue our policies of making prudent investments that will maintain the strength and economic vitality of this great country.

What we need is a tax cut that will help middle class Americans save for college and for retirement. We need a tax cut that would provide tax relief to lower and middle income people and not only to the rich. We need to use the rest of the surplus to reduce our national debt, shore up Social Security and Medicare, and make needed investments in education, national defense and infrastructure—improvements that we know America will need to continue as the world's leader in the next century.

The Rangel substitute is a common-sense approach that will allow us to preserve Medicare and Social Security. It is a bill for the middle class and the poor; for all Americans, not just the rich. Let's maintain fiscal responsibility and keep faith with the American people. Reject the Republicans' welfare bill for the rich. Support the Rangel substitute.

Mr. ARCHER. Mr. Speaker, I yield 3½ minutes to the gentleman from Arizona (Mr. HAYWORTH), a respected Member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank the chairman for yielding me this time.

Mr. Speaker, I would simply point out to the previous speaker that in attempting to deny this legislation for tax fairness and tax equity, my colleague will deny about $3,299 per capita to the taxpayers in the State of Florida if, in fact, my colleague chooses to vote against this bill.

Mr. Speaker, despite all of the talk of the dead of night, it is prime time in Arizona, and it is high time that the American people finally get more of their hard-earned money back in their pocket.

My colleagues will hear a lot of mistaken impressions tonight from my friend on the left, one of them being that somehow we want to sacrifice Social Security and Medicare.

Mr. Speaker, my friends on the left are mistaken. Because they should recall that we voted to install a lockbox, to save 100 percent of the Social Security surplus for Social Security and Medicare. Mr. Speaker, so often we talk about trillions of dollars, but at times it seems all of our eyes glaze over.

Let us put it in simple perspective. When we talk about the surplus that will exist over the next 10 years, think about it in terms of $3 billions right here. And this is what our common sense majority proposes. That we save about 2 of those to go to save and strengthen Social Security and Medicare. But then the question remains about the remaining money, the overcharge that has been charged America's taxpayers.

What should we do with this? Our friends on the left would say, spend it. We say, that is not what people want. The American people gave this money to run this government, but it is not needed, so the money should be returned to the American people.

Mr. Speaker, with reference to the alleged saviors of Social Security, I would point out that the President of the United States came to this podium, Mr. Speaker, and in his State of the Union message he said, now, listen Mr. Speaker, he said he proposed to save 62 percent of the surplus for Social Security.

Hello. The remaining 38 percent, almost 40 percent was going to be spent on new programs. And then the next day, the President of the United States went to Buffalo, New York and in a rare moment of candor said to the people of Buffalo and the people of America, Mr. Speaker, now, we could give that surplus back to you and trust you to spend it right.

Mike Ritter of the Mesa Tribune remembered that remark from the President of the United States, and he offered this cartoon. The headline: No tax cut, says Pres. Americans won't spend their wages correctly. And then the stick-up artist saying, I agree with the President. You'd just waste it anyway, as he sticks up the American people. It is high time to strike a blow for tax fairness and for the American people, the people of Florida, the people of Arizona. Yes to tax fairness; yes to this bill.

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

I was about to challenge the figures that the gentleman from Oklahoma was citing and substitute it with the figures from the Joint Committee on Taxation, but now that I see that he is using cartoons to make his point, I assume he is using the comics for his statistics.

Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

□ 0040

Mr. KLECZKA. Mr. Speaker, I think the debate tonight is a little more important than cartoons and bogey figures. We are going to hear time after time the per capita tax savings in the States. That is per capita. That is not per individual. So in Wisconsin, it might come out to $3,000 but the working person in my district will get on average, according to Joint Committee on Taxation, about $400, and the most wealthy individuals from Wisconsin, in Menomonee Falls, will get the balance. Do not give me this $3,000 per capita because that is not by individual.

Let me respond for a moment to a couple of points that were made, one by my good friend, the chairman of the committee, the gentleman from Texas (Mr. ARCHER).

He indicates that the Treasury is bursting with piles and piles of money. He knows and I know and we all know that is totally false. As we close out this fiscal year, the nonSocial Security surplus is actually a $5 billion deficit. There is no bursting of money here. What we are looking at is a possibility, a hope and a prayer that over the next 10 years we are going to have a trillion dollars available to provide for tax cuts.

What does that assume? Fourteen years of unprecedented economic growth.

I would say to the gentleman from Texas (Mr. ARCHER), I hope and pray that will occur, but chances are it will not. I have a better chance to win the lottery than that happening, but what they are proposing to do is give that away today.

We did that once and it did not work. In 1981, we did the same thing. We bet it would come and we bet wrong.

There is no way that we are going to have a trillion dollars over the next 10 years available. Clearly, it is not here today. So what are we doing? Oh, there has been a lot of criticism on rewarding the rich. Two years ago, we provided capital gains tax relief, an 8 percent cut to those who make money buying and selling stocks, a noble, nonsweating profession. I respect them, and those who make their earnings and millions in capital gains should pay at least as much as the worker in my district working 40 hours a week at Alan Bradley, but that is gone. That was 2 years ago.

What are we doing today? We are knocking off another 5 percent, because it is unearned income and not earned income. That is not fair.

That one tax policy change will cost the Treasury over the next 10 years $52 billion that we do not have tonight. Where do those dollars go? Eighty-eight percent of those $52 billion go to the wealthiest eighth percent of our population.

I do not represent a wealthy district, and the chairman in all sincerity says let us return it to those who sent it here, but one half of this tax bill goes to everyone else: Oil and gas leases, forestry, ATM for corporations, a reduction of 10 percent in the capital gains for corporations.

Wait a minute. I thought we were going to give it to the people who sent it here, the hard workers, the middle income families, the ones we wanted to have an extra buck to go buy a gallon of milk. This bill is so slanted, unfairly.

Mr. Speaker, the only way I can term this is Christmas in July. We know the bill is going to be vetoed this fall. Let us do a more credible project, a more credible tax bill.

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

Mr. Speaker, I would simply respond to the gentleman from Wisconsin (Mr. KLECZKA), all of the jobs that are created in the United States of America that increase productivity, better pay for workers, occur because of capital savings.

Today, America saves at the lowest rate in its history. We depend upon foreigners to give us their savings to create the jobs for his workers in Wisconsin so that they can have more productivity and higher pay.

The government does not employ those people, but every time capital gains are taxed, it takes away from the savings pool. Taxes have already been paid once. The result is invested to create jobs, and only through that investment can workers progress, and he wants to take it away and have the government spend it wastefully on many, many programs in Washington, because Washington is wasteful and the American people know it.

Every dollar that is taken reduces the opportunity for those workers to have better jobs. That money is not spent in Washington for productivity or better jobs. So let us take it away and spend it.

Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. HERGER), another respected Member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I rise in strong support of this balanced tax relief proposal, the Financial Freedom Act of 1999, because I believe the time has come to allow hard-working Americans to keep more of what they earn.

Mr. Speaker, it is estimated that over the next 10 years, the Federal Government will overtax to the tune of almost $3 trillion. This plan reserves two-thirds of this amount for retirement security, saving this money for Social Security and Medicare.

Moreover, this House recently passed, by an overwhelming vote, 416 to 12, my Social Security lockbox legislation which would protect every penny in the Social Security trust fund, and I am hopeful that the Senate will soon follow suit.

Now we must take the next step, by recognizing that American taxpayers, not Washington, have created our current economic prosperity, and it is taxpayers, not Washington, who should reap the benefits.

By almost any measure, Americans are currently overtaxed. In fact, Americans now pay more in taxes than they spend on food, on clothing, and on shelter combined. This is simply wrong. The legislation before us today reduces taxes by $792 billion over the next decade. This is $792 billion in the pockets of taxpayers rather than in Washington.

Specifically, this legislation provides all taxpayers with broad-based tax relief by reducing tax rates 10 percent across the board. Additionally, this legislation grants relief to married couples by reducing the marriage tax penalty through the Herger-Weller provision; makes it easier to save for education expenses by expanding education savings accounts; makes long-term health care more affordable and accessible; encourages investment by reducing capital gains taxes; and completely phases out the unfair and destructive death tax so that parents and grandparents will be able to pass on their hard-earned savings to their children and grandchildren.

Mr. Speaker, our choice today is clear. We can side with the American taxpayer or we can side with bigger government and more Washington bureaucracy.

I commend the gentleman from Texas (Mr. ARCHER) for his leadership on this proposal, and I urge all of my colleagues on both sides of the aisle to seize this opportunity to provide the American people with much needed and well deserved tax relief.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentlewoman from Florida (Mrs. THURMAN).

Mrs. THURMAN. Mr. Speaker, I would like to thank the gentleman from New York (Mr. RANGEL) for yielding me this time.

Mr. Speaker, I am not sure where these numbers are floating around from on this per capita issue, but we need to go back and refer to what the Joint Committee on Taxation had put. In my district, the average income is around $15,000. According to this particular chart, it tells me that my folks are going to get $14 is what they get in 2004.

Now, if I had folks that were making $200,000 and over, which I do not, about 4,000 people out of 600,000, according to the almanac, they might get $4,835; $100,000 to $200,000 about $818.

□ 0050

So you can see that this really is a distribution that goes to the very top level, which brings me to my point. In 1993, we asked all Americans, every American to give up something so that we could get this deficit under control. Do my colleagues know what? They said, ''I am willing to do this for my grandchildren. I am willing to do this for my children. I want you to make sure you pay down this deficit.''

So it is hard for me to believe that Republicans want to thank these men and women who gave up things, COLAs on their veterans groups. Our Federal employees, they gave up $6 billion towards this. What thanks do we give them? We give them a distribution schedule where they might get $14. They want that to go to the deficit.

I do not want to say thank you for this kind of a tax bill. I want to give back to the people like we did in 1997. We did a bipartisan bill. We did what we are talking about here today. We gave interest on student loans. We reduced the capital gains. We provided child care tax credit. We expanded IRAs. We created scholarships for college students.

Now we find ourselves in, again, a fortunate position of still being able to do more for the country. Let us not take that money away. Let us do the issues with Social Security. Let us do our issues with Medicare. Let us listen to the ones we want to give the power to tonight, to the Federal Reserve chairman's advice, and wipe away our debt. That will allow us to lower interest rates and strengthen Social Security and Medicare. Doing that will help everyone. Let us just say no.

Mr. ARCHER. Mr. Speaker, I yield 3½ minutes to the gentleman from Illinois (Mr. WELLER), another respected member of the Committee on Ways and Means.

Mr. WELLER. Mr. Speaker, let me begin by saluting the leadership of the gentleman from Texas (Mr. ARCHER), our distinguished chairman, putting together a common sense package of tax relief for working families and those who create jobs.

This is an opportunity to celebrate. I look back over the last 4½ years. I remember what it was like when I came here, massive deficits, high taxes. Of course, now we have a great opportunity thanks to Republican fiscal responsibility. We now not only have the third balanced budget that we are working on in 30 years, but we have a massive surplus of extra tax revenue of almost $3 trillion over the next 10 years.

The Republican budget this year takes several steps and common sense steps with what to do with that extra money. Of course, step number one is we lock away the Social Security surplus, which means that two out of three dollars of that surplus goes for retirement security and strengthening Medicare and Social Security. Number two, by voting for the rule, and those who voted for the rule voted to pay down the national debt by $2 trillion. Of course, step number three is provide tax relief for working families and the middle class.

Let me just take a moment to introduce to my colleagues Shad and Michelle Hallihan of Joliet, Illinois. Shad and Michelle are schoolteachers in the Joliet public schools. They, like 21 million married working couples, suffer the marriage tax penalty. Of course, those 21 million married taxed couples, under our current tax code, these couples pay higher taxes just because they are married.

Thanks to legislation that was offered by myself and the gentleman from California (Mr. HERGER) and others, we have a key provision in this package of tax relief which helps people like Michelle and Shad, providing tax relief for 21 million American working couples who are going to see at least $250 in tax relief. That is a car payment for many. Of course, we simplify the tax code by providing marriage tax relief.

I would also point out that Michelle and Shad are due to have a baby any day now. Of course they may choose to send their child to an Illinois school, and they may want to take advantage of Illinois' prepaid college tuition programs.

This package of tax relief will help Michelle and Shad Hallihan pay for college, if they choose the prepaid college tuition program, at a public or private school. The benefit for them is, the growth of that package that they buy will be tax exempt. That is good. If their child goes to a public school, the school construction provisions will help the Joliet public schools fix leaky roofs and also help the Joliet public schools add on classrooms. That will help Michelle and Shad because they are school teachers, but their children will probably attend the local public schools.

Last, I would like to mention that because Michelle may take a few years off from teaching to be home with her new baby, that we provide for the opportunity for catch-up to allow Michelle, when she goes back into the workforce in the later years and her income is higher, to make up missed contributions to retirement savings.

This package helps people like Michelle and Shad Hallihan, schoolteachers back in Joliet, Illinois. It deserves bipartisan support. I urge an aye vote.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, let me pose a question to my Republican colleagues. What is it that they are so ashamed of that they have to wait until the middle of the night to tell the American people about?

We have been in session for 7 months. They have to wait until the middle of the night in the third week of July to do this. What are they so ashamed of?

For 3 years, they have flatlined the Veterans Administration budget. Zero increase. The guys who saved this country in World War II, they get nothing. The defense budget is $30 billion less than it was just 10 years ago, $30 billion less.

They have controlled the budget process in both Houses of Congress for 5 years, and what have they done? This is a Marine lance corporal. His name is Harry Sheen. He works two part-time jobs to make ends meet. We have 12,000 soldiers, sailors, airmen, and Marines on food stamps. What do they get out of this? They get nothing.

This is the wife of a United States Marine picking up used furniture on the curb at the Marine base at Quantico because there is not enough money for her friends to buy furniture. What do they do for them? They do nothing.

But this $400 billion in this bill is for the fat cats of America, the people who make $800,000 a year or more. These people risk their lives. They risk their lives for $10,000 to $20,000 a year. They are away from their families from anywhere between 120 to 180 days a year away from their family. My colleagues tell them there is not enough to go around. They send them out in 30-year-old helicopters. The newest CH–46s and 47s in the inventory were built in 1972. What have they done for them? Nothing. They ought to be ashamed of themselves.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from Texas, the Chairman of the Committee on Ways and Means, for yielding me this time.

In fact, the shame should belong to those who failed to accurately point out the full story. Of course there is a Commander in Chief, the nominal head of the opposition party, who has repeatedly been AWOL when it comes to providing for the needs of America's military.

I am sure the gentleman from Mississippi (Mr. TAYLOR) joined with us in voting a short time ago in this House to raise the pay of military officers and enlisted men. I am sure that the gentleman understands full well that the President's budget is so woefully inadequate for veterans. We added $1 billion to the President's budget on the Committee on Veterans' Affairs on which I serve.

I know the gentleman knows full well that the paradox of this administration is that this President has put the men and women in uniform of this country in harm's way and deployed to more theaters of operation than all of his post-World War II predecessors combined, even as he cuts the budget. That is the fact.

□ 0100

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, unlike the gentleman from Arizona, and unlike every single Member of the Republican leadership, I served in the armed forces. I enlisted when I was 17. I know what it is like to try to live on an enlisted salary. When we give someone 4.8 percent of nothing, it is still nothing. There are 12,000 enlisted people right now on food stamps.

Now, we can fix that for less than $100 million. We can provide for health care for our military retirees for less than $1.2 billion, but the other side wants to give away $400 billion to the fat cats while they do nothing for them.

Mr. ARCHER. Mr. Speaker, I yield myself 30 seconds.

The gentleman from Mississippi, I am sure, does not intend to preach to Republicans and claim that we have not served our country. I served our country. I served during the Korean War, and I am proud of it.

And I am proud that our Republican majority has added back, over the last 5 years, $40 billion to the Defense Department. We did that over and above what the President has been recommending to downsize and to starve the Defense Department.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Speaker, the average family in my Congressional District in western Wisconsin will get roughly, well, less than 1 buck, $1 a day, under this tax cut proposal. And that is why it is not difficult for me to rise at 1 a.m. here in the morning, Washington time, and strongly oppose the most fiscally irresponsible and reckless piece of legislation that I have encountered here in Congress.

