SENATE—*Thursday, July 29, 1999*

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

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, Rabbi Solomon Schiff, director of chaplaincy, Greater Miami Jewish Federation, Miami, FL.

We are pleased to have you with us.

PRAYER

The guest Chaplain, Rabbi Solomon Schiff, offered the following prayer:

Heavenly Creator, we invoke Thy blessings upon those gathered here, loyal servants in the vineyard of human compassion. Bless, we pray, the Members of this body who have accepted the high privilege and sacred responsibility of serving in the sanctified Halls of the U.S. Senate. Unto their hands was entrusted the mantle of leadership on behalf of the American people. May they discharge their responsibilities with courage and commitment. Grant that their deliberations will be free from rancor and bitterness, but that they will be ruled instead by wisdom, purpose, and dedication.

O, divine Healer, bind our Nation together. Sustain the dreams of those who founded our great Republic, that through our sharing with one another the ideals which gave it birth—the ideals of liberty, justice, equality, and freedom—we will preserve and strengthen these ideals for all future time. In this way we will help bring about a society based on moral and ethical values and ensure that the new millennium will mark not only a change in calendar but a change in character as well.

We will then lead the family of nations to an unending era of tranquility, justice, and universal peace. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CONRAD BURNS, a Senator from the State of Montana, 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.

GUEST CHAPLAIN RABBI SOLOMON SCHIFF

The PRESIDING OFFICER (Mr. CRAPO). The Senator from Florida.

Mr. GRAHAM. Mr. President, I rise to thank our distinguished guest Chaplain, Rabbi Solomon Schiff, a personal friend, who has been a great contributor to the religious and civic life of our community and Nation and who has brought us an inspirational message to commence a long day of Senate deliberation.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER. The acting majority leader is recognized.

SCHEDULE

Mr. ROBERTS. Mr. President, today, by a previous order, the Senate will begin a series of stacked votes on the Abraham Social Security lockbox amendment, the Baucus motion to recommit, and the Robb amendment regarding effective dates of the provisions in the Taxpayer Refund Act of 1999.

Following the votes, Senator GRAMM of Texas will be recognized to offer a substitute amendment containing across-the-board tax cuts, estate tax relief, and reductions in capital gains taxation. By previous consent, there then will be 10 hours of debate time remaining on the bill today. Therefore, it is the intention of the majority leader and other rational Senators to continue to make significant progress on the bill and complete action on this legislation no later than tomorrow.

I thank my colleagues for their attention.

TAXPAYER REFUND ACT OF 1999—Resumed

The PRESIDING OFFICER. The clerk will report the bill.

The legislative assistant read as follows:

A bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

Pending:

Abraham amendment No. 1398, to preserve and protect the surpluses of the social security trust funds by reaffirming the exclusion of receipts and disbursement from the budget, by setting a limit on the debt held by the public, and by amending the Congressional Budget Act of 1974 to provide a process to reduce the limit on the debt held by the public.

Baucus motion to recommit the bill to the Committee on Finance, with instructions to report back with an amendment to reduce the tax breaks in the bill by an amount sufficient to allow one hundred percent of the Social Security surplus in each year to be locked away for Social Security, and one-third of the non-Social Security surplus in each year to be locked away for Medicare; and an amendment to protect the Social Security and Medicare surplus reserves.

Robb amendment No. 1401, to delay the effective dates of the provisions of, and amendments made by, the Act until the long-term solvency of Social Security and Medicare programs is ensured.

MOTION TO WAIVE THE BUDGET ACT AMENDMENT NO. 1398

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, the pending amendment is not germane. I raise a point of order that the Abraham amendment violates section 305(b)(2) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, pursuant to section 904(c) of the Congressional Budget Act of 1974, I move to waive the Budget Act for consideration of the ABRAHAM amendment.

Mr. GRAMM. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. There is 2 minutes of debate.

Who yields time?

Mr. REID. Mr. President, in a letter dated April 21, 1999, on a similar provision, then-Secretary of the Treasury Robert Rubin wrote to Senator MOYNIHAN that this ''provision could preclude the United States from meeting its financial obligations to repay maturing debt and to make benefit payments—including Social Security checks—also worsen a future economic downturn.''

The lockbox in this proposal is potentially destabilizing in a manner reminiscent of the constitutional amendment to require a balanced budget.

I remind those who propose rigid 10-year schedules for reducing the publicly held debt that economics does not follow the agricultural cycle. There will be periods when surpluses, both on and off budget, will fall far short of projections. We should not impose a debt reduction schedule, enforced by a declining debt cycle ceiling, even if it can be overridden with 60 votes. To do so will risk default every time the debt ceiling is lowered.

Mr. ABRAHAM. Mr. President, first of all, we have endeavored to and have modified our amendment to try to address some of these concerns. I think we have done so. I believe we have given sufficient flexibility so that there will not be the concerns that were raised in that letter.

This lockbox does not need a lot of debate. Americans have been hearing us talk about it now for almost 3 months. We will continue to try to get a straight up-down vote on this. I would note that once again this morning another procedural roadblock has

been put in place to prevent us from getting a straight up-or-down vote. I regret that. I was prepared to come today and offer both sides the opportunity to have straightforward votes. If one side or the other in their various lockbox proposals got 50-plus votes, they would win and we could give the American people what I believe they want, and that is protection for their Social Security dollars sent to Washington. But again, once more, what we have had is a procedural impediment placed in the way of getting final action on this legislation.

Mr. President, I urge my colleagues who have previously supported this lockbox to do so. It is a tougher lockbox that protects Social Security. If we want to do it, I say vote ''yes.'' Vote to waive the Budget Act.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the motion to waive the Budget Act. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 54, nays 46, as follows:

[Rollcall Vote No. 227 Leg.]

YEAS—54

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

NAYS—46

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

The PRESIDING OFFICER (Mr. FRIST). On this vote the yeas are 54, and the nays are 46. Three-fifths of the Senators present and voting, not having voted in the affirmative, the motion to waive the Budget Act is rejected. The point of order is sustained, and the amendment falls.

Mr. ROTH. Mr. President, I ask unanimous consent that the remaining votes in this series be limited to 10 minutes in length, and I ask that all the Members of the Senate stay on the floor. We have a full and busy day.

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

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

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

The motion to lay on the table was agreed to.

PRIVILEGE OF THE FLOOR

Mr. LEAHY. Mr. President, I ask unanimous consent that Peter McDougall of my staff be given floor privileges throughout the day.

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

MOTION TO RECOMMIT

The PRESIDING OFFICER. The question is on the Baucus motion.

Mr. BAUCUS. Mr. President, I understand each side has 1 minute of explanation.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAUCUS. Mr. President, this is a very simple matter before the Senate. It is a choice: Do we want to protect Medicare or not. It is that simple. That is the choice that we are presented with today.

The amendment I am offering is the House lockbox which passed the House by an overwhelming margin—it only had three or four votes against it—along with the Medicare lockbox. The Medicare lockbox we provide sets aside one-third of the on-budget surplus for Medicare. It can be used in whatever way we want to use it for Medicare, including to provide an affordable prescription drug benefit or for shoring up Medicare solvency.

That is the choice before the Senate. Do we preserve Medicare or not. Our choice here today, however, is nothing compared to another choice. That is the choice that about 16 million seniors must make every day: Do I choose to buy my medicine, choose to pay the rent, or choose to buy food?

We are saying set aside and preserve for Medicare one-third of the on-budget surplus so that the choices facing seniors are not quite as abhorrent.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this is another opportunity on the part of the other side to propose to the American people that they want anything but tax relief. This is a motion to recommit. It would do nothing to protect Medicare. It is the President's proposal, which is a phony transfer of IOUs to the Medicare trust fund. It does nothing to help senior citizens. It is just an effort to lock up $300 billion so you can't give the American people a tax cut, plain and simple. They don't want to confront the issue of a lockbox for Social Security so they muddle it up and instead of trying to solve something, they would like to create an issue instead of a solution.

Frankly, there are hardly any experts in America who look at this lockbox concept for Medicare and say it helps the seniors or it helps Medicare. If this is the plan the President is alluding to across this land, then he has none.

I believe, since the other side did not let us have a vote, we ought to do ours procedurally also, and I am compelled to do that.

Therefore: The language in this amendment is not germane to the bill before us, so I raise a point of order under section 305(b)(2) of the Congressional Budget Act.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, pursuant to section 904 of the Budget Act, I move to waive the applicable sections of that act for the consideration of the pending amendment.

Mr. President, 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. The question is on agreeing to the motion to waive the Budget Act in relation to the Baucus motion to recommit S. 1429. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

The yeas and nays resulted—yeas 42, nays 58, as follows:

[Rollcall Vote No. 228 Leg.]

YEAS—42

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

NAYS—58

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

The PRESIDING OFFICER. On this vote, the yeas are 42, the nays are 58. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the motion falls.

The PRESIDING OFFICER. The Senator from Delaware.

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

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

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I ask unanimous consent that all amendments and motions to recommit to S. 1429 must be filed by 2 p.m. today at the desk and with the bill managers.

Mr. STEVENS. Reserving the right to object, what time was that?

Mr. ROTH. Two p.m.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 1401

Mr. ROTH. Mr. President, I think we are ready for the vote on the next amendment.

The PRESIDING OFFICER. There are 2 minutes equally divided. Who yields time?

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, this amendment simply delays the effective date of the tax cut that is proposed. There are many who believe that a tax cut of this magnitude at this time would be ludicrous. But that is not the issue. The issue is whether or not we ought to go ahead with a tax cut notwithstanding the fact that we have not protected Social Security and Medicare.

Most of the people who have spoken so far have talked about their concern for doing just that. The lockbox provisions were proposing to do just that.

If you want to save Social Security and Medicare, this is an incentive. It will delay the implementation of the act, but it will not negate the effectiveness of the act.

I ask that our colleagues vote to support this particular amendment, save the one-half of 1 percent of the total which would be expended this year, and not lock in cuts that would cost $792 billion, which would be almost impossible to reverse should that prove to be the case.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, no one in this chamber thinks other than that we want a real, sound, solid, and solvent Social Security system and Medicare system. Most of us, however, realize we will only have that if we have fundamental reforms in those systems, such as that proposed by the Medicare commission at which the President scoffed.

This amendment will serve to actually make Social Security and Medicare less sound. It will actually delay the process of real reform. The solvency dates that are used in this legislation are taken from the President's proposal and will invariably result in pouring more and more general revenues into these entitlement programs, delaying the day when we have to face up to the fact that we have to have fundamental reform.

Our bill sets aside 75 percent of the surplus for Medicare, Social Security, debt retirement, and other spending priorities. With regard to the 25 percent remaining, there is no reason to delay tax cuts.

If we saved every penny of the surplus, put it into Medicare and Social Security, it would not do one thing toward solving the fundamental problem.

This language is not germane to the bill now before us; therefore, I raise a point of order, under section 305(b)(2) of the Congressional Budget Act of 1974.

Mr. ROBB. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for the consideration of the pending 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. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Robb amendment No. 1401. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 229 Leg.]

YEAS—46

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

NAYS—54

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

The PRESIDING OFFICER. On this vote the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained, and the amendment falls.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 1405

(Purpose: To return to the taxpayers a portion of the budget surplus that they created with their tax payments)

The PRESIDING OFFICER. Under the previous order, the Senator from Texas is recognized to offer an amendment.

Mr. GRAMM. Mr. President, I send an amendment to the desk in the nature of a substitute for myself, for Senator LOTT, Senator NICKLES, Senator MACK, Senator COVERDELL, Senator CRAIG, Senator MCCONNELL, Senator INHOFE, Senator HUTCHISON, Senator BUNNING, Senator KYL, Senator BOB SMITH of New Hampshire, Senator ALLARD, and Senator HAGEL, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM], for himself, Mr. LOTT, Mr. NICKLES, Mr. MACK, Mr. COVERDELL, Mr. CRAIG, Mr. MCCONNELL, Mr. INHOFE, Mrs. HUTCHISON, Mr. BUNNING, Mr. KYL, Mr. SMITH of New Hampshire, Mr. ALLARD, and Mr. HAGEL, proposes an amendment numbered 1405.

Mr. GRAMM. 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. GRAMM. Mr. President, I have the highest admiration for the chairman of the Finance Committee. I am supportive of the tax cut he has crafted in committee. I intend to vote for it on final passage if this amendment fails.

But I believe we need a clearer vision. I believe we need to define very precisely what we would like to use this tax cut to do, rather than running around trying to stick a nickel in everybody's pocket with a targeted program.

I would prefer to have a tax cut that has clear themes and this is a very simple substitute because it consists of simply five things. So this is a tax cut that you can explain to every American, and it contains basic principles that I believe every American can understand and support.

The first principle is we ought to have an across-the-board tax cut of 10 percent. Now, I know our Democrat colleagues are going to jump up and down and say, first of all, that 32 percent of American families pay no income taxes, and so if you have an across-the-board tax cut, they will not

get a tax cut. And that is right. Tax cuts are for taxpayers. If you don't pay taxes and we have a tax cut, you don't get a tax cut. Most Americans don't get food stamps; most Americans don't get TANF; most Americans don't get Medicaid because they don't qualify for those programs. If you don't pay taxes, you don't qualify for a tax cut.