This is the wrong tax cut, at the wrong time, for the wrong reason. It is the wrong tax cut, because it relies on projected future surpluses that may never materialize, and it would give us the double economic whammy of higher inflation in the short-term, because of over stimulation of the economy, and higher interest rates in the long term because of the Federal Reserve's response to that stimulation.

It is also the wrong time for a tax cut. There is a lot of focus and talk about this $100 billion tax cut over the next 10 years, but what the supporters of the bill do not want the rest of us to know is that that tax cut explodes to $3 trillion during the years 2010 and 2020, the peak retirement years for the baby boom generation.

The fiscally prudent decision is to do what families in western Wisconsin do when they run into some good times, and that is to take care of existing obligations first. That means shoring up Social Security, Medicare, and paying down the $5.7 trillion debt first. This tax cut plan makes it more difficult rather than easier to reduce the debt burden for our children.

Finally, it is the wrong reason for a tax cut. This is just Washington doing it again in the middle of the night, taking the easy path for short-term political gain instead of making tough decisions for future generations.

Not me. Not tonight. My vote is for the future of my two little boys.

One would think, with the current excitement about projected surpluses, that the end of our fiscal problems is at hand. But this is not the case—it is only the beginning of the hard work ahead given the impending baby boomer retirement.

For thirty years, our Nation has spent beyond its means, both in good times and bad. We were able to cover this spending by going into debt, constantly reaching for the 'national credit card'. But now the circumstances have changed.

We are now enjoying the longest peacetime expansion in our history, and our goal of balancing the budget is becoming a reality.

But our thirty years of deficit spending has left us with an enormous debt burden of 5.7 trillion dollars. During that time, we borrowed $1.76 trillion from the Social Security Trust Fund. We have a tremendous opportunity to begin correcting this situation.

Knowing the financial hole you dug in the past, how would you handle an increase in your family income? Would you immediately promise large gifts to other family members? Would you commit yourself to a large, expensive project? That's the approach this bill takes.

Or would you take care of existing obligations and pay off old debts? How about saving for your retirement? Or investing in your children's education? Or setting aside money for the cost of health care? That's the approach this bill ignores.

These are the tough choices we face. Any budget plan that does not take these into account abrogates our responsibility to our national family and our children.

I urge my colleagues to vote against this tax cut.

Mr. Speaker, I would encourage my colleagues to vote against this reckless tax cut bill.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON), another respected Member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this legislation. This is not a bill about numbers. The numbers will change as the budget process moves forward, both the budget and the tax bill processes. This is a bill about policy.

For the first time in my many years here in Congress and my many years as a member of the Committee on Ways and Means, this is the very first tax

bill that lays out a policy that looks to the future: How can America create the high-paying jobs her kids will need in the 21st century.

This bill answers that question. It reforms the complicated rules governing foreign income of our global companies. It will stop Daimler-Chryslers and create Chrysler-Daimlers. We have many, many American companies merging with foreign companies, and when they become Daimler-Chryslers, then they create a power shift over those very high-paying jobs that we need.

We heard testimony directly to that effect, and we know if we do not make these changes, we will not have the strong companies we need to create the high-paying jobs our kids will depend on.

Secondly, we know every single one of those high-paying jobs now requires a greater investment in technology than ever in history, and that will be true in the 21st century. This Tax Code will enable us to create the capital to invest in those jobs.

So if we care about high-paying jobs, we have to plan now to create those. We cannot look at just next year. We have to do a tax bill that lays out the policy we need to create a strong economy and high-paying jobs in the 21st century.

But this bill also looks at personal security. For the first time, it creates pension opportunities for the 50 percent of American people who do not work for employers that offer pensions. Pension opportunities, personal savings opportunities, long-term care premium deductibility, so that people can be not only economically secure in their retirement but they can be personally secure against the catastrophic costs of long-term health care.

Job creation, personal security, and, yes, tax relief and fairness. I am proud to support a bill that creates an across-the-board cut in personal income taxes; relieves the marriage penalty; provides deductions for those who have to pay their own health insurance, thereby reducing the number of uninsureds in our country; provides a small savers deduction; the deduction of student loans, making that permanent.

It is the poorest students who have the biggest loans and the biggest interest payments. This is important if we want an educated work force for the 21st century. I urge support of a sound, thoughtful plan for the future of America.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I too am an American, and as I listened to my good friend and colleague, the gentleman from Texas (Mr. ARCHER), whose district and mine are neighboring districts, I imagined that just like me he believes in the working people of our Nation, and the working people in our respective districts, and the working people in our great State of Texas.

But when I look at the Republican tax plan, the only thing I can see, Mr. Speaker, is red. I see the $3 trillion that pops up in the second 10 years. I see the $1.4 trillion that results by the tendering of the debt. And I think, Mr. Speaker, if we begin to look at what working Americans understand, they understand red, deficit, and no money. They understand what I am facing in my district.

And, Mr. Speaker, I wonder about the capital gains investment. A major plant in my district, 400 employees, is being closed in the next 15 days, even in this economy, and they ask me what we are going to do about it? And we are now casting a vote for red, for deficit, for spending money and not helping working Americans.

Working Americans understand many words, Mr. Speaker, but they understand three words, in particular: inflation, interest rates going up, and deficit. Inflation means that working Americans cannot buy the durable goods that they need to keep them living the quality of life that we have told them they should expect.

Higher interest rates mean that the young married couple cannot go out and buy that first affordable home. They will have to wait a couple years, or maybe not have the opportunity at all. They understand interest rates.

And deficit they understand, because the tax bill that is on the table will result in a deficit of $47 billion.

□ 0110

I thank my good friend from Florida (Ms. THURMAN) for indicating that the reason why we are in such a good economy is the 1993 tax or budget vote by Democrats only. That is why this economy is good. But I rise to oppose, on behalf of the working people of my district and this Nation, the Republican tax plan and support the substitute of the gentleman from New York (Mr. RANGEL).

Because he understands and we Democrats understand working people. We understand that the State of Texas does not have an income tax, but yet the substitute is going to provide for deductions for retail and sales taxes. The working people need that.

My school superintendent begged me, begged me, can we get school construction modernization bonds? And the substitute has that. I am standing up for the working people so that schools will be built for our children to be able to go to and the crumbling schools in my district can be repaired.

When I see the tax plans for the Republicans, I see red. I, too, am an American and I am going to stand up for the working people of America and fight against inflation.

Mr. Speaker, I rise in strong opposition to the passage of this bill, which calls for tax cuts that would injure the people of the United States for the next decade and beyond.

When there were initial reports of a budget surplus, there was much rejoicing in and around Capitol Hill. There was also a sigh of relief around the United States, as the American people were finally able to see that this Congress, with the help of the Administration, balanced the budget. But as many are quick to point out, part of that surplus is not a surplus at all—it is residue from the population spike caused by the Baby-Boom. As a result, we cannot treat this like a true surplus. We must treat it with the responsibility of a debtor, who must live up to their end of an agreed-upon bargain.

Now my friends on the other side of the aisle will tell you that the way we repay the debt to the American people, the way to live up to our end of the bargain, is through tax breaks. But that simply ignores our commitments to the American people, the commitments that they have been paying into for decades. As a result, we should not begin to make irresponsible tax cuts until we know that Social Security and Medicare will be there for this and future generations.

Medicare is threatened with insolvency within the next 20 years. It is simply irresponsible for us to enact tax cuts at a time when we are trying to improve this system. We should not let Medicare simply fall away in the night.

Like Social Security, Medicare dutifully serves the American people, and we should prolong its life. This bill, as written, does not put one penny towards Medicare. In fact, it leaves Medicare to die an untimely death. We would do a disservice to the American people by taking away one of our most precious safety nets.

At a time when the American people are clamoring for a more-robust Medicare, a more-responsive Medicare, this Republican-led Congress is ready to take this country in exactly the opposite direction. Just a few weeks ago, thousands of people in my district were relieved to see the President's initiative to add a prescription drug benefit to Medicare. It was exciting news—and many have approached me asking when we could get this done. How can I tell them that this Congress, that Republicans, have instead chosen to give tax cuts to the wealthy rather than to enact this measure that can, literally, mean the difference between life and death. Seniors and others dependent on Medicare should not have to choose between food and medicine!

Furthermore, the tax cuts in this bill are based on optimistic speculation of where this country will be in ten years. It is true, that many of our decisions on the budget must often be based on projections, but we must do so in disciplined fashion. Chairman Alan Greenspan, recently commented that we should allow "the surpluses to run for a while and unwind a good deal of public debt". Enacting large tax cuts at this junction, therefore, is premature, especially in light of the stability and solvency of Medicare and Social Security.

At a time where this government is just beginning to get its head above water with the stable tax base that we have, we should not be eviscerating our streams of revenue, thereby sending us back into deficit. We should not

be touching our capital gains taxes—at least not at this time. This bill is based on a 10-year plan, yet it makes decisions that would last far longer than 10 years. And remember, at the end of those 10 years, we will start to see the first baby-boomers reach the age of retirement and remove themselves from our tax base—making this set of large tax cuts even more dangerous in the future than it is now. We cannot afford to put this tax burden, without capital gains, without an estate tax, completely on the shoulders of our next generation—it is simply not fair. We will be creating a new inheritance tax, a tax from one generation to the other, created by our ineffective and irresponsible fiscal policy. I ask this House not to do this.

Let me remind you, there are reasonable tax cuts that have bipartisan support. For instance, just about everyone agrees that we ought to extend the research and development (R&D) tax credit. As a Member of the Committee on Science, I know that this credit provides valuable technology to our economy in a time when that sector drives our economy, and creates high paying jobs.

Members on both sides of the aisle agree that we ought to get rid of the marriage penalty. We ought not let our tax structure dissuade people from getting married, and we ought not to penalize those families who have two roughly co-equal earners because they want to do right by their children.

Similarly, I believe that we also have bipartisan support for tax relief for families who must rely on childcare so that both mother and father can work. If we are to support our families, we ought to enact these reasonable and responsible measures, and quit trying to sell them on tax cuts for the wealthy. In fact, under this tax proposal, most families would receive a tax cut of less than $100 total over 10 years! At the same time, those earning more than $300,000 would save over $20,000. If we are going to be pro-family, we should make sure that our cuts go to the families that need tax relief!

Let us do right by the American people, let us do right by the American family, let us do right for posterity. Vote against the Archer plan, and vote for the Rangel substitute.

Mr. ARCHER. Mr. Speaker, may I inquire as to the remaining time on each side?

The SPEAKER pro tempore (Mr. THORNBERRY). The gentleman from Texas (Mr. ARCHER) has 32½ minutes remaining. The gentleman from New York (Mr. RANGEL) has 38½ minutes remaining.

Mr. ARCHER. Mr. Speaker, am I correct that we will only use 30 minutes of our time on each side tonight?

The SPEAKER pro tempore. The gentleman is correct.

Mr. ARCHER. Mr. Speaker, then I will reserve the 2½ minutes to close the debate for tonight.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. DEFAZIO).

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

Mr. Speaker, there is no surplus in this year's budget. We are still running a deficit. On top of it, we have got a $5.6-trillion debt, $17,000 for every American from the tiniest baby to the oldest senior citizen in a nursing home. But here we are after midnight talking about a $1-trillion dollar tax cut.

Now, this is based on this future and possibly elusive surplus. That is based on an improbably rosy economic scenario. We have done this mistake before. Are we going to do it again?

Now, it is also, and listen up, it is predicated upon further cuts in veterans' health care, further cuts in education and student loans, cuts in Medicare, and it puts Social Security at risk. Yet the Republicans say it is their money, they earned it, and we should give it back.

Well, who is ''they''? That is the key question. Who is the ''they'' to whom we are giving the money back? Let us look at that.

Well, ''they'' happens to be the top one percent of income earners in this country. The people earning a minimum of $300,000 a year and up, they are going to get a $54,000 tax cut on average. That is where those wonderful high numbers come out. Those people, well, they are going to have to get a Brinks truck to handle theirs.

Now, they do not have to worry about veterans' health care. They are not very worried about student loans. Their kids are not eligible. They are not worried about cuts in Medicare, and they do not care about Social Security.

Now, the families who have to make up for the cuts in veterans' health care and in student loans and in Medicare and are worried about Social Security, that is 80 percent of the taxpaying Americans. Every family that earns $63,000 a year or less, what will they get? They will get $310 on average, 90 cents a day.

Now, can we replace those benefits with that? No.

Mr. RANGEL. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, after 15 years of practice as a tax lawyer and a CPA, I thought I knew what tax fraud was. But I have seen tax fraud here tonight.

When they talk about the marriage penalty, they do not tell us that the Republican proposal does not eliminate even half of the marriage penalty. The Rangel proposal does more to eliminate or reduce the marriage penalty than does the extremely expensive Republican proposal.

All the wedding pictures in the world will not hide it. And that is why the Christian right around this country, other pro-family groups, are calling the Republicans and saying, why have you done so little to reduce the marriage penalty? Why is it that the Democrats, with a much smaller bill, are able to do more?

We are told that the Republican bill will provide for school construction. But what does it really contain? An arbitrage provision, an invitation to school districts around this country to go bet on interest rates the way Orange County did before they went bankrupt. The only help they give school districts is an invitation to arbitrage betting.

The Rangel bill, instead, provides interest-free loans for real school construction, just as it provides for the R&D tax credit to be permanent and for employer provided education to be tax free.

Now, there has been a lot of talk about numbers. The Democrats have pointed out that two-thirds of the benefits of this bill go to the top 10 percent. But it is worse than that. We did not talk about the corporate tax benefit.

Eighty percent of the benefits of this bill go to the wealthiest 10 percent of Americans and to giant corporations. And what kind of incentives do we give those giant corporations? Well, take a look at the interest allocation rules. Tens of billions of dollars of our money being spent to reward corporations for closing down factories here in the United States and investing equity capital and moving jobs to foreign countries.

This is not a bill to create jobs in America. Perhaps it will create a few overseas.

But it is worse than that. Because we take that last little 20 percent of the benefits that go to middle-class Americans, and not just middle-class, everybody in the bottom 90 percent, and we say their benefit is contingent, the interest allocation provisions for the giant corporations, they are guaranteed, the huge loopholes for the wealthy, they are guaranteed.

But if the interest costs of the United States go up, even if it is just a Social Security trust fund earning more interest on its investment, then we take away the 10 percent tax cut, which is one of the few things that is available to middle-class taxpayers.

Finally, in talking about the money, often when a Democratic speaker speaks the response is to stand up and say, people in your State will save $3,500 under this bill. Why are you against it? Well, let me tell my colleagues. Yes, it might be $3,000 per person in my State, but that is over 10 years. So it is less than $30 a month. But that is not $30 a month for the average family in my State. That, instead, means $20 for the richest and $10 for the average family in my State.

Let us not ruin the economy.

Mr. RANGEL. Mr. Speaker, I yield myself the remaining time.

The SPEAKER pro tempore. The gentleman is recognized for 2½ minutes.

Mr. RANGEL. Mr. Speaker, we are here at 1:20 in the morning talking about a bill that no one has seen in its

final form. The last time I saw this bill it was a $864 billion tax cut. But that was two days ago.

I can see why the Republicans really do not trust the politicians, because just overnight they lost $72 billion. And from what they have in the rules change, they may lose the whole 10-percent tax cut depending on how Alan Greenspan feels.

But since this thing is not just smoke and mirrors but cartoons and photographs but no bill, then I guess all we are doing is just saying what is it that the Republican party really stands for?

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Now, I do not know how many people you can afford to lose, I do not know how many we want to take. But the truth of the matter is that if the chairman of the committee truly believes that what makes America great is how much trickle down to the people on the bottom that they may not have income tax and they cannot get a cut, but you know something? The people who work hard every day and take home less than their gross pay because they have payroll taxes, they feel that. I know you do not have time to really get down and talk about them, because the air is different when you are dealing with the top 1 percent of those that have high incomes, or those that cut coupons. But one thing is clear. Even though it is 1:20 in the morning, the reporters are gone and you really think you got away with something, take my word for it. The Joint Committee on Taxation will still have these reports tomorrow morning. We will still distribute the reports. And figures do not lie. We know how much you are giving away, we know who you are giving it away to, and you can try to change the formulas all you want to get some votes to pass the rule, but I would not go to sleep this morning thinking that you have enough to pass this bill. And there is one thing that I can guarantee, that you certainly will not have enough votes to override the President's veto.