Our Democrat colleagues are obviously going to jump up and down and say that Senator ROCKEFELLER, who pays 10 times as much taxes as I do, with a 10-percent across-the-board tax cut, will get 10 times as big a tax cut. That is right, but he pays 10 times as much taxes. If you ask people in your church to take up money to build a new parsonage and it turned out you had taken up too much money, and you decided to give it back, isn't the logical way to give it back to simply take how much an individual gave and take the amount that you didn't need and give it back to them proportionately?

So the point is, the first principle we believe in is there ought to be an across-the-board tax cut, so every American who pays income taxes will get a tax cut. Now, our Democratic colleagues have said they believe if you are rich, which means you are in the upper half of the income distribution—and they design that as roughly making somewhere around $50,000—you don't deserve a tax cut. In their proposal, you basically don't get one. I want to remind my colleagues that by excluding people who pay 99 percent of the income taxes in America, they are excluding from a tax cut 62 percent of all homeowners, 66 percent of all Americans between the ages of 45 and 64, 67 percent of all families who have children in their homes, 67 percent of all full-time workers, 68 percent of all Americans who have some college education, 69 percent of all married couples, and 80 percent of all two-wage earner families in America.

Our Democrat colleagues love investment, but they hate investors. They love the benefits of capitalism, but they hate capitalists. An across-the-board tax cut gives everybody a tax cut, and if people pay a lot of taxes, they get a bigger tax cut—not proportionately, but they get the same tax cut. If that offends you, if you believe that somehow people who make over $50,000 a year are the enemies of the people and they ought to continue to be punished, you would want to be against this provision.

The next thing this provision does is it eliminates the marriage penalty. Most Americans are not aware of that because our Tax Code is so perverted, if two young people, both of whom work, fall in love and get married, they, on average, pay the Federal Government $1,400 a year in taxes for the right to be married. My wife is worth $1,400, but the point is, she ought to get the money, not the Government. We eliminate the marriage penalty.

Secondly, we have income splitting. Now, I know some of our Democrat colleagues are going to get up and say, well, look, if the husband earns all the money and the wife stays at home and raises the children, they ought not to get the correction for the marriage penalty. Well, we do income splitting. We have decided we don't want to inject the Tax Code in the decision about whether people work outside the home or not. My mama worked every day that I was a child, and she did it because she had to do it. My wife has worked every day that our children have been alive because she wanted to do it. I am not trying to distort the decision one way or another, or make a judgment. All I am saying is that people who stay at home and raise their children contribute to America. They make a big contribution. By allowing a couple, where only one of them works outside the home, to split their income and attribute half to each one of them—that is what the partnership of marriage is about—we are able to give them a substantial reduction in the penalty they pay for being married.

The next provision is, we repeal the death tax, which is a certain kind of death penalty. I like the death penalty where we put murderers to death. I don't like the death penalty when working people die and we end up forcing their children to sell their business or their farm. All over America, people work a lifetime to build up a business or a farm, and then when they die, their children have to sell that business or sell that farm to give Government 55 cents out of every dollar they earned in a death tax. This provision repeals the death tax.

Now, I know that our Democrat colleagues are going to get up and say, well, these are rich people. But I want to give you an example. When I first met a printer from Mexia named Dicky Flatt, I met him about 25 years ago. He was in business with his daddy, who worked on these old calculator machines that businesses use. His mama kept all the books, his wife basically was working in their stationery shop, and Dicky Flatt did the printing business. They had an old building in Mexia, and it was cracking right down the middle. They kept putting sand in the bottom and kept tar-papering over the top. They had one bathroom, and it didn't have a door on it; it had a curtain on it. So when you went in to use the bathroom, you pulled the curtain.

Now, they worked hard in that business. So now Dicky Flatt has torn down that building. He has built a Morton building, a metal building, and he has a good size print shop and stationery shop. He sent his two sons to Texas A&M. They have come back and have gone into business with him. He works every day. He gets in at 6 and leaves about 8. He is there on Saturday until 6 o'clock. Whether you see him at the PTA, Boy Scouts, or the Presbyterian Church, try as he may, he never gets that blue ink off the ends of his fingers.

Now, Dicky Flatt may be rich, for all I know. He doesn't live like a rich guy. When his brother died of cancer, he took over his school supply business with his wife. My basic point is that Dicky Flatt and Linda, his wife, have worked 6 days a week their whole lives. They built up this business. Every penny they put into it has been in after-tax dollars. How can it be right to force their two boys, who now work in that business, to sell that business when Dicky and his wife Linda die in order to give the Government 55 percent of it, in order to take the money from Dicky Flatt and give it to people who have been sitting on their fannies in Mexia, not working on Saturday, and in some cases, not working at all? I am sure we are going to hear that this is for rich people. I want to put a human face on it.

When we revolted against King George, he wasn't doing things such as the death tax. This is an outrage. This is an assault on every value this country stands for, and I want to repeal it and repeal it outright.

I want to index the capital gains tax. That is the fourth provision of this bill.

I want to say that from this day forward, if you buy a house as an investment and the price doubles and you sell the house for twice as much as you paid for it, you haven't made any money, you simply kept up with inflation. But under current tax law, you have to pay the Federal Government a capital gains tax on the doubling of your house's price even though that new price will buy only the amount of goods you could have bought with the money for which you bought the house. So the next thing we do is index the capital gains tax for inflation.

Finally, we eliminate not the last outrage in the Tax Code but it is a big outrage. If General Motors buys you health insurance, it is tax deductible for them, but if you buy it for yourself, it is not tax deductible. We eliminate that by saying that no matter who buys health insurance in America, the employer or the employee, a retiree or a worker, a homemaker or someone who is employed in the economy, that health insurance is tax deductible.

It is a simple tax cut that you can put on one piece of paper. If you pay taxes, you are going to get a 10-percent reduction in income taxes out of this bill. It is easy to figure. If you pay $1,000 in income taxes, you are going to get $100. If you pay $10,000, you are going to get $1,000. If that breaks your heart, so be it. I think most people will like it.

Second, we eliminate the marriage penalty and we allow income splitting. If you have one parent who stays at

home, you are able to divide the income in half and have each of them claim half that income that belongs to them. This is endorsed by every family group in America because it is the right thing to do.

We repeal the death tax outright over a 10-year period—no ifs, ands, or buts. If you live 10 more years, under this bill, and you build something with after-tax dollars, it belongs to your family forever.

That is simple arithmetic. I think we can all understand it.

We index the capital gains tax so that you never pay capital gains tax again on inflation. This is a big issue for every homeowner and for every investor in America.

Finally, we provide full deductibility of health insurance. This is an equity issue. It is something that ought to be done.

This is a tax cut you can understand. It represents what I believe is the vision of the party of which I am proud to be a member. I hope my colleagues will vote for this substitute. I believe it represents a dramatic improvement and simplification in the Tax Code.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. ALLARD). Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 1 minute to the Senator from California and then 10 minutes to the Senator from Wisconsin, off the bill.

The PRESIDING OFFICER. The Senator from Delaware controls the time in opposition.

Mr. BAUCUS. The Senator from Delaware delegated that to the Senator from Montana.

The PRESIDING OFFICER. The Chair thanks the Senator for that clarification.

The Senator from California is recognized.

Mrs. BOXER. Thank you, Mr. President. I thank Senator BAUCUS.

My colleague from Texas says the Democrats hate investors and the Democrats hate capitalism. As a former stockbroker, I deeply resent his remarks. Maybe when the Senator from Texas was a Democrat he hated capitalism and he hated investors, but the Democrats around here don't. One of the reasons we are not supporting his amendment is that we think it is bad for capitalism and we think it is bad for investors.

I have to say that this amendment, which reflects what the House did, is a risky and radical amendment. It hurts the middle class. He says he loves the middle class. He talks about his momma and Dicky Flatt. And I love to hear him do it. But the bottom line is, the result of his amendment will hurt the very people he says he wants to help because it is such an unfair tax cut that would go to the very wealthiest and hurt the middle class and the working poor.

I say to my friends who may be listening to this debate, the Senator from Texas is a great debater but he was wrong when he said the Clinton plan would lead to economic disaster and he is wrong today. I hope we will vote down his amendment.

I yield my time.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I thank the Senator from Montana.

Mr. President, I rise to offer some comments on the reconciliation tax measure we are considering.

First, let me note that we have come a long way in the last seven years.

When I first came to the Senate, we were facing an actual budget deficit of $340 million.

That was the real figure—the figure that did not use the Social Security Trust Fund balances to mask the deficit.

Thanks in large part to the President's deficit reduction package in 1993, and to a lesser extent the bipartisan budget cuts of 1997, we are approaching a truly balanced budget.

I emphasize ''approaching,'' Mr. President, for we are not there yet.

The budget projections of the Office of Management and Budget, and of the Congressional Budget Office, are just that—projections.

We do not currently have a budget surplus, not without including the Social Security Trust Fund balances.

Mr. President, I do not mean to minimize the wonderful budget turnabout that has been achieved.

But we should not be building massive new commitments on a shaky foundation of questionable budget assumptions.

And that is just what we have.

The assumptions underlying the tax measure we will debate depend on Congress making cuts of $775 billion in real spending over the next ten years compared to current levels.

Let me note that this level of cuts does not include any additional cuts that might have to be made in order to offset the cost of unanticipated emergencies.

Let me repeat that, Mr. President.

The $775 billion in real spending cuts over the next ten years does not include the spending we do to help the victims of hurricanes, earthquakes, tornadoes, floods, or any kind of international emergency.

But, for the moment, let us suppose that there will be no hurricanes, or earthquakes, or tornadoes, or floods in the next ten years.

Let us suppose that there will be no international emergencies that require our assistance.

Will Congress find the political will to cut spending by three-quarters of a trillion dollars over the next ten years?

Mr. President, Congress has yet to demonstrate it can stay even within the current spending caps, let alone find an additional three-quarters of a trillion dollars in cuts.

Last fall, Congress passed an omnibus appropriations bill that busted the current spending caps by more than $20 billion.

This past winter, even before we passed a budget resolution, the Senate passed another budget buster, S. 4, the military pay and retirement measure, which over the next ten years would add another $62 billion in spending.

And just a few weeks ago, Congress busted the spending caps yet again with $15 billion in additional spending.

Mr. President, this is not a record of fiscal discipline.

Nor is it the kind of record that should give anyone confidence that the budget assumptions underlying this tax bill are sound ones.

Mr. President, the assumptions underlying this tax bill are grounded not in fiscal reality but in political expediency.

But, let us assume that somehow, Congress was able to enact the three-quarters of a trillion dollars in spending cuts.

And let us further assume, as we did earlier, that there will be no hurricanes, or floods, or earthquakes, or drought, or any other kind of natural disaster for the next ten years.

And that there will be no more Bosnias or Kosovos or Iraqs—no international emergencies of any kind for the next ten years.

Even under all of these assumptions, would this tax proposal be a sound one?

The answer is no, because even if each and every one of those rosy scenarios comes true, this bill would use over $75 billion in Social Security balances to pay for the tax breaks.

Mr. President, I strongly oppose using Social Security to fund tax cuts; that is why I voted against the 1997 tax cut package.

We simply should not be using Social Security balances—balances needed to pay future benefits—to fund other government programs, or to pay for tax cuts.

Of course, some may argue that even more spending cuts will be found in order to avoid the use of Social Security balances—on the top of the three-quarters of a trillion dollars in cuts assumed in this measure.

Mr. President, granting even this still rosier scenario, would this tax measure be fiscally responsible?

I regret that it would not, because not only does this tax bill risk our current budget, it puts future generations at risk as well.

Mr. President, while the revenue impact of any tax cut measure can be expected to grow over time, the policies outlined in this measure explode.

Consider that while in the next ten years, the cost of this proposal is an already whopping $800 billion—if those

tax policies are continued, the cost in the second ten years will be a nearly unbelievable $2 trillion.

If you add the additional interest payments that will arise from debt service, the total cost of the tax policies in this bill rise to over $3 trillion.

For those who may have forgotten, let me remind my colleagues that it is in that second ten years when the baby boomer generation begins to retire and put increased pressure on Social Security, Medicare, and the long-term care services provided under Medicaid.

If ever there were a time to be prudent, now is the time.

As improved as the short-term budget picture is, the longer-term budget picture is little changed.

We still face serious problems in Medicare, and as I noted, the baby boomer generation will put enormous pressure on that program, as well as on the long-term care services, many of which are provided through Medicaid.

There is also a consensus that we should address the long-term fiscal health of Social Security, and the sooner the better.

And finally, Mr. President, we still face a mountain of debt that was run up during the 1980s and early 1990s because of the deficits that were run up during that time.

In each of these areas, there is a stark choice: we can act now to address each of these areas; or, we can ignore them, watch the problems get much worse, and leave the work and cost of reform to our children and grandchildren.

Mr. President, for me, that's an easy choice.

I do not want my children footing the bill for the failure of past generations to act responsible.

I want to support a tax cut, but not one that jeopardizes the work we have done to straighten out the current budget and squanders the opportunity to reduce our debt and put Social Security, Medicare, and our long-term care system on sound footing.