What I would suggest is this: Why do we not come together as Republicans and Democrats and put together a bill that the President of the United States can really sign?

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan (Mr. CAMP), another respected member of the Committee on Ways and Means.

The SPEAKER pro tempore (Mr. THORNBERRY). The gentleman from Michigan is recognized for 2½ minutes.

Mr. CAMP. I thank the gentleman for yielding me this time.

Mr. Speaker, I think it is important to point out that we are here talking about tax reduction only after we have balanced the budget, have a surplus and passed legislation to save the Social Security surplus. We have locked the Social Security surplus away in a lockbox and we are now talking about what is left.

It is also important to point out that the average American family today pays double in taxes what it did back in 1985. Today's tax burden is the highest ever in peacetime history.

The key question is, should your hard-earned tax dollars stay here in Washington to be spent on new Federal programs? Or should they be returned to you, the taxpayer, who sent them here in the first place? The answer is clear. You deserve the money.

At a time when we have nearly $1 trillion in non-Social Security surplus, we absolutely must return the taxpayers' money to the people who sent it here. Why should married couples pay more just because they are married? Our bill provides 42 million taxpayers with relief from the marriage penalty. Our bill means that Michigan's farmers and family-owned businesses will not be forced to sell the farm or business just to pay the death tax, and we allow our farmers and other small businesses to take a 100 percent deduction on health insurance costs which are one of the toughest expenses for the self-employed.

Our bill means that a Michigan factory worker and his family will save $1,000 in income taxes. Our across-the-board tax reduction will save the seniors who live in my district over $500 on income taxes, and, if that same senior has a mutual fund, will cut her investment tax rate so more of her savings can stay with her, not the government.

Mr. Speaker, tax relief is needed. There is no doubt about that. We have balanced the budget and set aside the money for Social Security which pays down the debt. Now is the time for the American people to keep the rewards of their hard work. I urge the adoption of this landmark tax relief legislation.

I want to honor the chairman of the Committee on Ways and Means who has worked so hard to bring it forward.

Mr. RYUN of Kansas. Mr. Speaker, I rise today in support of tax relief for all Americans. I also rise today to support American seniors and I applaud this Congress for the decision it made to protect the Social Security Trust Fund. The members of this House are committed to ensuring that not one penny of tax relief will come from our seniors' hard-earned Social Security benefits.

Fortunately, America is working well. Our economy is booming, and Washington is finally showing some fiscal restraint. The result is that over the next 10 years, the federal government will take in enough revenue to fund all federal programs including Social Security and Medicare while setting-aside every penny of the Social Security Trust Fund. Still, there will be nearly one trillion dollars in surplus.

I believe we should give that money back to the taxpayers. The hard working men and women of this country have paid more than their fair share and created the surplus; we in Washington should not spend it.

The tax relief found in the Financial Freedom Act goes a long way to promote prosperity and savings so that more Americans will be able to retire comfortably, rather than living from one Social Security check to another.

Among its many provisions, this legislation reduces income tax rates by 10 percent and provides 100 percent deductability of health insurance premiums. It also phases out the estate tax so that families will be able to pass family homes, farms and businesses on to their children and grandchildren.

Mr. Speaker, I encourage my colleagues to support this reasonable approach to tax relief that protects our seniors' health and retirement.

Mr. PACKARD. Mr. Speaker, I rise in strong support of H.R. 2488, The Financial Freedom Act of 1999.

Americans are clearly over-taxed. Over the next ten years, the average family will pay $5,307 more in taxes than the government needs to operate. This overpayment has created a projected $3 trillion surplus. H.R. 2488 simply refunds this overpayment so hard-working taxpayers can spend their money as they see fit.

The Financial Freedom Act will provide a 10 percent across the board tax reduction for every American. H.R. 2488 will also reduce the Marriage Penalty and Capital Gains tax, and eliminate the Death Tax. I can't think of anything more absurd than penalizing people for investing in our economy, getting married, or even dying. In addition, H.R. 2488 leaves more than $2 trillion for Social Security and Debt Reduction.

Mr. Speaker, it is time we offer meaningful tax relief to the hard working people of this nation. I urge my colleagues to support The Financial Freedom Act and reimburse Americans for their overpayment to the government.

Mr. DAVIS of Illinois. Mr. Speaker, I rise in opposition to this Robin Hood in Reverse, this Marie Antoinette inspired bill, this Voltarian tax package, H.R. 2488, The Financial Freedom Act.

My father always told us that there is nothing new under the sun and I think he was absolutely correct, because Billie Holiday pegged this bill perfectly when she sang:

Them that's got shall get, Them that's not shall lose,
So the Bible says and that still is the rule,
Mamma may have, Papa may have, But God Bless the child that's got his own.

The French philosopher Voltaire is supposed to have once said that the purpose of politics is to take as much money as you can from one group of people and give it to another. The Archer Tax Plan is out of touch with the American People and seems to be more in line with the thinking of Voltaire.

The Treasury Department has estimated that this tax bill will cost the American people almost $300 billion per year.

Who are the people that it will cost? It will cost senior citizens who need Medicare help with their prescription drugs. It will cost children and teachers who need lower class sizes.

It will cost hospitals and medical schools who train doctors and treat poor people. It will

cost communities who need to reduce crime. It will cost homeless people who need a place to stay. It will cost victims of AIDS who need to be cured.

It will cost retirees who need social security; and it will cost hungry people who need to be fed.

I can just see Robin Hood turning over in his grave, I can feel Franklin Delano Roosevelt grimace in pain and I can hear Jesus the Christ saying, as you do unto the least of these my brethren, so have you done unto me.

Can you imagine a tax plan where close to half the benefits would go to the richest 1 percent of the taxpayers, to the average tune of $54,000.

Yes, under this plan, them that's got are the ones who get. Corporate welfare, their Martini lunches, capital gains tax reduction are all protected, while we can look for cuts in Head Start, money for students with disabilities, after school programs and meals for the elderly would all face serious cuts.

Under this plan roads, bridges and streets could crumble, the 43 million people with no health insurance remain uninsured, the over 5 million in severe need of housing receive no relief and the 34 million people who are labeled as moderately or severely hungry and where parents skip meals so that children can eat will get no help. I can hear Marie Antoinette or someone who does not know the impact or consequences of these cuts saying, let them eat cake.

They cannot eat cake; because there will be none, and if there is, it certainly will not be sweet. But we can vote like the representatives a majority of the people want us to be.

We can vote these cuts down and stand up for the people. I thank you Mr. Speaker and yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to section 2 of House Resolution 256, further consideration of the bill will be postponed until the next legislative day.

COMMUNICATION FROM THE SPEAKER

The SPEAKER pro tempore laid before the House the following communication from the Speaker of the House of Representatives:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE SPEAKER,
Washington, DC, July 21, 1999.

Hon. MICHAEL P. FORBES,
House of Representatives,
Washington, DC.

DEAR MR. FORBES: This is to inform you that pursuant to Sec. 3 Public Law 94–304, as amended by Sec. 1, Public Law 99–7, I am withdrawing your appointment to the Commission on Security and Cooperation in Europe effective immediately.

Sincerely,

J. DENNIS HASTERT,
Speaker of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. CHENOWETH of Idaho (at the request of Mr. ARMEY) for today on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. RANGEL) to revise and extend their remarks and include extraneous material:)

Mr. HOYER, for 5 minutes, today.
Mr. CUMMINGS, for 5 minutes, today.
Mr. FILNER, for 5 minutes, today.
Mr. MORAN of Virginia, for 5 minutes, today.
Mr. CARDIN, for 5 minutes, today.
Mr. COYNE, for 5 minutes, today.
Mr. BLUMENAUER, for 5 minutes, today.
Mr. DEFAZIO, for 5 minutes, today.
Mr. LIPINSKI, for 5 minutes, today.
Mr. STUPAK, for 5 minutes, today.
Ms. JACKSON-LEE of Texas, for 5 minutes, today.
Mr. SCOTT, for 5 minutes, today.
Mr. PAYNE, for 5 minutes, today.
Mrs. CHRISTENSEN, for 5 minutes, today.
Mr. OWENS, for 5 minutes, today.
Ms. MILENDER-MCDONALD, for 5 minutes, today.
Mr. DAVIS of Florida, for 5 minutes, today.
Ms. WOOLSEY, for 5 minutes, today.
Ms. KAPTUR, for 5 minutes, today.
Mr. MCGOVERN, for 5 minutes, today.
Mr. GEORGE MILLER of California, for 5 minutes, today.
Mr. NADLER, for 5 minutes, today.
Mr. CONYERS, for 5 minutes, today.
Ms. LEE, for 5 minutes, today.
Ms. SCHAKOWSKY, for 5 minutes, today.
Ms. MCKINNEY, for 5 minutes, today.
Mr. SHERMAN, for 5 minutes, today.
Mrs. MEEK of Florida, for 5 minutes, today.
Mrs. TUBBS JONES of Ohio, for 5 minutes, today.
Mr. BISHOP, for 5 minutes, today.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 46. Concurrent resolution expressing the sense of Congress that the July 20, 1999, 30th anniversary of the first lunar landing should be a day of celebration and reflection on the Apollo-11 mission to the Moon and the accomplishments of the Apollo program throughout the 1960's and 1970's; to the Committee on Government Reform.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 361. An act to direct the Secretary of the Interior to transfer to John R. and Margaret J. Lowe of Big Horn County, Wyoming, certain land so as to correct an error in the patent issued to their predecessors in interest.

S. 449. An act to direct the Secretary of the Interior to transfer to the personal representative of the estate of Fred Steffens of Big Horn County, Wyoming, certain land comprising the Steffens family property.

ADJOURNMENT

Mr. NUSSLE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 26 minutes a.m.), under its previous order, the House adjourned until today, Thursday, July 22, 1999, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3157. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Bentazon; Extension of Tolerance for Emergency Exemptions [OPP–300883; FRL 6087–5] (RIN: 2070–AB78) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3158. A letter from the Director, Office of Regulatory Mangement and Information, Environmental Protection Agency, transmitting the Agency's final rule—Fosetyl-Al; Pesticide Tolerance [OPP–300892; FRL–6090–3] (RIN: 2070–AB78) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3159. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Imazamox; Pesticide Tolerances for Emergency Exemptions [OPP–300879; FRL–6086–5] (RIN: 2070–AB78) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3160. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Imidacloprid; Pesticide Tolerances for Emergency Exemptions [OPP–300884; FRL–6088–3] (RIN: 2070–AB78) received July 13, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3161. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Myclobutanil; Pesticide Tolerances for Emergency Exemptions; Correction [OPP–300705A; FRL–6089–2] (RIN: 2070–AB78) received July 13, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3162. A letter from the Comptroller, Under Secretary of Defense, transmitting a letter reporting a violation of the Antideficiency Act by the Department of the Air Force, case number 95–10; to the Committee on Appropriations.

3163. A letter from the Comptroller, Under Secretary of Defense, transmitting a letter reporting a violation of the Antideficiency Act by the Department of the Air Force, case number 96–04; to the Committee on Appropriations.

3164. A letter from the Alternate OSD Federal Register Liaison Officer, Department of Defense, transmitting the Department's final rule—Civilian Health and Medical Program

of the Uniformaed Services (CHAMPUS); Extension of the Active Duty Dependents Dental Plan to Overseas Areas (RIN: 0720–AA36) received July 19, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

3165. A letter from the Executive Director, National Commission on Libraries and Information Science, transmitting the twenty-seventh annual report of the activities of the Commission covering the period October 1, 1997 through September 30, 1998, pursuant to 20 U.S.C. 1504; to the Committee on Education and the Workforce.

3166. A letter from the Director, Regulations Policy and Management Staff, FDA, Department of Health and Human Services, transmitting the Department's final rule—Medical Devices; Performance Standard for Diagnostic X-Ray Systems; Amendment [Docket No. 98N–0877] received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3167. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits [FRL–6373–3] (RIN: 2020–AA13) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3168. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Implementation Plan and Redesignation Request for Williamson County, Tennessee Lead Nonattainment Area [TN–217–1–9920a; FRL–6373–9] received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3169. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Project XL Rulemaking for New York State Public Utilities; Hazardous Waste Management System [FRL–6374–8] received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3170. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality State Implementation Plans; Louisiana; Approval of Clean Fuel Fleet Substitution Program Revision [LA52–1–7422a; FRL–6378–3] received July 13, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3171. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of State Plans For Designated Facilities; New York [Region 2 Docket No. NY31–192a, FRL–6379–2] received July 13, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3172. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Clean Air Act Direct Final Approval of Title V Prohibitory Rule as a State Implementation Plan Revision; Sacramento Metropolitan Air Quality Management District, California [CA 210–162a; FRL–6378–5] received July 13, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3173. A letter from the Management Analyst, AMD-Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Assessment and Collection of Regulatory Fees for Fiscal Year 1999 [MD Docket No. 98–200; FCC 99–146] received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3174. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Department's report on nuclear nonproliferation in South Asia for the period of October 1, 1998, through March 31, 1999, pursuant to 22 U.S.C. 2376(c); to the Committee on International Relations.

3175. A letter from the Acting Deputy Under Secretary (International Programs), Office of the Under Secretary of Defense, transmitting a copy of Transmittal No. 07–99 which constitutes a Request for Final Approval for the Memorandum of Agreement between the U.S. and the NATO Airborne Early Warning Command Program Management Organization concerning cooperative projects for the E–3 aircraft, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

3176. A letter from the Administrator, Agency for International Development, transmitting the Inspector General's Semiannual Report for the period ending March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3177. A letter from the Executive Director, Committee For Purchase From People Who Are Blind Or Severely Disabled, transmitting the Committee's final rule—Procurement List Additions and Deletion—received July 19, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

3178. A letter from the Chairman, Amtrak, National Railroad Passenger Corporation, transmitting Amtrak's Office of Inspector General's Semiannual Report to Congress for the period ending March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3179. A letter from the Director, Office of Personnel Management, transmitting the Semiannual Report of the Inspector General and the Management Response for the period of October 1, 1998 to March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3180. A letter from the Chief Operating Officer/President, Resolution Funding Corporation, transmitting a copy of the Resolution Funding Corporation's Statement on Internal Controls and the 1998 Audited Financial Statements, pursuant to Public Law 101–73, section 511(a) (103 Stat. 404); to the Committee on Government Reform.

3181. A letter from the Chairman, Federal Election Commission, transmitting reports regarding the receipt and use of federal funds by candidates who accepted public financing for the 1996 Presidential Primary and General Elections, pursuant to 26 U.S.C. 9009(a)(5)(A); to the Committee on House Administration.

3182. A letter from the Acting Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Electronic Reporting (RIN: 1010–AC40) received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3183. A letter from the Chief, Forest Service, Department of Agriculture, transmitting the new RECORD of Decision 1999 for the Final Environmental Impact Statement on the Tongass Land Management Plan Revision; to the Committee on Resources.

3184. A letter from the Director, Policy Directives and Instructions Branch, Immigration and Naturalization Service, transmitting the Service's final rule—Canadian Border Boat Landing Program [INS No. 1796–96] (RIN: 1115–AE53) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

3185. A letter from the Assistant Secretary of the Army (Civil Works), Department of the Army, transmitting a recommendation for modification of the flood damage reduction project for the Potomac River, Washington, DC; to the Committee on Transportation and Infrastructure.

3186. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operating Regulation; Gulf Intracoastal Waterway, LA [CGD 08–99–039] received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3187. A letter from the Administrator, General Services Administration, transmitting an informational copy of a lease prospectus for the U.S. Attorneys Office in Seattle, WA, pursuant to 40 U.S.C. 606(a); to the Committee on Transportation and Infrastructure.

3188. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Compromises [TD 8829] (RIN: 1545–AW87) received July 19, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3189. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—August 1999 Applicable Federal Rates [Revenue Ruling 99–32] received July 19, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. MYRICK: Committee on Rules. House Resolution 257. Resolution providing for the consideration of the bill (H.R. 2561) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–247). Referred to the House Calendar.

Mr. SESSIONS: Committee on Rules. House Resolution 258. Resolution providing for consideration of the bill (H.R. 1074) to provide Government-wide accounting of regulatory costs and benefits, and for other purposes (Rept. 106–248). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. BARTON of Texas (for himself, Mr. NETHERCUTT, Mr. RUSH, Mr. OXLEY, and Mr. TERRY):

H.R. 2576. A bill to establish the Drug Abuse Prevention and Treatment Administration, and for other purposes; to the Committee on Commerce, and in addition to the Committees on Education and the Workforce, and Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. CUBIN:

H.R. 2577. A bill to authorize the development and maintenance of a multi-agency campus project in the town of Jackson, Wyoming; to the Committee on Resources.

By Mr. EHLERS (for himself and Mr. HOEKSTRA):

H.R. 2578. A bill to amend the Consolidated Farm and Rural Development Act to allow business and industry guaranteed loans to be made for farmer-owned projects that add value to or process agricultural products; to the Committee on Agriculture.

By Mr. MARKEY (for himself, Ms. DEGETTE, Mr. CAPUANO, Mr. LUTHER, Mr. INSLEE, Ms. PELOSI, and Mr. MCGOVERN):

H.R. 2579. A bill to impose restrictions on the sale of cigars; to the Committee on Commerce.

By Mr. GREENWOOD (for himself, Mr. HALL of Texas, Mr. GANSKE, Mr. HASTINGS of Florida, Mr. MORAN of Virginia, Mr. ROEMER, Mr. MARTINEZ, Mr. TRAFICANT, Mr. CLAY, Mr. SHOWS, Mr. PETERSON of Minnesota, Mr. EHRLICH, Mr. GILLMOR, Mr. PICKERING, Mr. UPTON, Mr. SHIMKUS, and Mr. BURR of North Carolina):

H.R. 2580. A bill to encourage the creation, development, and enhancement of State response programs for contaminated sites, removing existing Federal barriers to the cleanup of brownfield sites, and cleaning up and returning contaminated sites to economically productive or other beneficial uses; to the Committee on Commerce, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MEEK of Florida:

H.R. 2581. A bill to amend the Federal Meat Inspection Act and the Poultry Products Inspection Act to ensure the safety of imported meat and poultry products; to the Committee on Agriculture.

By Mr. NADLER:

H.R. 2582. A bill to eliminate a limitation with respect to the collection of tolls for use of the Verrazano Narrows Bridge, New York; to the Committee on Transportation and Infrastructure.

By Mr. PETERSON of Minnesota:

H.R. 2583. A bill to provide a temporary exception for certain Minnesota counties from the limitation on the percentage of cropland that may be enrolled in the conservation reserve and wetlands reserve programs; to the Committee on Agriculture.

By Mr. SAXTON:

H.R. 2584. A bill to amend the Jerusalem Embassy Act of 1995; to the Committee on International Relations.

By Mr. RYUN of Kansas:

H. Res. 259. A resolution supporting the goals and ideals of the Olympics; to the Committee on International Relations.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

161. The SPEAKER presented a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution 99–1035 memorializing Congress to Curtail implementation of new restrictions from its Reregistration Eligibility Decision on phosphine gas that would require a buffer zone of 500 feet and other restrictions that effectively preclude the use of aluminum or magnesium phosphide in most Colorado grain storage facilities and grain transportation; to the Committee on Commerce.

162. Also, a memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to a Resolution memorializing the Massachusetts Congressional Delegation to make motions urging the Federal Communications Commission to permit the Department of Telecommunications and Energy to take all necessary and reasonable measures to address the impending area code crisis in Massachusetts; to the Committee on Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. SHAYS introduced A bill (H.R. 2585) to authorize the Secretary of Transportation to convey a National Defense reserve Fleet vessel to the Glacier Society, Inc., of Bridgeport, Connecticut; which was referred to the Committee on Armed Services.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 6: Mr. VITTER.

H.R. 44: Mr. PETERSON of Minnesota, Mr. SUNUNU, and Mr. CALVERT.

H.R. 65: Mr. CALVERT.

H.R. 86: Mr. VITTER.

H.R. 116: Mr. BECERRA.

H.R. 123: Mr. KINGSTON.

H.R. 303: Mr. CALVERT and Mrs. MORELLA.

H.R. 318: Mr. STEARNS.

H.R. 348: Ms. MCKINNEY.

H.R. 354: Mr. BARRETT of Wisconsin and Ms. JACKSON-LEE of Texas.

H.R. 357: Mr. STRICKLAND.

H.R. 380: Mr. COBURN, Mr. GORDON, and Mr. EHLERS.

H.R. 415: Ms. CARSON and Ms. MCKINNEY.

H.R. 486: Ms. BROWN of Florida and Mr. JOHN.

H.R. 488: Mr. HOEFFEL.

H.R. 491: Ms. BERKLEY.

H.R. 531: Mr. NORWOOD and Mr. DEFAZIO.

H.R. 544: Mr. PAUL.

H.R. 557: Mr. GREEN of Wisconsin.

H.R. 583: Mr. LANTOS.

H.R. 595: Ms. MCKINNEY.

H.R. 625: Mr. DAVIS of Illinois.

H.R. 655: Mr. MARKEY.

H.R. 670: Mr. MANZULLO.

H.R. 721: Mr. CALVERT, Mr. WALDEN and Mr. DEMINT.

H.R. 783: Mr. PRICE of North Carolina, Mr. SESSIONS, Mr. DAVIS of Illinois, Mr. WELDON of Pennsylvania, and Ms. LEE.

H.R. 784: Mr. MOORE.

H.R. 793: Mr. HOLT.

H.R. 809: Mr. YOUNG of Alaska, Mr. SKEEN, and Mr. LATOURETTE.

H.R. 860: Mr. PAUL.

H.R. 876: Mr. TANCREDO.

H.R. 915: Ms. WOOLSEY.

H.R. 952: Mr. HINCHEY.

H.R. 997: Ms. CARSON.

H.R. 1068: Mr. HOYER.

H.R. 1098: Mr. CALVERT.

H.R. 1102: Mr. PASTOR.

H.R. 1103: Mr. MOAKLEY, Mr. TIERNEY, Ms. SCHAKOWSKY, Mr. ANDREWS, Mr. BRADY of Pennsylvania, Mr. COYNE, and Mr. HOEFFEL.

H.R. 1115: Mrs. MCCARTHY of New York and Mrs. CAPPS.

H.R. 1168: Mr. GEKAS, Mr. SPENCE, Mr. LAMPSON, and Mr. NUSSLE.

H.R. 1176: Mr. HINCHEY, Mr. GILLMOR, and Mr. BARRETT of Wisconsin.

H.R. 1233: Mr. WU and Mr. DAVIS of Illinois.

H.R. 1237: Mr. MALONEY of Connecticut and Mr. GEJDENSON.

H.R. 1260: Ms. MCKINNEY.

H.R. 1292: Mr. MCNULTY.

H.R. 1293: Mrs. EMERSON and Mr. VENTO.

H.R. 1301: Mr. TANNER.

H.R. 1304: Mr. CLAY, Mr. TANCREDO, Mr. NEY, Mr. MCINTOSH, Mr. JONES of North Carolina, Mr. BRADY of Pennsylvania, Mr. CLYBURN, Mr. SAXTON, and Mr. MATSUI.

H.R. 1329: Mr. TAUZIN, Mr. HAYES, Mr. DELAY, Mr. BARR of Georgia, Mr. RAMSTAD, Ms. ROS-LEHTEINEN, Mr. MCKEON, Mr. BURTON of Indiana, Mr. WAMP, Mr. GOSS, Mr. PICKERING, and Mrs. CHENOWETH.

H.R. 1354: Mr. RAMSTAD and Mr. BARR of Georgia.

H.R. 1355: Mr. MINGE.

H.R. 1358: Mr. BONIOR, Mr. FOSSELLA, and Mr. PITTS.

H.R. 1433: Mr. DUNCAN and Mr. JENKINS.

H.R. 1485: Mr. MATSUI and Mr. DAVIS of Illinois.

H.R. 1495: Ms. ROYBAL-ALLARD.

H.R. 1592: Mr. JENKINS and Mr. UPTON.

H.R. 1621: Mr. TANCREDO, Mr. GUTIERREZ, Ms. CARSON, and Mr. BARCIA.

H.R. 1645: Mr. RUSH.

H.R. 1650: Ms. STABENOW, Mr. MCGOVERN, Mr. MEEHAN, Mr. LIPINSKI, Mr. NEY, and Ms. DUNN.

H.R. 1660: Mrs. NAPOLITANO, Mr. HILL of Indiana, Mr. FORBES, Mr. REYES, Mr. RODRIGUEZ, Mrs. CAPPS, Mr. BERMAN, Mr. GONZALEZ, Ms. JACKSON-LEE of Texas, and Ms. MCKINNEY.

H.R. 1714: Mr. CANNON.

H.R. 1775: Mr. GEJDENSON.

H.R. 1785: Mr. BOUCHER, Ms. MCKINNEY, Mr. ANDREWS, and Mr. HINCHEY.

H.R. 1788: Ms. BERKLEY, Ms. ROS-LEHTINEN, Mr. MCDERMOTT, Mr. MEEHAN, Mr. GREEN of Wisconsin, Mr. BARRETT of Wisconsin, Mr. TURNER, Mr. ROGAN, and Ms. JACKSON-LEE of Texas.

H.R. 1791: Mr. FOLEY.

H.R. 1798: Mr. MCNULTY.

H.R. 1841: Mr. HINCHEY.

H.R. 1842: Mr. KINGSTON.

H.R. 1858: Mr. BARRETT of Wisconsin.

H.R. 1863: Ms. HOOLEY of Oregon.

H.R. 1868: Mr. HILLEARY.

H.R. 1907: Mr. BRYANT, Mr. ROTHMAN, Mr. EHRLICH, Mr. MALONEY of Connecticut, Mr. DICKS, and Mr. WATT of North Carolina.

H.R. 1926: Mrs. THURMAN, Mr. MOORE, Mr. SWEENEY, Mr. GOODE, and Mr. MCNULTY.

H.R. 1932: Mr. MURTHA and Mr. FALEOMAVAEGA.

H.R. 1975: Mr. SKEEN.

H.R. 1977: Mrs. EMERSON.

H.R. 1989: Mr. CALVERT.

H.R. 1998: Mr. FOLEY.

H.R. 1999: Mr. CROWLEY, Mr. ACKERMAN, and Mr. NADLER.

H.R. 2028: Mr. FOSSELLA.

H.R. 2030: Mr. FRANKS of New Jersey.

H.R. 2111: Mr. PRICE of North Carolina.

H.R. 2113: Mr. MEEKS of New York, Mr. DAVIS of Florida, Ms. LEE, and Mr. HILLIARD.

H.R. 2120: Ms. RIVRS.

H.R. 2260: Mr. HEFLEY, Mr. GARY MILLER of California, Mr. VITTER, and Mr. KINGSTON.

H.R. 2265: Mr. BLAGOJEVICH and Mr. RYAN of Wisconsin.

H.R. 2282: Ms. MCKINNEY.

H.R. 2300: Mr. SPENCE, Mr. GILLMOR, Mr. BURTON of Indiana, Mr. SHIMKUS, Mr. LINDER, and Mr. VITTER.

H.R. 2331: Mr. CUNNINGHAM.
H.R. 2373: Mr. TANCREDO, Mr. PITTS, and Mr. ENGLISH.
H.R. 2382: Mr. HILLIARD.
H.R. 2384: Mr. CONYERS.
H.R. 2397: Mr. OWENS.
H.R. 2409: Mr. PASTOR.
H.R. 2418: Mr. WHITFIELD, Mr. GOODE, and Mr. TAUZIN.
H.R. 2420: Mr. NEY and Ms. ROS-LEHTINEN.
H.R. 2436: Mr. LARGENT, Mr. ISTOOK, Mr. HILL of Montana, and Mr. ADERHOLT.
H.R. 2443: Mrs. CAPPS and Mr. NADLER.
H.R. 2444: Ms. MCKINNEY, Mr. FROST, and Mr. DAVIS of Florida.
H.R. 2445: Mr. CAPUANO.
H.R. 2454: Mr. PICKETT, Mr. JOHN, Mr. DICKEY, Mr. TAUZIN, Mr. SHERWOOD, and Mr. LARGENT.
H.R. 2456: Mr. HILL of Montana and Mr. STUMP.
H.R. 2491: Mr. LARGENT, Mr. ROYCE, and Mr. LEWIS of California.
H.R. 2539: Mr. LANTOS.
H.R. 2571: Mr. ALLEN and Mr. GUTIERREZ.
H.J. Res. 41: Mr. REYES, Ms. LEE, Mr. CAPUANO, and Ms. BERKLEY.
H.J. Res. 55: Ms. MCKINNEY, Mr. FOLEY, and Mr. BILBRAY.
H. Con. Res. 34: Mr. MASCARA and Mr. ALLEN.
H. Con. Res. 80: Ms. LEE, Mr. VISCLOSKY, Mr. GEKAS, Mr. CRANE, Mr. LAHOOD, Mrs. CAPPS, and Mr. MATSUI.
H. Con. Res. 89: Mr. SABO, Mr. OBERSTAR, Mr. LUTHER, and Mr. PETERSON of Minnesota.
H. Con. Res. 101: Mr. HAYES, Mr. RYAN of Wisconsin, and Mr. DEMINT.
H. Con. Res. 109: Mr. HALL of Texas.
H. Con. Res. 124: Mr. LUTHER.
H. Con. Res. 132: Mr. OLVER, Mr. LEWIS of Georgia, Mr. PALLONE, Mr. KILDEE, and Mr. METCALF.
H. Con. Res. 152: Mr. OSE, Mr. BARRETT of Wisconsin, Mr. FILNER, Mr. FROST, and Ms. KILPATRICK.
H. Con. Res. 160: Ms. PRYCE of Ohio.
H. Res. 238: Mr. DELAHUNT.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 987: Mr. BARCIA.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 1074

OFFERED BY: MR. HOEFFEL

AMENDMENT NO. 1: At the end of the bill add the following:

SEC. . INFORMATION REGARDING OFFSETTING SUBSIDIES.

In addition to the information required under section 4, the President shall include in each accounting statement under that section an analysis of the extent to which the costs imposed on incorporated entities by Federal regulatory programs are offset by subsidies given to those entities by the Federal Government, including subsidies in the form of grants, preferential loans, preferential tax treatment, federally funded research, or use of Federal facilities, assets, or public lands at less than market value. The analysis shall—

(1) identify such subsidies;

(2) analyze the costs and benefits of such subsidies; and

(3) be sufficiently specific to—

(A) account for the amounts of subsidies provided to the entities; and

(B) identify the entities that receive such subsidies.

SEC. . TAXPAYER PROTECTIONS.

(a) LIMITATION ON EXPENDITURES.—

(1) IN GENERAL.—The aggregate amount expended by the Director and agencies each fiscal year to carry out this Act may not exceed $1,000,000.

(2) LIMITATION ON APPLICAITON.—Paragraph (1) shall not apply to any expenditure for any analysis or data generation that is required under any other law, regulation, or Executive Order and used to fulfill the requirements of this Act.

(b) SUNSET.—This Act shall have no force or effect after the expiration of the four-year-period beginning on the date of the enactment of this Act.

H.R. 1074

OFFERED BY: MR. MCINTOSH

AMENDMENT NO. 2: Page 4, line 17, strike ''President'' and insert ''Director''.

H.R. 1074

OFFERED BY: MR. MCINTOSH

AMENDMENT NO. 3: Page 7, beginning at line 5, strike ''and economic growth'' and insert ''economic growth, public health, public safety, the environment, consumer protection, equal opportunity, and other public policy goals''.

H.R. 1074

OFFERED BY: MR. MCINTOSH

AMENDMENT NO. 4: At the end of the bill add the following:

SEC. . SPECIAL RULES RELATING TO CERTAIN FEDERAL BANKING AGENCIES AND MONETARY POLICY.