Mr. President, let me take a moment to look at the make-up of the tax measure itself.

One might expect that a tax cut of $800 billion would provide the sort of broad-based tax benefits that would be politically attractive.

But given the amount of revenue dedicated to this tax cut, the benefits to the average taxpayer are surprisingly small, and the overall package is heavily skewed to some of the wealthiest individuals and corporations in the world.

As was noted by the tax watchdog group Citizens for Tax Justice, the tax bill gives three-quarters of its benefits to the best-off fifth of all taxpayers.

By contrast, only 11 percent of the tax bill's benefits go to the bottom 60 percent of all taxpayers.

While the average tax reduction for the wealthiest 1 percent of taxpayers—those with incomes over $300,000—is over $23,000 a year under this bill, those with more average income do not do quite as well.

The average tax cut for those who are among the middle fifth of taxpayers will be $279, or about $5 per week.

For those in the bottom three-fifths of all taxpayers, the average tax cut is even smaller—about $140 per year, or less than $3 per week.

Mr. President, under this $800 billion tax bill, the majority of taxpayers will have an average tax cut of $3 per week.

Maybe the proponents of this bill are hoping most of America will use this windfall to buy one of those overpriced cups of coffee.

Well, Mr. President, thanks to this tax bill, once a week, three-fifths of America will now be able to go to one of those fancy coffee shops and get a frothy decaf cappuccino latte with skim milk.

This tax bill is a bad tax policy any way you brew it.

Mr. President, I recognize that some may genuinely believe we should dedicate about $800 billion to tax cuts over the next ten years.

The tragedy is that even in that context, the $800 billion was spent unwisely, because in addition to Social Security, Medicare, long-term care, and reducing our national debt, one of our highest priorities should be significant reform of our tax code.

It was just a few months ago that we heard how critical fundamental tax reform was to our future.

Flat tax, consumption tax, a national value-added tax—there were a number of significant proposals that sought to address the inefficiency of our current Tax Code.

Simplification was the order of the day, and let me add, Mr. President, that while I did not support many of those proposals, I think many of the proponents of reform got it exactly right.

Our Tax Code should be simplified.

We should reduce the number of special interest tax breaks and use that savings to lower the tax rates for everyone.

I participated in just that kind of exercise at the State level as chair of the Taxation Committee in the Wisconsin State Senate.

As we all know, there will be winners and losers in a reform of our tax code, and I can tell you from direct experience that the best time to enact tax reforms is when you have additional resources to help increase the number of winners and decrease the number of losers.

Mr. President, this tax bill and the House version both squandered that opportunity as well.

We might have had a significant start on real tax reform.

Instead, we got a grab bag of goodies for special interests added to a tax code already thick with complexity.

A recent article in the Washington Post listed a number of the special interest tax breaks in this bill and the House version.

They include tax breaks for: multinational corporations, utility companies, railroad, oil and gas operators, timber companies, the steel industry, seaplane owners in Alaska, sawmills in Maine, barge lines in Mississippi, Eskimo whaling captains, and Carolina woodlot owners.

This bill is a dream come true for business lobbyists.

The Post reported one lobbyist as saying, ''If you're a business lobbyist and couldn't get into this legislation, you better turn in your six-shooter.''

Mr. President, in the name of complete disclosure, let me note that I understand the Democratic alternative, which I may support, suffers from the same problem, though to a much lesser extent.

And it will come as no surprise to my colleagues that I firmly believe this kind of pandering to special interests is a direct result of our campaign finance system.

There's ample evidence to that effect right here in this bill.

The campaign finance system gives wealthy interest an open invitation to influence legislation in this body, and in this bill it's clear that special interests accepted that invitation in droves, Mr. President.

For the benefit of my colleagues and the public, I'd like to share just a few examples of what these interests gave in PAC and soft money, and what they got in either this bill, the House tax measure, or both.

I do this from time to time; it is known as ''The Calling of the Bankroll.''

According to the Washington Post, an umbrella organization called the Coalition of Service Industries, a coalition of banks and securities firms, won a provision to extend for five years a temporary tax deferral on income those industries earn abroad. The value of this tax deferral: $5 billion over ten years.

So we know what Congress has given the Coalition of Service Industries, but what has the Coalition of Service Industries given to candidates and the political parties? During the 1997–1998 election cycle, coalition members gave the following:

Ernst & Young—more than half a million dollars in soft money, and nearly $900,000 in PAC money.

CIGNA Corporation—more than $335,000 in soft money, and more than $210,000 in PAC money.

American Express—more than $275,000 in soft money and nearly $175,000 in PAC money.

Deloitte and Touche—more than $225,000 in soft money and more than $710,000 in PAC money.

Of course, as I said Mr. President, this is just a sampling of what Coalition of Service Industries members

have given. I'd be up here a lot longer if I had a document all the millions of dollars these groups have given.

But it doesn't stop there. These two tax bills mean Christmas in July for special interests, Mr. President, with gifts for jut about every industry in Santa's bag.

The post reports the utility industry got a provision affecting utility mergers in the House measure, which, if it survives, is worth more than $1 billion to the utility industry. The provision would excuse the payment of taxes on the fund that utilities set up to cover the costs of shutting down nuclear power plants.

Utilities companies that operate nuclear power plans would be particularly grateful to see this provision passed, Mr. President.

Their depth of their gratitude would be matched only by the size of their campaign contributions during the last election cycle, including:

Entergy Corporation, which gave $228,000 in soft money and nearly $250,000 in PAC money;

Commonwealth Edison, which gave $110,000 in soft money and more than $106,000 in PAC money;

And Florida Power and Light, which gave nearly $300,000 in soft money and more than $182,000 in PAC money.

As it does so many other issues, our campaign finance system is preventing real reform to our tax code, and those who doubt that only need to look at this bill.

Mr. President, the best thing we can say about this tax bill is that it will not be enacted into law.

The President will almost surely veto it, and he will be right in doing so.

This bill is fiscally irresponsible.

It depends on budget suppositions that are at best fanciful.

It uses Social Security balances to pay for tax cuts.

It proposes a tax policy that no only jeopardizes our current budget but our future fiscal health.

It sticks our children and grandchildren with the cost of paying-off the debt run up over the past two decades, and leaves them the task of extending the solvency of Social Security, strengthening Medicare, and reforming our long-term care system.

And it hands our special interest tax breaks galore while providing little tax relief to the vast majority of taxpayers.

Mr. President, I will vote against this bill, and urge my colleagues to do so as well.

Mr. President, I yield the floor.

Mr. BAUCUS. Mr. President, I yield 5 minutes to my good friend from Delaware, Senator ROTH.

Mr. ROTH. Mr. President, Senator GRAMM has provided Members with a straightforward alternative to the bipartisan Finance Committee bill. I compliment him on the clarity of his approach, much of which I favor. Although provisions of Senator GRAMM's substitute have appeal for me, frankly, I could not have used it as a basis for the Finance Committee. His proposal contains elements that would not garner a majority of committee members.

In addition, Senator GRAMM's substitute, though popular with many in the Senate Republican caucus, would not pick up support on the other side of the aisle. For that reason, his proposal would not be a blueprint for tax cuts, in the form of a signable bill, that we can deliver to the American people now.

Finally, although Senator GRAMM's amendment is simpler, it leaves out many bipartisan tax measures that address important tax issues. For instance, education savings incentives are deleted. This means parents who want to save for a child's college education would be left out of the picture. We're talking about millions of parents and students in every state.

Yet another example is the student loan interest deduction. Under the Finance Committee bill, at least three million graduates, bearing the burden of college debt, would be allowed to deduct student loan interest on their tax returns.

In my legislation I try to focus on matters of need to the American family. I provide incentives to promote savings, pensions, IRAs. Many in retirement depend not only on Social Security, which we will address, but also on personal savings and pensions. My bill addresses that. There is nothing to correct the problems of AMT, the alternative minimum tax. Unfortunately, thousands upon thousands of American families will be hit by AMT and not enjoy the full benefit of many programs such as the child tax credit.

Finally, nothing is done with respect to charitable giving. We have proposals that will promote and create incentives.

For these and other reasons, I must oppose Senator GRAMM's well-intentioned amendment.

I reserve the remainder of my time.

Mr. BAUCUS. Mr. President, I yield myself such time as I might consume.

The Finance Committee has already rejected this provision. The Finance Committee deliberated this amendment in committee, and, by a large margin turned it down because it is excessive. It is irresponsible, in my judgment. It is not the right thing to do. It says we are going to take the entire on-budget surplus. And because of the tax cut plus the lost interest on the debt, there is nothing left for Medicare, discretionary spending or any other programs which will be cut anyway by a very large margin.

It is excessive, too, compared to the bill passed by the committee because it is so backloaded. It is so top heavy. By that, I mean the bulk of the cost of the provisions are at the very end—6, 7, or 8 years from now. No one can predict the future of this country and what position we will be in 6 to 8 years from now.

I was speaking to the CEO of a major American company a few days ago, a man we all know, a company we all know very well. He told me they can't begin to plan for the future. They do have 5-year plans but they know the 5-year plans are not going to be accurate. So they have to just do the best they can on virtually a quarterly basis. They have to go ahead in the areas they think are the areas of the future, but it is almost impossible to plan in this modern era.

So I say, if we today were to lock in provisions in the law which will hemorrhage this country's budget surplus based upon ephemeral, distant projections which are never accurate, that is not responsible. That is not the right thing to do. And that is what this amendment does. That is why basically, fundamentally, without going into all the details of it, why this does not make sense. It has often been stated during this debate that the time when the baby boomers begin to retire is when these things really start to kick in and the costs explode.

I think prudence is the watchword here today. History sometimes is a guide. Look at the 1980s. What happened in the 1980s? There was a huge tax cut. Congress succumbed to the siren song of supply side economics. What was supply side economics supposed to do? It was supposed to make deep tax cuts, spend more on defense, and guess what, folks, that is going to cause the budget to be balanced. That was what supply side economics was supposed to do—advocated, by the proponents of this amendment. It was going to balance the budget.

The theory is the trickle down theory: Cut the taxes of the most wealthy, they invest a lot more, it trickles down and the economy starts humming and it balances the budget. That was the Laffer curve. Guess what, it did not work. We kind of knew it was not going to work, but it was such a temptation, such a siren song to vote these huge tax cuts, hoping, hoping, hoping that what the proponents said would come true. Guess what, it did not. It did not come true at all.

The tax cut was passed in 1981. Then what happened in 1982? This Congress, a Republican Congress, and President Reagan, had to change course. They had to raise taxes. The Republican Congress and Republican President raised taxes in 1982. Then guess what. This tax increase was not enough because the deficits were just so large. The Republican Congress and Republican President had to raise taxes again in 1984. They had to raise taxes more because the deficit was so large. The national debt in 1980 was roughly about

$1 trillion; 8 years later it was roughly $3 trillion, maybe close to $4 trillion. It tripled and quadrupled during that time of the huge tax cuts. Then we had to add more taxes back again in 1982 and 1984.

So, in many ways this is history repeating itself. Democrats in the Senate support a tax cut. We support using a third of the on-budget surplus to pay for a tax cut. But we are just saying don't use all of the on-budget surplus for tax cuts with virtually all going to the most wealthy Americans.

Do you know what else is going on here? I do believe the proponents of this bill are so—not distrustful, but so opposed to Government that they want these huge tax cuts partly to force down deeper cuts, way below the baseline in spending. I think they want to cut veterans' benefits 30 percent; they want to cut health education 20, 30 percent; want to cut these programs. I think there are really many on that side who want to make these cuts. They want to. As strange as that might sound, they want to. That is another reason for this huge tax cut because it will force cuts in spending later on.

We have already cut spending. Discretionary spending has been cut so much by this body over the last 10 years it is unbelievable. And the size of government has gone down, with many fewer federal employees than there were years ago.

To sum it all up, we have seen this provision in the Finance Committee. The Finance Committee soundly rejected this amendment. I urge the Senate to also soundly reject this amendment. It is not good policy.

I reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I yield 10 minutes to the distinguished Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I think Senator GRAMM is bringing a very important principle to the table, one that we need to address: If we are going to have a tax cut, what kind of tax cut should we have? What is best for the economy, and what is fair?

There was a consensus in this country, 10, 15 years ago, that we needed to have a tax policy based upon a broader base and lower rates. That is essentially the tax bill that came out in 1986. We came down to two tax rates. We had a 15-percent and a 28-percent tax rate. There was a broader base, where more people were paying taxes, but lower rates.

In the 1990s, we have gotten away from that. We have gotten away from that principle and gone, instead, toward what has been referred to as targeted tax cuts. That its basically the Government—we, the President—that decide, on an individual basis, who deserves the tax break or tax cut in any particular year. Usually it is based upon how much clout they have, or some notions of fairness of a particular congressional makeup at some particular time. So now we have wound up with higher rates and a narrower base. We now have five income tax rates instead of the two we had back in 1986 in addition to phaseouts. The Tax Code, not only do we have additional rates, it has become more progressive, even in addition to those rates.

I do not think a lot of people are aware of this. I think most Americans think initially, basically, they can look at tax rates and see what their tax burden is. But then you look at all the phaseouts that we have. Congress has decided in its wisdom that people of a certain income level do not deserve some of the deductions, exemptions, and benefits that others deserve. So we have a personal exemption phaseout.