(a) TRANSFER OF AUTHORITY AND DUTIES OF DIRECTOR.—The head of each Federal banking agency (as that term is defined in section 3(z) of the Federal Deposit Insurance Act (12 U.S.C. 1813(z)) and the National Credit Union Administration, and not the Director, shall exercise all authority and carry out all duties otherwise vested under this Act in the Director with respect to that agency, other than the authority and duty to submit accounting statements and reports under section 4(a). The head of each such agency shall submit to the Director all estimates and other information required by this Act to be included in such statements and reports with respect to that agency.

(b) EXCLUSION OF MONETARY POLICY.—No provision of this Act shall apply to any matter relating to monetary policy that is proposed or promulgated by the Board of Governors of the Federal Reserve System or the Federal Open Market Committee.

H.R. 2561

OFFERED BY: MR. BARR OF GEORGIA

AMENDMENT NO. 1. At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. ———. None of the funds appropriated or otherwise made available by this Act may be used to provide assistance to the practice of witchcraft or Wicca, as defined by the encyclopedia of American Religious, on any military installation or vessel.

H.R. 2561

OFFERED BY: MR. BARR OF GEORGIA

AMENDMENT NO. 2. At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. ———. None of the funds appropriated or otherwise made available by this Act may be used to promulgate or implement final regulations under paragraph (7) of section 3(b) of Public Law 95–341 (popularly known as the American Indian Religious Freedom Act) (42 U.S.C. 1996a(b)) with respect to the use of peyote by members of the Armed Forces.

H.R. 2561

OFFERED BY: MR. BARR OF GEORGIA

AMENDMENT NO. 3. At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. ———. NONE OF THE FUNDS MADE AVAILABLE IN THIS ACT MAY BE USED TO PURCHASE—

(1) goods manufactured by, or goods that include components manufactured by, Zvezda-Strela, a subsidiary of Zvezda-Strela (such as STRELA Production Association), a company that is controlled by Zvezda-Strela, or the Spetstekhnika Joint Stock Company;

(2) goods marketed by SPETSTEKHNIKA;

(3) goods manufactured by, or goods that include components manufactured by, a company other than Zvezda-Strela in partnership or otherwise in association with Zvezda-Strela; or

(4) any product manufactured by the ZVEZDA Design Bureau located in Kalingrad-BR or another location in Russia.

H.R. 2561

OFFERED BY: MR. BARR OF GEORGIA

AMENDMENT NO. 4: In the paragraph in title IV under the heading ''Research Development, Test, and Evaluation, Air Force'', insert after the dollar amount the following: ''(increased by $1) (reduced by $1)''.

H.R. 2561

OFFERED BY: MR. BLAGOJEVICH

AMENDMENT NO. 5: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . None of the funds provided in this Act may be used to transfer to the Talon Manufacturing Company ammunition held by the Department of Defense that has a center-fire cartridge and a United States military nomenclature designation of ''armor penetrator'', ''armor piercing (AP)'', ''armor piercing incendiary (API)'', or ''armor-piercing incendiary-tracer (API–T)''.

H.R. 2561

OFFERED BY: MR. BLAGOJEVICH

AMENDMENT NO. 6: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . None of the funds provided in this Act may be used to transfer to any non-governmental entity ammunition held by the Department of Defense that has a center-fire cartridge and a United States military no-menclature designation of ''armor penetrator'', ''armor piercing (AP)'', ''armor piercing incendiary (API)'', or ''armor-piercing incendiary-tracer (API–T)''.

H.R. 2561

OFFERED BY: MR. KUCINICH

AMENDMENT NO. 7: At the end of the bill insert after the last section (preceding the short title) the following new section:

SEC. ____. None of the funds made available in this Act may be used to procure a munition of a type referred to as a ''cluster bomb'' (also known as ''combined effects munitions'', ''CBU munitions'', ''sensor-fused weapons'', ''area-impact munitions'', ''anti-personnel bomblets'', ''anti-material bomblets'', and ''anti-armor bomblets'').

H.R. 2561

OFFERED BY: MR. KUCINICH

AMENDMENT NO. 8: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. ____. (a) The Comptroller General, the Director of the Congressional Budget Office, and the Director of the Congressional Research Service of the Library of Congress shall conduct such studies as appropriate and within their respective capabilities to assist Congress in evaluating the air campaign conducted by the North Atlantic Treaty Organization (NATO) against the Federal Republic of Yugoslavia during Operation Allied Force in 1999. Those studies shall, at a minimum, identify the following matters:

(1) The damage that the NATO plan for the air campaign identified as necessary.

(2) The reasons why that damage was identified as being necessary.

(3) The military forces that the plan required and the extent to which those forces were committed.

(4) The extent to which the air campaign achieved the desired level of damage.

(5) The extent to which the damage caused by the air campaign had the predicted effects in terms of reducing capabilities of the Federal Republic of Yugoslavia in Kosovo.

(6) The extent to which the damage caused by the air campaign had the predicted effects in terms of undermining command and control capabilities of the ruling regime of the Federal Republic of Yugoslavia.

(7) The role of the bombing in obtaining the agreement of the regime of the Federal Republic of Yugoslavia to the Military Technical Agreement of June 10, 1999.

(8) Any other factors that led to the decision by the regime of the Federal Republic to the Military Technical Agreement of June 10, 1999.

(b) The studies under subsection (a) shall be submitted to Congress not later than one year after the date of the enactment of this Act.

(c) All data that would be declassified in the course of the studies under subsection (a) shall be electronically published on the Internet, and statistical data shall be electronically published in spreadsheet form, for use by the public, academicians, and nongovernmental organizations.

H.R. 2561

OFFERED BY: MR. STEARNS

AMENDMENT NO. 9: Page 30, after line 12, insert the following:

In addition, for procurement of F–22 aircraft, $1,852,075,000, to be derived by transfer from unobligated amounts appropriated to the Overseas Contingency Operations Transfer Fund in chapter 3 of title II of Public Law 106–31, and to remain available for obligation until September 20, 2002.

EXTENSIONS OF REMARKS

RECOGNIZING THE HMONG YOUTH FOUNDATION

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize the Hmong Youth Foundation's Third Annual Summer Festival. This Festival provides Hmong youth, many of whom are challenged with language barriers, with opportunities to engage in fun and educational activities.

The Foundation was organized to give Hmong students a place to congregate as colleagues, who share common fears, hopes and goals. The primary objective is to give students opportunities to excel in academic pursuits and to award scholarships. Many of the students come from economically disadvantaged families due, in part, to the fact that a majority of Hmong adults are unable to speak English. The result is that many Hmong adults are unable to hold higher paying jobs.

Hmong youth are constantly challenged with difficulties of social assimilation, lost opportunities, and juvenile crime temptations. The Hmong Youth Foundation seeks to give every Hmong child the opportunity to succeed and overcome obstacles. The Foundation pursue these goals through every avenue available including collaborations with other Hmong and Southeast Asian refugee self-help organizations, as well as non-Asian agencies. Response to the Foundation has been very positive, as it is providing a service to the Hmong community that no other agency offers.

Hmong students in Fresno County have excelled in academic excellence and have received many accolades. Among them are annual Hmong valedictorians in the Fresno and Clovis Unified School Districts. The Hmong Youth Foundation's intent is to help as many students as possible so that even greater success will follow.

Mr. Speaker, I rise to recognize the Hmong Youth Foundation for its service to the community. I urge my colleagues to join me in wishing the Foundation many more years of continued success.

IMF GOLD SALE PROPOSAL

HON. BENNIE G. THOMPSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

Mr. THOMPSON of Mississippi. Mr. Speaker, on Saturday, there will be an historic march in Pretoria, South Africa. For the first time ever, gold miners will march shoulder to shoulder with the management of the gold mining companies which employ more than 250,000 union miners. They will march from the National Union of Mineworkers Building to the British Embassy and to the Swiss Embassy to protest gold sales from those countries' central banks. Just the threat of central bank gold sales has caused the price of gold on the world market to plunge to 20-year lows over the past two months, endangering more than 80,000 jobs and the means of support of almost a million sub-Saharan Africans.

James Motlatsi, president of the NUM, and Bobby Godsell, head of the Chamber of Mines, will return from London—where they are petitioning the Bank of England to stop further sales—to lead the march.

Mr. Speaker, Mr. Motlatsi and Godsell came to Washington two weeks ago to warn of the dreadful consequences for their miners and their continent of central bank gold sales. They came here to tell us that the well-meaning efforts of many of the world's greatest powers, including the US, would cause some of the world's poorest countries to suffer needlessly.

The proposal, endorsed by the G–7 last month, to sell some of the gold reserves of the International Monetary Fund to provide a token contribution to debt relief for the poorest countries, is totally misguided and must be stopped. Because of the weighted voting structure of the IMF, it cannot sell any of its gold without the support of the US representative to the IMF. And, under US law, our IMF representative cannot support any gold sale without first obtaining approval of Congress.

Mr. Speaker, we here in Congress do not have the ability to stop the sale of gold from other central banks, although we can make our disapproval manifest. However, we can stop the sale of IMF gold, and we need to do it now. Our disapproval of the gold sale is not an obstacle to debt relief—there are many ways to deal with debt relief without IMF gold sales.

Mr. Speaker, Members of the House on both sides of the aisle have written to the Treasury Department and to President Clinton stating our unequivocal opposition to gold sales by the IMF, and without objection, I would like to enter into the record copies of those letters.

Before the South Africans begin their march on Saturday, I urge the President to respond to this crisis by withdrawing his support for IMF gold sales, and withdrawing Treasury's request for authorization to support it. The countries we are pledging to help should not be cursed by our misguided generosity.

Stop the gold sales now.

CONGRESS OF THE UNITED STATES

Washington, DC, June 30, 1999.

Hon. WILLIAM JEFFERSON CLINTON,

President, U.S. Of America, Washington, D.C.

DEAR PRESIDENT CLINTON: South Africa has just inaugurated its second democratically elected President, Thabo Mbeki. Among the many challenges he faces is an immediate crisis—the terrible shock to his country's economy caused by the dramatic drop in the price of gold over the past three months. The many other gold-producing countries in sub-Saharan Africa are struggling with the same blow to their emerging economies.

Ironically, tragically, the $30 decline in the price of gold can be traced in part to announcements of support for the sale of some of the IMF's gold reserves to fund debt relief for some of these very countries. The IMF announcement, coupled with the proposal by the British government to sell some 14 million ounces of their gold reserves, saw the price of gold plummet in just a few days from nearly $290 an ounce to below $260. This drop has already reduced the export earnings of the gold-producing Heavily Indebted Poor Countries (HIPCs) by more than $150 million per year.

While we cannot change the decision of the British government to sell its gold reserves, we can prevent the IMF from further damaging the economies of the very countries it seeks to help. The IMF cannot sell any portion of its gold reserves without approval of the US representative to the IMF. And the Treasury Department must obtain Congressional authorization before the US representative can approve such a sale. When this proposal comes before Congress for consideration, we will oppose it vigorously. Make no mistake, we believe strongly in debt relief, and we intend to pursue every avenue to provide as much real relief as quickly as possible. However, selling gold reserves is the worst possible method of financing debt relief.

Gold mineral reserves are a large part of the natural wealth of many poor countries, and is therefore one of the few avenues for economic development. More than three-fourths of the HIPC nations targeted for the IMF debt relief plan are gold producers, and gold plays a crucial role in the economies of 10 of those countries. Since the mining industry draws much of its workforce from the poorest and most rural communities in the subcontinent, often 10 people or more are dependent on the earnings of each miner. If the price of gold remains at the current 20-year low price of about $258, 40% of South Africa's gold production will become unprofitable, more than 80,000 miners will lose their jobs, and upwards of 800,000 Africans will be plunged into absolute poverty.

Debt relief does not require IMF gold sales in order to be effective. In fact, the proceeds from the gold sales which are actually targeted to debt relief are virtually nil. According to one calculation, there would be less than $60 million per year available to retire the estimated $220 Billion HIPC debt. There are alternatives to gold sales which would provide more debt relief in a shorter period of time.

We will not support central bank gold sales; we will oppose them in whatever form they are presented to the Congress. We intend to examine more realistic, more productive, and less harmful alternatives. We hope you will join us.

Sincerely,

James Clyburn, Sanford Bishop, Eva M. Clayton, Robert Scott, Bennie G. Thompson, Albert R. Wynn, Eddie Bernice Johnson, Melvin Watt, Edolphus

Towns, Bobby Rush, Carolyn Kilpatrick, Danny K. Davis, Elijah E. Cummings, John Conyers, Juanita Millender-McDonald, Harold Ford, Jr., Earl Hilliard, Gregory Meeks, Carrie Meek, Charles B. Rangel, Major R. Owens, Stephanie Tubbs Jones, Alcee L. Hastings, Julian Dixon, Sheila Jackson-Lee, John Lewis.

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, June 21, 1999.

Hon. LAWRENCE SUMMERS,
Deputy Secretary, U.S. Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: We join a bipartisan group of Senators who are opposed to the International Monetary Fund's proposal to sell a portion of its gold reserves to fund debt relief for countries under the Heavily-Indebted Poor Countries (HIPC) Initiative.

We are unalterably persuaded that selling IMF gold reserves would adversely affect the very countries the Administration intends to assist and further damage the U.S. domestic gold industry.

As is well known, gold prices are depressed—prices dropped more than $25 per ounce since Great Britain announced it would sell a portion of its holdings. During the past month, the price of gold has plunged to a twenty-year low.

Since the U.S. is the world's second largest producer of gold, we are concerned that American companies and the jobs of thousands of working Americans will be at risk if prices continue to fall.

Thirty-six of the 41 nations slated to benefit from the HIPC program are gold producers. If sales further depress gold prices, it is questionable that benefits from debt relief would outweigh the harm done by falling gold prices. We cannot support a proposal that could very well damage viable private businesses and free markets in developing countries in exchange for relieving a portion of a country's sovereign debt.

We are fully confident that creative minds at the Treasury Department and the IMF can come up with alternatives to gold sales, and the Foreign Relations Committee stands ready to work with you.

Kindest regards.

Sincerely,

JESSE HELMS.
CHUCK HAGEL.

HOUSE OF REPRESENTATIVES
OFFICE OF THE MAJORITY WHIP,
May 12, 1999.

Hon. DAVID DREIER,
Chairman, Committee on Rules, Washington, DC.

DEAR CHAIRMAN DREIER: I am writing to bring to your attention my strong opposition to an Administration request to sell a portion of the gold reserves held by the International Monetary Fund (IMF) to provide debt relief to certain nations within their Heavily-Indebted Poor Countries (HIPC) initiative. I am concerned that the Administration has not taken into account the economic and financial issues involved that are likely to pose serious policy concerns.

As you know, I have been an outspoken critic of the IMF with respect to how it conducts its mission, including the management of its resources. Given the current credit risks at the IMF, the maturity mismatch between its liabilities and assets, and its concentration of loans to five nations, I am concerned that if this ill-conceived proposal were implemented, the direct result would be a further weakening of the IMF balance sheet.

In addition, the sale of IMF gold reserves would significantly harm the U.S. gold mining industry by leading to the further decline in the price of gold. The mere discussion alone of a possible IMF gold sale has contributed to a more than 3.5 percent drop in the price of this commodity over the last few weeks.

The gold industry provides thousands of high paying jobs in this country and a valuable U.S. export commodity that substantially benefits our balance of trade. Yet, the current depressed price of gold on world markets has resulted in major job losses and hardship in the mining sectors of the 13 states that produce nearly 15 percent of the world's output of gold annually. Continued declines in the price of gold would be devastating to the rural communities in this country that rely on the stable price and production of this precious commodity.

With regard to the HIPC initiative, IMF gold sales actually could result in greater harm than assistance to these 41 nations. Indeed, gold mining is a viable and productive sector in the economies of well over half of the HIPC nations. In 10 of those countries, gold mining accounts for between 5 and 40 percent of exports and, as a result, is crucial to national economic well being and employment. In certain other HIPC countries, which do not presently mine gold to any significant extent, there are advanced plans for major gold mining development. Thus, while it is my view that U.S. support for the HIPC initiative not be provided at the expense of an important sector of our economy, the justification for IMF gold sales becomes even less compelling with the possibility that HIPC nations could be harmed—not helped—by such sales.

It is my understanding that congressional authorization is required prior to U.S. representatives to the IMF voting in favor of transactions involving the sale of its gold reserves. As matters involving the IMF come before you, particularly as they relate to the sale of IMF gold reserves, I hope you will consider the risk of harm posed by such sales to a vital sector of our economy.

Finally, Majority Leader Armey has correctly requested that Joint Economic Committee Vice Chairman Jim Saxton direct the JEC to examine the full context of this IMF gold sales proposal along the lines to these same concerns. As such, nothing should proceed on this proposal until the JEC has completed its examination.

Thank you for your attention to this matter.

Sincerely,

TOM DELAY,
Member of Congress.

Similar Letters Sent To: Jim Leach, Chairman, Committee on Banking and Financial Services; Ben Gillman, Chairman, Committee on International Relations; C.W. Young, Chairman, House Appropriations Committee; Sonny Callahan, Chairman, Subcommittee on Foreign Operations; Spencer Bachus, Chairman, Subcommittee on Domestic & International Monetary Policy; Ed Royce, Chairman, Subcommittee on Africa; and Jim Saxton, Vice Chairman, Joint Economic Committee.

KASHMIR VIGILANCE

HON. BENJAMIN A. GILMAN

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1999

Mr. GILMAN. Mr. Speaker, I rise to express support for the recent developments regarding the conflict in Jammu and Kashmir in India. Last November a large body of Pakistani troops from its Northern Light Infantry Regiment and Pakistani-backed terrorists crossed the Line of Control into Jammu and Kashmir, forcefully occupying key Indian military posts abandoned for the winter season. When the Indian Armed forces earlier this year attempted to return to their military posts, they were met with fierce Pakistani resistance and opposition.

Faced with this opposition, India then took restrained military action to regain its territory occupied by the terrorists and Pakistani military forces. By adopting a proper, proportionate response to the incursion, India took steps to ensure that the situation did not spin out of control and escalate further.

Most of the international community agree that Pakistan crossed into Jammu and Kashmir in an attempt to alter the Line of Control to Pakistan's advantage and to internationalize the issue.

Pakistan soon discovered that the international community did not support those ambitions. The United States and its allies, including the G–8 nations, condemned the incursion across the Line of Control into India, and called for an immediate end to the hostilities, restoration of the Line of Control, and future respect for the Line of Control.

A resolution sponsored by a bipartisan majority of the House International Relations Committee and myself, two weeks ago, in part expressed the sense of the Congress that it should be the policy of the United States to (1) support the immediate withdrawal of intruding forces supported by Pakistan from the Indian side of the Line of Control, (2) urge the reestablishment and future respect for the line of Control, and (3) to encourage all sides to end the fighting and exercise restraint. The Resolution further expressed the sense of the Congress that it should be the policy of the United States to encourage both India and Pakistan to adhere to the principles of the Lahore Declaration.

Mr. Speaker, I am pleased that the President personally communicated this to Pakistan Prime Minister Sharif and that Pakistan is now in the process of withdrawing its forces from the Indian side of the Line of Control. This should be a message to Pakistan that the international community will not tolerate its military or financial support to any aggression.

This is an issue that India and Pakistan must resolve bilaterally. I am pleased to see that the United States, consistent with its past policy, has said it would not mediate this issue. I urge the U.S. to maintain this position.

Mr. Speaker, I urge both Nations to work toward rebuilding the trust that has been lost as a result of the fighting at the LOC, and to work toward full implementation of the Lahore Declaration. Without this trust, there can be no "true" agreement to go forward with the Lahore process.

While we welcome the decision of the Sharif Government to end the hostilities across the Line of Control into India by ordering the withdrawal of the invading forces, we will keep a keen eye on the situation in the weeks ahead to maker caution that all of the conditions will be met. Pakistan must dismantle the structures for training militants for disrupting peace in Jammu and Kashmir, and to maintain the sanctity of the Line of Control, not only in Kargil, but throughout Jammu and Kashmir, India. In addition, Pakistan must stop its support for cross-border terrorism against India.

The Resolution that I introduced, while appropriate at the time, should serve as an expression of Congressional concern. Should we see a recurrence by Pakistan of the events of the past weeks, or other subtle or indirect acts that once again threaten peace in the region, I will not hesitate to begin this Resolution to the House floor.

TEACHER EMPOWERMENT ACT

SPEECH OF

HON. JOHN B. LARSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

The House in Committee of the Whole House on the Sate of the Union had under consideration the bill (H.R. 1995) to amend the elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes:

Mr. LARSON. Mr. Chairman, I rise today in support of the Castle-Fletcher amendment to the Teacher Empowerment Act to increase teachers knowledge of classroom technology. It is vitally important, as we approach the 21st century, that in order to remain competitive in the global economy, we adapt and, indeed, stay ahead of the revoltionary technological advances that are changing our lives on a daily basis.

Once a mere concept, the knowledge based economy is now a reality. I have often heard mentioned that the leap technology has taken is analogous to going from the dark ages to the renaissance, from clositered monks scrolling information for the scholarly few to Gutenberg inventing movable tpe, and exposing the masses to the knowledge contained in books. It is indeed a momentous change. But to maintain our position in the global stage, we must make sure that we integrate technology into our society at the most important stage of our children's development. We must integrate technology into our children's classrooms.

To help our chldren maintain their competitive advantage in the Information Age, we must give our teachers the tools they need to integrate technology in the classroom. With this amendment we take a positive step in this direction. This amendment would allow professional development programs funded under the Act to provide training for teachers in the uses of technology and its uses in the classroom to improve teaching and learning. It would also provide state funds to Local Education Agencies and Higher Education Partnerships for development of programs that train teachers how to use technology in the classroom.

The amendment is important because integrating technology into the classrooms is not just about wiring schools to the Internet. It is also about making sure that we integrate all aspects of technology, including voice, video, data and distance learning, into the curriculum and that we do so effectively. Our teachers should be trained to develop innovative ways to include technology in teaching our children. Not just to teach our children to surf the Web—although I suspect that is not the children who need help in this area—but also to develp ways touse technolog in actual subject matter.

As a former teacher and father of three children, it is quite evident tome that a comprehensive approach should be devloped to place our cildren in a position to excel in this new economy.To that effect, I recently introduced a bill that will develop a strategic plan to create a national technological infrastructure to connect public schools to the information superhighway. It is only the first step in a three-pronged strategy that will include infrastructure suport, teacher enhancement, and child development. In the meantime, I will continue to be a strong supporter of efforts that move our classrooms into the 21st century.

In closing, Mr. Chairman, I want to thank the gentlemen from Delaware, Mr. CASTLE and the gentleman from Kentucky, Mr. FLETCHER for teir visionin offering this amendment to improve the efficiency of our teachers and to prepare our children for the challenges they will face inthe coming century. I urge all my colleague to support this amendment.

INTERNET CENSORSHIP; JUVENILE VIOLENCE; LOWERING THE DRINKING AGE TO 18

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. SANDERS. Mr. Speaker, I insert for printing in the RECORD statements by high school students from my home State of Vermont, who were speaking at my recent town meeting on issues facing young people today. I am asking that you please insert these statements in the CONGRESSIONAL RECORD as I believe that the views of these young persons will benefit my colleagues.

INTERNET CENSORSHIP

(On behalf of Amanda Cawthra, Angela Bellizzi, Renay Thompson, and Nick Stahle)

Amanda Cawthra: The First Amendment clearly states that people have the freedom of speech. However, we have to speak to you about government infringement on this basic right, guaranteed in the Constitution. The issue we are talking about is Internet censorship, and whether the government has the right to mandate what can be accessed through the Net.

Nick Stahle: Censorship on the Internet has become a major issue, especially now in the late 1990s. Several bills have been proposed to protect children from explicit material, such as the Communications Decency Act and the Child Online Protection Act. However, we feel it is not the government's place to mandate what can and cannot be posted on the Internet. If parents do not want their children to be exposed to this material, there are several software programs available to block out these sites.

Renay Thompson: Also, once the government steps in, who decides what is objectionable and what is not? If we are going to take the step of censoring sexually explicit material, then why not censor other potentially offensive material, such as those sites by racist groups, or even antiabortionists. Obviously, this would be a violation of these groups' First Amendment rights. Therefore the government should not censor what appears on the Internet, any more than it should censor the private, yet still potentially offensive publications of these groups, or pornographic magazines.

Angela Bellizzi: Parents, librarians, teachers and others that provide Internet access to children need to take the responsibility of monitoring their access. Legitimate web sites should not be deprived of their First Amendment right. That is why, Congressman Sanders, that we conclude in asking you to vote against future legislation that restricts online freedom of speech.

JUVENILE VIOLENCE

(On behalf of David Gilbert, Melissa Jarvis, Amber Atherton, Corey Lasell and Douglas Kunkle)

Douglas Kunkle: We originally planned to discuss our feelings on NATO's action in Kosovo, but with the tragedy in Littleton, we had to choose between two violent and incomprehensible acts. We, with the rest of the country, have been shocked and dismayed with the most recent shooting and bombing incident at Columbine High School, and with the rest of the country, we have discussed and debated the economic, cultural, and technical factors which may have contributed to the escalating trend of violent crimes committed by juveniles in this country.

We understand that there is no quick solution to this problem. We only know that action must be taken.

Corey Lasell: Murder rates are down; but not among adolescents. According to Attorney General Janet Reno, the problem with children killing is likely to worsen. On a typical day in this country, nine teenagers are murdered, and since 1965 there has been a 464 percent increase in the murder arrest rate for 18-year-olds.

Here in Vermont, we feel protected from those kinds of statistics. We are lulled into thinking: ''That couldn't happen in Vermont.'' But according the study conducted by the Vermont Center for Justice Research, there has been a dramatic increase in crimes committed by Vermont's youth, and increasingly more violent ones.

Bill Clints, Director for the Center for Justice Research, said that the result of this study ''indicates the need for further examination of the state's troubled youth in the confidential system that protects and prosecutes them.''

Amber Atherton: We suggest that juveniles who commit violent crimes should be tried as an adult. Juveniles must be taught to accept responsibility for their actions. Right now, every juvenile knows the law protects them, and just about anything they do will be handled with kid gloves and a slap on the wrist. Punishment is usually in the form of

probation and/or community service. Most juvenile delinquents do not get punished at all for the misdemeanor crimes, so some start committing felonies. We think, because they were not punished for the misdemeanor crimes, they feel they will not be punished for the felonies.

Melissa Jarvis: People are afraid to punish juveniles because they want to give them a second chance. Increasingly, this second chance is used to commit another crime. We think it is about time that the adults in charge look at the juvenile crime situation without colored glasses. This isn't the '50s. Children are killing and getting killed. Those killed do not get a second chance.

We think the fear of harsher punishments would serve as a deterrent for those juveniles who would be successful in programs such as diversion, and curtail the activities of habitual criminals. This will at least protect the general population from them.

David Gilbert: We are afraid lawmakers are scrambling around to pass new laws. The killers in Littleton broke 18 gun laws and more. There are plenty of laws. What we need to do is enforce, prosecute, and punish those who break them.

LOWERING THE DRINKING AGE TO 18

(On behalf of Nicholas Dandrow, Eric Williams, Beth Nadeau, Becca Bergeron and Michael French)

Becca Bergeron: I will be speaking on behalf of the group.

We feel that the drinking age should be lowered from 21 years of age to 18. The reasons for our proposal are:

1. If you are 18, you are considered an adult, just the same as if you were 21.

2. If, at the age of 18, you are allowed to join or be drafted into the army to fight for your country, why can't you buy a six-pack of beer?

3. Most European countries have either no drinking age or it is 18 years old.

4. Giving 18-year-olds this privilege will help them feel like an adult, rather than just an 18-year-old.

5. The drinking age was 18 at one point in this country. It was during the '70s. We know the outcome was not the greatest, but you have to understand that that was the '70s, there was Vietnam, lots of drug use, many rebellious people and organizations.

6. Once a rule is made, the number one response is to test it. That is why many people under the age of 21 consume alcohol, just because they aren't supposed to.

7. Most of this group here is 18, and once we are 18, are seniors in high school. That means next year some of us will be attending college. The college scene is very much more older and diverse. The ages range from 18 and up, So, if you are all in the same boat, what makes the 18-, 19- and 20-year-olds different? They can vote, drive automobiles, serve the country, get into clubs, buy tobacco products, lottery tickets, give blood, purchase a firearm. The one thing they cannot do is purchase or consume alcohol products. What difference does three years make?

If the age were lowered, it is understood that some problems may occur, such as more high school students would start drinking, causing more drinking and driving. But we believe awareness to be very effective. Also, stricter laws to minors under the age of 18, and stricter penalties to the persons supplying minors.

As our representative, Congressman Bernie Sanders, we urge you to voice our opinion to lower the drinking age to 18.

PERSONAL EXPLANATION

HON. HOWARD COBLE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. COBLE. Mr. Speaker, on July 15 there were several rollcall votes on amendments to the FY2000 Treasury-Postal Appropriations bill, H.R. 2490. Had I been there I would have voted "no" on rollcall No. 301; "aye" on rollcall No. 302; "no" on rollcall No. 303; "aye" on rollcall No. 304. On final passage of H.R. 2490, I would have voted "no" on rollcall No. 305.

On July 16, the House considered the African Growth and Opportunity Act, H.R. 434. Had I been present I would have voted "no" on rollcall Nos. 306 and 307.

On July 19 and 20, the House considered several bills under suspension of the rules. Had I been there I would have voted "aye" on rollcall Nos. 308, 309, 310, and 311.

On July 20, the House considered several amendments to the American Embassy Security Act, H.R. 2415. Had I been present I would have voted "no" on rollcall No. 312; "aye" on rollcall No. 313; and "aye" on rollcall No. 314.

On July 20, the House also took up the rule on the Teacher Empowerment Act. Had I been there I would have voted "aye" on rollcall No. 315.

On these dates, I was participating in the Fourth Annual International Symposium on Reduction of Patent Costs at the Hague, Netherlands, where I was the keynote speaker. This event was sponsored by the International Federation of Industrial Property Attorneys (FICPI) and the American Intellectual Property Law Association (AIPLA). I had committed to participating in this event prior to the scheduling of votes.

AMERICA SHOULD SUPPORT KASHMIRI, SIKH, NAGA FREEDOM STRUGGLES

HON. JOHN T. DOOLITTLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. DOOLITTLE. Mr. Speaker, the world watches carefully the situation in Kashmir, where the Indian military attacked the Kashmiri freedom fighters to shut down the seventeen freedom movements within its borders. The effort did not go well for India, despite its claims of victory. An Indian military spokesman admitted that Indian troops were "dying like dogs."

The Sikhs in Punjab, Khalistan have been very concerned that this war will spread to their homeland, where they are also seeking self-determination. One of India's strategies for keeping the freedom movements from succeeding is to set the minority nations against each other. In pursuit of this divide-and-rule strategy, they have sent Sikh soldiers to fight the Kashmiris, as they have done in Nagaland. The Christians in Nagaland have been fighting for their freedom for the last 52 years.

The Council of Khalistan wrote an open letter to the Sikh soldiers and officers. They called on the soldiers and officers to stop "dying like dogs" for the Indian government. The letter asked Sikh soldiers if they would rather die as Sikh martyrs or mercenaries for Indian oppression. It urged them to stop shooting at their fellow freedom fighters in Kashmir and join the movement to free Khalistan.

The reasons why Khalistan and the other nations of South Asia should enjoy their freedom have been outlined by many of us in the past, and they have not changed. Amnesty International reports that thousands of political prisoners are being held without charge or trial. Some of them have been in illegal custody for 15 years.

If India is democratic and if there is no support for the freedom movements, as India claims, then why not let the peoples of the subcontinent vote on their political status? America should support self-determination for all the nations and peoples. We should declare our support for the freedom movements and the right of self-determination and stop aid to the repressive Indian regime.

CELEBRATING THE ARTISTRY OF WILLIAM KRAWCZEWICZ

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. HOYER. Mr. Speaker, I rise today to recognize an outstanding artist, William Krawczewicz, whose design was recently selected to appear on the back of the Maryland quarter, to be issued in March of 2000.

The U.S Mint will issue fifty different designs of the official quarter for the fifty different states, each quarter depicting features of its state. Mr. Krawczewicz's winning design features the state Capitol building in Annapolis, Maryland, the only statehouse that also once served as the Nation's Capitol. The design was chosen from among the approximately 280 designs depicting different aspects of Maryland.