We have an itemized deduction phaseout at basically the $124,000 level for individuals. I am talking about individuals and not couples, in terms of the dollar amounts I am using. The personal exemption phaseout; itemized deduction phaseout, limitation of only being able to deduct that amount over 2 percent of itemized deductions; a 7.5 percent floor on medical deductions; a 10 percent adjusted gross income floor on casualty deductions; a $500 child credit that phases out at an income level of $75,000; a dependent child credit that begins to be phased out at an income level of $10,000—if you make that much it begins to be phased out; a deductible IRA, $30,000; an education IRA, $95,000; the HOPE credit, college credit, begins to be phased out at $40,000 for an individual. So we want to help you go to college, we want to help your kids go to college—as long as you do not have a job, basically is what that amounts to.

We have a life-time learning credit of $40,000; student loan interest deductions, at $40,000 it begins to be phased out; education savings bond interest—if you make $52,000 you begin to lose that; elderly/disabled credit, $7,500; adoption credit/exclusion, $75,000; DC first time homebuyer—if you make $75,000, you begin to have that phased out as a taxpaying individual; rental real estate losses; rehabilitation tax credit—on and on and on.

In addition to continuing to raise the tax rate—the highest one in 1986 was 28 percent and now it is up to 39.6 percent plus the maximum—plus the limited itemized deductions and phaseout of personal exemptions, you wind up with an effective rate of over 40 percent. When you remove the cap on Medicare tax, plus these phaseouts, you are looking at, in some cases, close to an effective 45-percent tax rate, something like that.

My only point is that, as we decide how to go forward, we need to understand that we have a progressive system as far as our income Tax Code is concerned, and that is the way it ought to be. A lot of people believe it is that way. But every time we have a tax cut, we cannot say let's give everybody the same dollar amount back in taxes regardless of how much they paid in because we have a very progressive system.

We have progressive tax rates up to 39.6 percent, with phaseouts so that if you are making any money, if people are working hard and making a pretty good living, they begin to lose the deductions and credits. That makes it even more progressive.

We come along and say we are going to give a tax cut now, and we say if the other guy is paying twice as much in taxes as I am, give him a tax cut. He lost all these exemptions because he is making good money. He is paying twice as much in taxes. But we come along with a tax cut and we say they are going to both get the same amount back? I do not think that makes much sense.

Let's say the economy was good and we were able to have successive tax cuts over a period of time and we gave the same dollar amount back to everybody regardless of how much they were paying in taxes. We would have a narrower and narrower base all the time and fewer and fewer people paying any taxes at all. We would continually be taking people off the tax rolls. We already have 43 million people who do not pay taxes.

As progressive as our Tax Code is, as does the Senator from Texas, I make no apologies for the proposition that when it comes time for a tax cut, let's base the tax cut on how much people are paying in.

We have to ask ourselves a fundamental question: Are we interested in punishing folks who make a good living or are we interested in collecting money for the Federal Government to pay legitimate Government expenses? History shows every time we have had a reduction in tax rates, we have more money. Every time the Government reduces rates in any appreciable amount, the Government winds up getting more money.

In the 1920s, it was true. In the 1960s, under President Kennedy, who said a rising tide lifts all boats, it was true. In the much maligned 1980s, which laid the groundwork for the greatest economic prosperity this world has ever known, it was true.

Increased revenues in the twenties was 61 percent over a 7-year period. In the sixties, a revenue increase after inflation was about 33 percent. In the eighties, after cutting the tax rates, revenues increased 28 percent because it reduced the incentive to hide income, to shelter income, and to underreport income.

Similarly, the share of the tax burden paid by the rich rose dramatically

as the rates fell. By cutting rates, we get more money out of the rich.

Do we want to be concerned about how much somebody is making and try to hold that down or do we want the money for the Federal Government? I thought the idea was to have a fair Tax Code but to raise the money for the legitimate expenses of the Federal Government.

In the 1920s, they called rich $50,000. I guess things have not changed that much. But in 1921, the rich paid 44 percent of the income tax. In 1928, after the rate cut, they paid 78 percent of all taxes. The gap was not quite as pronounced later on, but in 1963 under President Kennedy, at the time of the cut, the rich were paying 11.6 percent of all the taxes being paid. In 1966, they were paying 15.1 percent. In the 1980s, we were talking about the top 10 percent——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. THOMPSON. I ask for another 3 minutes.

Mr. GRAMM. I yield the Senator another 3 minutes.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. In the 1980s—1981—the rich were paying 48 percent of the taxes. In 1988, they wound up paying 57 percent of the taxes. We do not get a lot of credit taking up for the rich, but our responsibility as public servants is to look out for the country and have policies that are going to get the most money and not try to be too concerned about who is going to get this share of the economic pie: I am going to get yours; you are not going to get mine. Our concern should be with making that economic pie better.

As far as an across-the-board cut is concerned, every serious observer nowadays thinks it is sound economic policy. Lawrence Lindsey, former Federal Reserve Board member, George Shultz, former Secretary of State, and even the oft quoted Chairman Greenspan—there may be some discussion as to when he thinks a tax cut should come about, but he says when it comes about, it ought to be an across-the-board rate reduction. This is sound economic policy.

I know the prospects for this particular amendment, but all of this business about soak the rich and unfairness, we need to keep a little balance and keep things in mind. If we want more money, if we want to be fair—first of all, we have to recognize we have a very progressive system in this country, so when it comes time for a tax cut, let's pay some attention to the idea of across the board and not have politicians deciding the detailed targeted tax cuts for their favorite people, but make it across the board. It is more fair, and it will get more money for the Federal Treasury. I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself such time as I may take off the bill.

Mr. President, a number of my colleagues have attacked the Reagan tax cut. With that I strongly disagree.

I have no argument with those who want to bring up history in their attempt to argue against the need for this tax relief package. But I do have an argument when they attempt to change facts and debunk what was—and continues to be—a tremendous economic legacy.

First, let me make it clear that cutting taxes to keep the economy strong did not begin with President Reagan—nor is the idea isolated to one political party or the other.

In the 1960s, President Kennedy ushered America into economic expansion with his own historic tax cuts.

In fact, in recalling our history it might help us to remember President Kennedy's statement to the Economic club of New York in December 1962. On that occasion, he said:

> Our true choice is not between tax reduction, on the one hand, and the avoidance of large federal deficits on the other. It is increasingly clear that...an economy hampered by restrictive tax rates will never product enough revenues to balance our budget just as it will never produce enough jobs or enough profits.