This is not the first time Mr. Krawczewicz's artwork has been recognized. Over the years, he has won a number of awards and one of his designs was selected for a 1994 Olympic coin commemorative set. When he is not producing coin designs, Mr. Krawczewicz works as a graphic designer for the White House.

I would like to congratulate Mr. Krawczewicz for his artistry and for his contribution to the commemoration of the state of Maryland.

MARION COWELL, JR.

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. McCOLLUM. Mr. Speaker, I would like to take this opportunity to publicly congratulate Marion Cowell, Jr. on his retirement from First Union.

Mr. Cowell served as General Counsel for First Union for an impressive 27 years, during which he earned the respect and confidence of his associates at all levels of the corporation, both as a talented lawyer and as a friend. Besides working diligently for First Union, Mr. Cowell dedicated significant time providing pro bono services to individuals and community organizations that could not otherwise afford them. Such willingness to contribute to the community was recognized by his peers, and in 1998 he received the National Public Service Award from the Business Law section of the American Bar Association. His wise and judicious council will be greatly missed at First Union and I personally commend him for his outstanding achievements.

CHARACTER COUNTS

HON. MARK E. SOUDER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. SOUDER. Mr. Speaker, yesterday Congressman ERNIE FLETCHER introduced an amendment, which allows teacher training funds to be used for character education training, to the Teacher Empowerment Act. It was adopted with my strong support.

In the mid-1980s I served as the Republican Staff Director of the House Select Committee on Children, Youth and Families. I visited numerous creative character education programs across this nation including in St. Louis, Miami and Baltimore.

Each school system had involved the local community in the development of their program. Each was having a positive impact on the students in their schools. And, importantly, each program was done differently. It is important that we continue to encourage such creative flexibility.

Currently, there are a number of character education efforts in my district in northeastern Indiana. One of the best is a program called "Character Counts" which I have discussed with Garrett-Keyser-Butler Community School system superintendent Alan Middleton, as well as others in the Garrett system.

We need to encourage efforts to implement such programs. By allowing—leaving it up to the school districts themselves but allowing—teacher training to include character education training is an important advance for character education. Congressman FLETCHER's amendment made it clear that funds can be used for such training.

What follows is some basic information from the Garrett community school system's "Character Counts" program, which gives some idea of the approach of one character education initiative. It is important to note the emphasis on community participation as well as the specific themes that are stressed.

What? The Character Counts! Coalition is a national partnership of organizations and individuals involved in the education, training and care of youth. They have joined in a collaborative effort to improve the character of America's young people based on six basic standards of character.

Six pillars of character: Trustworthiness, responsibility, respect, fairness, caring, citizenship.

The Garrett-Keyser-Butler School Corporation this last year became a member of the national CHARACTER COUNTS! Coalition. The program's development was based on a 1992 summit meeting of educators, youth leaders, religious leaders and ethicists who worked together to identify those basic characteristics that they could all agree on as being essential to the development of good character. These became known as the Six Pillars of Character.

The CHARACTER COUNTS! Coalition hopes to combat violence, irresponsibility and dishonesty while strengthening the character of the next generation. The program is not associated with any particular religion or ideological agenda other than that of promoting good character through ethical decision making.

The membership list includes many well respected national organizations such as American Red Cross, the United Way of America, USA Police Activities League, Big Brothers/Big Sisters of America, 4–H, Little League Baseball, YMCA of the USA, the National Association of State Boards of Education and National Association of Secondary School Principals to mention a few.

We at the GKB School Corporation have made a commitment to work through the CHARACTER COUNTS! program in an effort to improve the character of our young people.

We believe that CHARACTER COUNTS! in personal relationships, in school, at the workplace, and in life. Who you are makes a difference!

Mission Statement: The Garrett-Keyser-Butler School Corp., is committed to the development of a program which unites the whole community in promoting trustworthiness, respect, responsibility, fairness, caring, and citizenship. We believe these ethical traits are essential for the success of young people in all areas of their life—in school, work, and personal relationships.

The Coalition is comprised of about 100 national and regional organizations that together reach more than 40 million young people.

Coalition includes: YMCA, BOYS & GIRLS CLUBS, 4–H, BIG BROTHERS/SISTERS, ATSO, LITTLE LEAGUE, RED CROSS, BOYS TOWN, NAT'L ASS'N OF POLICE, ATHLETIC LEAGUES, U.S. SOCCER ASSN., AFT, NEA, NAT'L ASS'N OF SECONDARY SCHOOL PRINCIPALS, NAT'L ASS'N OF STATE BOARDS OF EDUCATION, NAT'L ASS'N OF STUDENT COUNCILS, NAT'L CATHOLIC EDUCATIONAL ASS'N, AARP, LA RAZA, INTERNATIONAL ASS'N OF POLICE CHIEFS, NAT'L URBAN LEAGUE AND UNITED WAY.

TRIBUTE TO REV. LEROY BELLAMY

HON. KAREN L. THURMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mrs. THURMAN. Mr. Speaker, I rise today to honor Reverend Leroy Bellamy, a dear friend and senior pastor at Grace Temple Church of God in Floral City, FL.

For 40 years, the Reverend Bellamy has touched the lives of many Citrus County residents through gospel and prayer. He has worked hard over the years to build trust in the community and to inspire his congregations. Achieving that was not always easy, but he followed his heart and answered his calling.

Reverend Bellamy was the first minister of color in Citrus County to participate in interdenominational and inter-racial community religious and social activities. At a time when many residents believed separate was better, Reverend Bellamy challenged that notion and encouraged the community to worship and pray together.

The annual sunrise Easter service in Citrus County is proof of Reverend Bellamy's commitment to racial tolerance.

Each year, parishioners of different racial and ethnic backgrounds sit side by side in a packed stadium to listen to his inspiring sermons. The 86-year-old pastor prides himself on never having missed a sunrise service. The service is one of many ways this unassuming and humble man shows those around him that building bridges is God's answer to burning them. That working to bring people together—regardless of race, color, sex, religion or social class—is the right thing to do.

The people of Citrus County have listened carefully over the years to Reverend Bellamy's wise words. As a special way to thank him, the community is hosting a "Reverend Leroy Bellamy Day" in his honor on July 31st.

This is one of many times the pastor has been recognized for his service to the community. Reverend Bellamy and his late wife Priscilla were selected Citrus County's Family of the Year in 1992. He was also given a "Key to the City" in Inverness and lives on a road in Inverness bearing his name.

As you can tell, we're very proud to have Reverend Bellamy in our community. He's the epitome of goodness and righteousness. He grew up in Florida during a time when economic depression and racial isolation made life hard for many people. But, as a young man, Reverend Bellamy followed God's path and shunned bitterness and anger.

He often juggled several manual-labor jobs to provide for his 10 children: Leroy Jr., Randolph, Lonnie, James, Clarence, Curtis, Bruce, Gilbert, Nina, and Lucille. In later years, he went to work for himself in the hog-farming business and prospered. He saved his earnings and sent several of his children to college—an opportunity that was not available to him.

Like so many other upstanding Americans, Reverend Bellamy started within his own family to make life better for future generations. His grandson Patrick Thomas is a dedicated caseworker in one of my Florida district offices. Patrick says has grandfather always stressed upon his children and grandchildren, the importance of self-discipline, education and respect for oneself and others. Most of all, the Reverend Bellamy taught his children and parishioners to have faith and trust in God. This, the Reverend says, is the most important lesson. The lesson that shapes a lifetime. The lesson that opens Heaven's gates.

Through his ministry, the Reverend Bellamy lifts the spirits of people in prisons, hospitals and nursing homes. He grieves with families at funerals, brings couples together in holy matrimony and celebrates life's simple pleasures at parades and other county festivities.

We are forever grateful to the Reverend Bellamy for leading a life dedicated to God's

work and for choosing to make Citrus County his home. His smile brings hope and joy to the troubled. His prayers strengthen wearied hearts. His words of comfort console those in need.

Mr. Speaker, please join me in paying tribute to the Reverend Leroy Bellamy, a man who credits his good life to his commitment to God. May Citrus County be blessed with the Rev. Bellamy's divine presence and spiritual leadership for many more years to come.

CARRIE P. MEEK'S TRIBUTE TO REV. DR. G. DAVID HORTON, PASTOR, GREATER NEW BETHEL BAPTIST CHURCH

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mrs. MEEK of Florida. Mr. Speaker, it is truly a distinct honor and privilege to pay tribute to one of Miami-Dade County's great ecclesiastical leaders, the Rev. Dr. G. David Horton, on his 20th Year Anniversary as Pastor of Greater New Bethel Baptist Church. I want to echo the same sentiments of joy and gratitude that his congregation is lifting up to Almighty God to celebrate his milestone during this month of July, culminating on Sunday, August 1, 1999.

Rev. Dr. Horton truly represents the best and the noblest of God's Chosen Ones. As pastor, preacher and minister of the Gospel, he is remarkably leading his congregation in the ways of God and has tirelessly worked to enlighten our community on the agenda of spiritual wisdom and good government based on our God-given conscience and responsibility toward others.

It is indeed fitting for those of us who subscribe to the Judaeo-Christian Faith to pause and reflect on the important role that Rev. Dr. Horton plays in the day-to-day affairs of his congregation. I want to acknowledge the tremendous work he is doing in constantly guiding not only the members of the Greater New Bethel Baptist Church, but also our community at large. He has truly exemplified the example of Christ as the Good Shepherd, and is wisely leading his flock of believers to the demands of Faith and to the works of Charity, sharing with them the words of God's wisdom and salvation emanating from the Gospel.

His consecration and vigilance over the spiritual growth and socio-moral well-being of his congregation have impacted the lives of countless people, propelling him into one of our state's charismatic preachers. Accordingly, my constituents in the 17th Congressional District's northern sector are the fortunate beneficiaries of Rev. Horton's teachings and ministry, especially in his advocacy to reach out both by way of word and example our unconditional love and commitment to the children, the elderly, the poor, the disenfranchised and the less fortunate among us. We have learned from him the centrality of God in our daily lives, conscious of the fact that the mandate of our Faith and the obligation of our citizenship must characterize our service to those who could least fend for themselves.

His countless awards aptly described him as a forceful, courageous and visionary leader not only of the religious community, but also our society at large, firmly compelled by the fact that the Greater New Bethel Baptist Church in Miami is indeed part of a larger network of institutions that serve as the voice and conscience of our community. Rev. Dr. Horton is fully living up to his vocation as a pastor par excellence. His standards for learning, caring and achieving, especially among the youth, have won for him the accolades of our community. Public and private agencies, along with countless organizations, have oftentimes cited him for his resolute consecration to the Truth of the Gospel, along with his uncompromising stance on justice and equal opportunity for all.

Moreover, his crusades in teaching our youth have become legendary. He has gained the utmost confidence of parents, teachers and countless others from diverse professions who see in him as a no-nonsense motivator. They are wont to entrust him with the future of their children and families, genuinely confident that they will learn from him the tenets of personal excellence, buoyed up by an uncompromising commitment to hard work and discipline.

Our community is deeply touched and comforted by his undaunted leadership, compassion and personal warmth. As head of one of the largest Baptist Churches in Florida, Rev. Dr. Horton preaches and lives by the adage that the grace of God's Providence and the quest for His Justice must buttress our common quest for personal integrity and professional achievement in the service of others. As a man of God and as an indomitable leader in our community, he has rightfully earned our deepest respect and genuine admiration.

This is the great legacy the Rev. Dr. G. David Horton is unselfishly sharing with us on the occasion of his 20th Pastoral Anniversary. I am privileged indeed to be blessed with his friendship and confidence. And I am deeply grateful that he continues to teach us to live by his noble ethic of always loving God and serving our fellow men.

IN PROTEST OF RECEPTION FOR CASTRO GOVERNMENT OFFICIALS

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. DEUTSCH. Mr. Speaker, I stand today to protest tonight's reception honoring two officials of the Castro regime, which makes a statement to Cuban dictator Fidel Castro and the world that the United States considers a Communist dictator to be a good trading partner.

I am troubled by the fact that tonight two of Castro's officials will be hosted at a Capitol Hill event for the first time in 40 years. Maria de la Luz B'Hammel and Igor Montero Brito should not have been granted visas to visit the United States, and they should not be welcomed as spokespeople for the opening up of trade between the United States and Cuba.

It is important that we remain vigilant in bringing to light the continuing deplorable behavior of Castro and his regime. Castro uses food as a weapon, cutting off the rations of those who speak out against his destructive and oppressive policies. He has destroyed his own country, and trade with him will not only be an affront to American ideals of human rights and freedom, but will also be disastrous for our economy.

There are those who look upon trade with the Castro regime as a panacea for the problems of our agriculture industry. In reality, trade with Castro will actually open up our markets to cheap products made with cheap labor in Cuba. Castro's agricultural products will be inexpensive because they will be made by overworked and underpaid workers in a country with no labor rights. His products may harm the environment, as they will be produced by a government without a system of checks and balances over environmental policies. And they will be dumped on the U.S. market, because Castro has never possessed nor does he now possess the ability to cooperate meaningfully with other nations.

Trade with Cuba will eventually be possible, but never under this tyrannical regime. To suggest otherwise, as tonight's reception does, is to forget our commitment to the ideals of freedom and democracy—ideals that Castro does not and will never share.

FOLIC ACID PROMOTION AND BIRTH DEFECTS PREVENTION ACT OF 1999

HON. LUCILLE ROYBAL-ALLARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Ms. ROYBAL–ALLARD. Mr. Speaker, today, I, along with my colleague Congresswoman JO ANN EMERSON, am introducing the Folic Acid Promotion and Birth Defects Prevention Act of 1999. This bipartisan bill, with 102 Democratic and Republican original cosponsors, is being introduced in the Senate by Senators ABRAHAM, KOHL and BOND.

The Folic Acid Promotion and Birth Defects Prevention Act of 1999 will provide for a national folic acid education program to prevent birth defects.

Each year an estimated 2,500 babies are born in the United States with serious birth defects of the brain and spine, called neural tube defects. These neural tube defects cause crippling lifelong physical disabilities and at times, even death.

However, up to 70% of neural tube birth defects could be prevented if women of childbearing age consumed 400 micrograms of folic acid daily. That means women need to eat a healthy diet and take a daily multivitamin. It's that simple.

Women need to be taking folic acid before and during their first trimester of pregnancy because these neural tube defects occur very early in pregnancy, before most women know that they are pregnant and because roughly 50% of all pregnancies in the U.S. are unplanned.

The problem is that the majority of women are not aware of the benefits of folic acid. A 1997 March of Dimes national survey found

that only 30% of women take a multivitamin with folic acid before pregnancy. There is an urgent need to teach women about the importance of increasing their consumption of folic acid by taking a daily vitamin pill, eating more fortified cereal grain products and eating food naturally rich in folic acid.

Nationwide, Hispanic women have the highest rates of neural tube defects. In fact, in my home state of California, Hispanic mothers have the highest number of cases of neural tube defects than any other racial group and Mexican-born mothers have twice the risk of having babies with neural tube defects compared to U.S.-born mothers.

The Folic Acid Promotion and Birth Defects Prevention Act of 1999 will amend the Public Health Service Act to provide for a national folic acid education program to prevent birth defects. This bill authorizes the Centers for Disease Control and Prevention, in partnership with states and local public and private entities, to launch an education and public awareness campaign, conduct research to identify effective strategies for increasing folic acid consumption by women of reproductive capacity, and evaluate the effectiveness of these strategies.

The Folic Acid Promotion and Birth Defects Prevention Act of 1999 is supported by leading health organizations, including the March of Dimes, Association of Women's Health, Obstetric and Neonatal Nurses, National Association of Pediatric Nurse Associates and Practitioners, Council for Responsible Nutrition, American Association of University Affiliated Programs for Persons with Developmental Disabilities, American College of Obstetricians and Gynecologists, American College of Nurse-Midwives, American Public Health Association, Council of Women's and Infants' Specialty Hospitals, Easter Seals, National Association of County and City Health Officials, National Women's Health Network, and the Spina Bifida Association of America.

I would like to recognize the March of Dimes, the National Council on Folic Acid and the Centers for Disease Control and Prevention for their leadership and steadfast commitment to this issue. I would especially like to thank Jody Adams and her daughter, the March of Dimes Ambassador Kelsey Adams, for their hard work in publicizing this simple, yet highly effective, prevention strategy.

Finally, I would like to thank my colleagues, Congresswoman JO ANN EMERSON, as well as Senators ABRAHAM, KOHL and BOND for their hard work in raising awareness about this vitally important issue. By getting the message out, we can help families across the country have healthy babies and save the lives of thousands of babies each year.

PERSONAL EXPLANATION

HON. LUIS V. GUTIERREZ

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. GUTIERREZ. Mr. Speaker, on the afternoon of Monday, July 19, 1999, I was unavoidably absent from this chamber and therefore missed rollcall vote number 310 (H.R. 1477), rollcall vote number 309 (H. Con. Res. 121) and rollcall vote number 308 (H.R. 1033). I want the RECORD to show that if I had been able to be present in this chamber when these votes were cast, I would have voted ''yea'' on each of them.

TEACHER EMPOWERMENT ACT

SPEECH OF

HON. JOSEPH CROWLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1995) to amend the Elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes:

Mr. CROWLEY. Mr. Chairman, I rise today to oppose H.R. 1995, the Teacher Empowerment Act, and support the Martinez substitute.

As I looked over the materials I had received regarding H.R. 1995, I found myself wondering how the Republican leadership could offer an education bill, a bill for teachers, that is not supported by educators themselves. Nor do parents, Boards of Education, or many others concerned about our education system support it. In fact, the American Federation of Teachers, the National Education Association, the Council of Chief State School Officers, the National Parent Teachers Association, the National Association of State Boards of Education, Council of Great City Schools, the New York State Education Department, and the New York City Board of Education each oppose this bill. Does this seem right? How can the American public have faith that we are going to improve their schools when nearly all education groups oppose the proposed education bill?

As a newly elected Member, I can tell you that parents in my congressional district are concerned. They want smaller classes. They want assurances that money isn't going to be taken from their low-income school districts and transferred to districts with more resources. They don't want rhetoric. They want results.

H.R. 1995 takes away the guarantee of smaller classes by rolling class size reduction funds into a block grant for professional development purposes and class size reduction. While class size reduction is a ''mandatory use'' under H.R. 1995, there is no commitment that serious funds will be used for that purpose.

We should not reverse the process that was put into place last year when a bipartisan commitment was made to fund the first installment of a program aimed specifically at reducing class sizes. Instead, we should show our local school districts that we will be there with the followup funds so they can retain the teachers they are hiring this year and continue their class reduction efforts.

Furthermore, H.R. 1995 severely undermines the original goal of the Elementary and Secondary Education Act—to provide assistance to the neediest students. This bill fails to direct sufficient resources to schools that need the most help: the highest poverty districts in each state and district.

Overall, H.R. 1995 would divert resources away from districts, like many of those in New York City, that need the money the most. Altering the funding formula from 80 percent of the funds being allocated to high-poverty districts to having only 50 percent being allocated to districts, combined with the loss of class size reduction funds, would result in a $22 million loss for New York City's public schools. I am sure that this result will be mimicked in cities and towns across the country.

I know my Republican colleagues will argue that a hold harmless provision has been added to the bill. However, that hold harmless is for the first year only. After that, there is no guarantee that funding for class size reduction will not be dramatically decreased.

We must not abandon our commitment to class size reduction and to helping our neediest students. The Martinez substitute ensures that we honor our commitment to class size reduction. Additionally, the Martinez substitute does not alter the intent of the ESEA, to assist the neediest school districts. We should pass the Martinez substitute, and, if not, we should defeat H.R. 1995.

DICK STRAHM RETIRES AFTER A QUARTER CENTURY AS HEAD COACH OF THE UNIVERSITY OF FINDLAY OILERS

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. OXLEY. Mr. Speaker, I am honored today to salute my good friend Dick Strahm at the close of his 25-year career as head football coach of the University of Findlay Oilers.

The Dick Strahm Era at U of F began in 1975, when he arrived from Kansas State to breathe new life into the program. He immediately set out to recruit the best players available, going all out to lure top prospects to Findlay despite significant shortfalls in available scholarship money. His dedication and commitment to the program were apparent from the beginning, as his team went undefeated in 1978 and won the Division II national title in 1979.

Coach Strahm's successes carried into the 80s, as the 1985 team compiled U of F's first 10-game winning streak in history. The 90s, though, proved to be his best decade at the helm, as he coached his players to an 83–20–3 overall record, a 27-game winning streak, and three more national championships.

During his 24-season tenure with the Oilers, Dick Strahm presided over just two losing seasons, and compiled an overall head coaching record of 183 wins, 64 losses, and five ties. He was named National Association of Intercollegiate Athletics Coach of the Year four times, and NAIA District 22 Coach of the Year 12 times. The Oilers will certainly miss his leadership on the field in the seasons ahead.

I join Coach Strahm's current and former players, the University of Findlay family, and

the entire city of Findlay in thanking him for his years of service and devotion. Congratulations, Dick, on building a successful program that will bear your legacy for years to come.

TRIBUTE TO JOHN CARROLL

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. PACKARD. Mr. Speaker, I would like to pay tribute to John Carroll who is a student of Chapparral High School in Temecula Valley, California. During the first session of the Summer 1999 House Republican Page Program, John represented the 48th Congressional District of California.

During his time in our Nation's Capital, John excelled in assisting the House as a Page. However, his exceptional dedication and keen interest in government is nothing new. John is the founder of the Young Republicans' Club at his High School and he has served as a volunteer for the American Red Cross. John's strong leadership skills and devotion to each task he undertakes have helped him become both an exceptional student and citizen.

Mr. Speaker, I was proud to have such an enthusiastic young man represent my district in the House Page Program. I would like to thank him for his hard work and dedication, and wish him the best of luck in all his future endeavors.

AMERICAN EMBASSY SECURITY ACT OF 1999

SPEECH OF

HON. VERNON J. EHLERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2415) to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes.

Mr. EHLERS. Mr. Chairman, I would like to thank the gentleman from New York and the gentleman from New Jersey for their hard work on this bill, and in particular, I would like to thank them for their support of the need for increased scientific and technological expertise at the U.S. State Department. Within the Manager's amendment before us today, Mr. GILMAN has included a provision to address this need by establishing within the office of the Under Secretary for Global Affairs a Science and Technology Adviser to the Secretary of State.

This new position is critical to avoiding communication gaps and missed opportunities for international scientific cooperation and protection of U.S. technology interests as it will allow the Secretary direct access to qualified technical analysis and advice. Science and technology are no longer isolated issues that require insight only as specific questions arise within the global community. Rather, the global community, and its economy, are increasingly tied to the commerce, trade, and health of its member countries through advances in information technology, biotechnology, the pharmaceutical industry, and questions regarding the environment. Furthermore, an increasing number of scientific projects are of such substantial size and expense, that they must be undertaken as collaborative projects among nations if they are to be pushed.

Last year, during hearings conducted by the House Science Committee in conjunction with its work on the Science Policy Study, our most unanimous and emphatic testimony came from witnesses discussing the state of science and technology in our foreign relations. Several witnesses referenced a 1992 Carnegie Commission report entitled Science and Technology in U.S. International Affairs that stated that "Overall, U.S. international relations have suffered from the absence of a long-term, balanced strategy for issues at the intersection of science and technology with foreign affairs. Sometimes this absence of analysis and policy leads to unpreparedness for major issues, bitter interagency disputes, and inadequate last-minute preparations for an international meeting." However, as Bruce Alberts, the President of the National Academy of Sciences, states in his testimony, the State department is taking steps to address this void by requesting the National Research Council "undertake a study on the contributions that science, technology and health can make to foreign policy and to make recommendations on how the department might better carry out its responsibilities to that end." This study is due to be completed in September, and one of the prescribed duties of the new Science and Technology Adviser will be to assist the Secretary of State in developing a report to submit to Congress describing plans for implementation of the Research Council's recommendations, as appropriate.

By including this provision to establish a Science and Technology Adviser within the American Embassy Security Act, Congress will lend its support to those in the State Department who are already taking steps to improve the integration of science and technology within our foreign policy. I appreciate Mr. GILMAN's support on this issue, and believe that the entire nation will benefit from this measure to better represent American knowledge, science and technological assets to our international partners.

IN MEMORY OF JACK DEMPSEY

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. McINNIS. Mr. Speaker, it is with great pleasure that I now wish to recognize Mr. Jack Dempsey of Manassa, CO. For his great success in boxing, his loyalty, and love of Colorado, I would like to honor him and his memory which continues to survive.

Born in June 1895, in Manassa, CO, Jack Dempsey entered the world as William Harrison Dempsey. His parents were poor and humble farmers and pioneers. Jack was one of 11 children, and from the beginning he was a mama's boy. Believing that his mother deserved a better life, and determining to provide her with the best, Jack Dempsey struck out on his own at an early age.

After traveling to various mining towns throughout Colorado and California, Jack began fighting at age 17. He began his professional career as a boxer in 1914 and won the nickname, "Manassa Mauler" changing his name to reflect the Irish legend, Jack Dempsey. Though small in stature, 6'1" and 180 pounds, Jack took those he fought by surprise. In 1919, Jack Dempsey won the Heavyweight Boxing Title which he held until 1926 when he lost the title to Gene Tunney.

In May 1983, Jack Dempsey passed away, a legend to always be remembered. Though Jack will be greatly remembered for his incredible boxing career, he will also be remembered for his love and dedication to his mother and his courage and strength. For his hard work, determination, success, and remarkable life, I wish to pay tribute to Mr. Jack Dempsey as the bronze statue of Mr. Dempsey is dedicated to Cecilia Dempsey, Jack's mother. I am grateful for the example Jack Dempsey set and for the inspiration which he continues to provide.

IN RECOGNITION OF MEMBERS OF RIVERS/JANOWICZ AMERICAN LEGION POST 138 OF BOZRAH, CT

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1999

Mr. GEJDENSON. Mr. Speaker, I rise today to congratulate the members of Rivers/Janowicz American Legion Post 138 of Bozrah, CT, upon receiving the Sidney P. Simon Award from the American Legion Department of Connecticut. This award is presented annually to the post in Connecticut which is determined to have sponsored within its community the most outstanding program of environmental beautification, improvement and betterment. the award was presented to the Post during the American Legion Convention on July 9, 1999.

Under the leadership of Harold O'Connell, Adjutant, the Post adopted a resolution earlier this year to beautify and improve memorials honoring the veterans of World Wars I and II and the Korean and Vietnam Wars. A special committee consisting of William Benson, past Commander; William Fishbone, Commander; Harold O'Connell, Adjunct; and John Orr, Historian guided the project to completion. Every member of the Post contributed to the success of this special effort. Their hard work and dedication has been recognized by veterans across the State of Connecticut with the Simon Award.

Mr. Speaker, like so many of their counterparts across this great nation the veterans of Post 138 continue to give of themselves. They unselfishly answered this nation's call to service in North Africa, Europe and throughout the Pacific, in the Korean peninsula, in southeast Asia and in the Persian Gulf. They gave of

themselves, and many of them made the supreme sacrifice to guarantee our liberty and to ensure that hundreds of million of people around the world could enjoy a life free from tyranny. These veterans continue to offer service to their country long after returning to civilian life. The members of Post 138 in Bozrah work on behalf of their community in many ways. And, as witnessed by their support for this project, they honor the memory of fellow veterans every day.

Mr. Speaker, I am proud to congratulate the members of Rivers/Janowicz American Legion Post 138 on receiving the Sidney P. Simon Award.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, July 22, 1999 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 23

10 a.m.
Foreign Relations
To hold hearings on the nomination of Michael A. Sheehan, of New Jersey, to be Coordinator for Counterterrorism, with the rank and status of Ambassador at Large.
SD–419

JULY 27

9:30 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings on agricultural concentration and anti-trust issues.
SR–328A
Health, Education, Labor, and Pensions
To hold hearings to examine innovations in child care programs.
SD–430

2 p.m.
Judiciary
Criminal Justice Oversight Subcommittee
To hold oversight hearings on activities of the Criminal Division of the Department of Justice.
SD–628

2:30 p.m.
Energy and Natural Resources
Forests and Public Land Management Subcommittee
To hold hearings on S. 930, to provide for the sale of certain public land in the Ivanpah Valley, Nevada, to the Clark County, Nevada, Department of Aviation; S. 719, to provide for the orderly disposal of certain Federal land in the State of Nevada and for the acquisition of environmentally sensitive land in the State; S. 1030, to provide that the conveyance by the Bureau of Land Management of the surface estate to certain land in the State of Wyoming in exchange for certain private land will not result in the removal of the land from operation of the mining laws; S. 1288, to provide incentives for collaborative forest restoration projects on National Forest System and other public lands in New Mexico; S. 1374, to authorize the development and maintenance of a multiagency campus project in the town of Jackson, Wyoming; and S. 439, to amend the National Forest and Public Lands of Nevada Enhancement Act of 1988 to adjust the boundary of the Toiyabe National Forest, Nevada.
SD–366

JULY 28

9:30 a.m.
Indian Affairs
To hold hearings on S. 979, to amend the Indian Self-Determination and Education Assistance Act to provide for further self-governance by Indian tribes.
SR–485
Energy and Natural Resources
Business meeting to consider pending calendar business.
SD–366

10 a.m.
Judiciary
To hold hearings on combatting methamphetamine proliferation in America.
SD–628
Banking, Housing, and Urban Affairs
To hold oversight hearings on the Monetary Policy Report to Congress pursuant to the Full Employment and Balanced Growth Act of 1978.
SH–216

2:30 p.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 624, to authorize construction of the Fort Peck Reservation Rural Water System in the State of Montana; S. 1211, to amend the Colorado River Basin Salinity Control Act to authorize additional measures to carry out the control of salinity upstream of Imperial Dam in a cost-effective manner; S. 1275, to authorize the Secretary of the Interior to produce and sell products and to sell publications relating to the Hoover Dam, and to deposit revenues generated from the sales into the Colorado River Dam fund; S. 1236, to extend the deadline under the Federal Power Act for commencement of the construction of the Arrowrock Dam Hydroelectric Project in the State of Idaho; S. 1377, to amend the Central Utah Project Completion Act regarding the use of funds for water development for the Bonneville Unit; and S. 986, to direct the Secretary of the Interior to convey the Griffith Project to the Southern Nevada Water Authority.
SD–366

JULY 29

9:30 a.m.
Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia
Subcommittee
To hold hearings on total quality management, focusing on state success stories as a model for the Federal Government.
SD–342
Year 2000 Technology Problem
To hold hearings on year 2000 Information Cordination Center.
SD–192

2:15 p.m.
Energy and Natural Resources
National Parks, Historic Preservation, and Recreation Subcommittee
To hold hearings on S. 710, to authorize the feasibility study on the preservation of certain Civil War battlefields along the Vicksburg Campaign Trail; S. 905, to establish the Lackawanna Valley American Heritage Area; S. 1093, to establish the Galisteo Basin Archaeological Protection Sites, to provide for the protection of archaeological sites in the Galisteo Basin of New Mexico; S. 1117, to establish the Corinth Unit of Shiloh National Military Park, in the vicinity of the city of Corinth, Mississippi, and in the State of Tennessee; S. 1324, to expand the boundaries of the Gettysburg National Military Park to include Wills House; and S. 1349, to direct the Secretary of the Interior to conduct special resource studies to determine the national significance of specific sites as well as the suitability and feasibility of their inclusion as units of the National Park System.
SD–366

AUGUST 3

9:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1052, to implement further the Act (Public Law 94–241) approving the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America.
SD–366

10:30 a.m.
Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia
Subcommittee
To hold hearings on overlap and duplication in the Federal Food Safety System.
SD–342

AUGUST 4

9:30 a.m.
Indian Affairs
To hold hearings on S. 299, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and S. 406, to amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations; followed by a business

meeting to consider pending calendar business.

SR–485

SEPTEMBER 28

9:30 a.m.

Veterans Affairs

To hold joint hearings with the House Committee on Veterans Affairs to review the legislative recommendations of the American Legion.

345 Cannon Building