Second, the facts concerning President Reagan's economic record are very clear: everyone benefited from the broad based 25 percent across-the-board tax cuts signed into law by President Reagan. The facts show that all income groups saw their incomes rise during the period of 1980 to 1989. The facts show that during that period, the mean average of real income rose by 15.2 percent, compared to a 0.8 percent decline from 1970 to 1980.

And what of record-setting deficits? Did cutting taxes 25 percent across the board deplete the Treasury revenues? Absolutely not. Again, the records, the facts show that Federal revenues actually exploded. As Americans grew in wealth, Treasury revenues grew. Between 1981 and 1987, they grew 42 percent.

The deficits remind my debunking colleagues—were not created by cutting taxes and stimulating economic growth; they were the product of a Congress that refused to hold the line on spending. While revenues increased 42 percent, following those tax cuts, spending increased by 50 percent.

And, my colleagues, that is unlikely to happen after this tax relief package becomes law, as Congress is largely controlled by the same individuals who—2 years ago—passed the first balanced budget in a generation.

Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I yield the distinguished Senator from North Dakota 10 minutes off the bill.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, what a remarkable debate. At a time when so many Americans think so much in politics is fuzzy and they can't see much of a difference between the two parties, this is a bright-line test. There is a radical difference in terms of what we stand for and what we fight for and what we have passion to change. I want to describe a little of that difference.

But first I want to go back to what some would call ''the good old days.'' Let's go back to the year just before we passed, by one vote, the bill that increased some taxes for a few people in this country, cut some taxes for others, cut some spending, and put this country back on track with an economic plan that resulted in where we are today.

In 1993 I voted for that package. We did not get one vote from the other side of the aisle—not one. It passed by one vote in the House, one vote in the Senate. We did not get one vote to help us from the other side of the aisle.

In fact, some on the other side of the aisle stood up and said: If you pass this, this country is going into a depression. If you pass this, it will ruin the American economy. It will throw people out of work. It will injure this country. Well, we passed it anyway.

Do you remember those days? The Federal deficit then was $290 billion and growing. We had nearly 10 million Americans out of work, looking for a job. The Dow Jones Industrial Average just barely reached 3,000. Inflation was double what it was last year. There were 97,000 business failures.

Then we passed a piece of legislation that put this country back on track—over the objections, I might add, of the folks who bring——

Mr. REID. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. REID. The Senator from North Dakota—this is a question—indicated that the Democrats did not receive a single Republican vote in the 1993 budget; is that true?

Mr. DORGAN. That is correct.

Mr. REID. Does the Senator also remember some of the statements of doom made?

Mr. DORGAN. I do, indeed.

Mr. REID. Do you remember this one made by the author of this amendment:

> I want to predict here tonight that if we adopt this bill the American economy is going to get weaker and not stronger, the deficit four years from today will be higher than it is today and not lower . . . when all is said and done, people will pay more taxes, the economy will create fewer jobs, Government will spend more money, and the American people will be worse off.

Do you remember that statement?

Mr. DORGAN. Of course I remember that. There were predictions of doom,

saying, if you pass this, you are going to throw this country into a tailspin.

This is a country that had a $290 billion deficit, an anemic economy, with 10 million people out of work. This is a country that desperately needed a change in direction. We made it without the help of one vote from the other side.

Frankly, I thought a couple of the folks you referenced were going to do a half-gainer off the Capitol Dome, they were so upset about us changing the fiscal policy of this country. But we did it.

Guess what happened. Guess what happened. This country's economy has seen robust economic growth. Seven years later, we do not have a budget deficit. No, we do not have a $290 billion, and growing, budget deficit. We have a budget that is nearly in balance. Economists are predicting surpluses for the next 10 years—I might point out, the same economists who predicted in the early 1990s we would have a full decade of sluggish, anemic growth in this country.

I mentioned yesterday these are the same economists who can't remember their home phone number or address telling us what will happen 3, 5, and 10 years from now. We ought to be careful about these predictions. We do not have a budget surplus yet. The 10 years of estimated $3 trillion surpluses do not exist, and we have folks on the floor who are breathless to try to deal with them through tax cuts.

Mr. REID. Will the Senator yield for another question?

Mr. DORGAN. I am happy to.

Mr. REID. I ask my friend from South Carolina, who is managing this bill, that whatever time I use asking these questions be yielded off the bill so the Senator does not lose his time.

Mr. HOLLINGS. Yes.

Mr. REID. I say to my friend, the statement I read to the Senator just a short time ago was given August 5 by the author of this amendment that we are now debating. A day later, on August 6, do you remember this statement? I quote:

> I believe that this program is going to make the economy weaker. I believe that hundreds of thousands of people are going to lose their jobs as a result of this program. I believe that Bill Clinton is one of those people.

The fact is, does the Senator from North Dakota realize that there have been 18 million jobs created in those 7 years? Hundreds of thousands losing their jobs?

You do remember this statement, don't you?

Mr. DORGAN. Oh, I do. In fact, the same people who made those predictions that were so wrong are now telling us they have new predictions and we should believe the new predictions.

Mr. REID. I say to my friend, do you also understand that since this statement was made we have had the lowest inflation, the lowest unemployment, in some 40 years? Does the Senator acknowledge the fact that the deficits, when these predictions were made, which were about $300 billion a year, are now down to nothing? Does the Senator realize that?

Mr. DORGAN. The economy has performed in a way no one expected. But we knew that the direction this country was headed in was wrong—$290 billion in a year in deficits, and heading up; more inflation, more people out of work. And we proposed to change the fiscal program for this country.

It took some guts to vote for it because it was not very popular. But I said to the folks I represent: Don't blame me for voting for that. Give me credit for it because I stand behind this program. We did what was necessary to put an end to these Federal budget deficits and to put this country's economy back on track—over the objections of a lot of folks in this Chamber who today are telling us they have a new vision, a new idea.

We have heard their ideas. An old fellow in my hometown—a small town—once told me: Never buy something from somebody who is out of breath.

There has been an almost breathless quality to the efforts by the majority party, for 6 months, to get to the floor as quickly as they could with their tax cuts.

If this is a battle of the pie charts, I say you win, we just give up. Here is a pie chart. Let me just show you. Let us just right at the start of this discussion say: You win; this is your pie; if it is a battle of the pie charts, you get the pie award. Republican tax breaks: $23,344 for the top 1 percent of the income earners. So you win the pie award.

Of course, these folks down here, they pay taxes, too. They all go to work. They pay payroll taxes. Eighty percent of the people in this country pay more in payroll taxes than income taxes.

But you breathlessly run to the floor of the Senate with a bill that says let's cut income taxes, because that allows you to give a huge portion of this pie to the largest income earners in this country. In the meantime, there are folks working today for the minimum wage, $5, $6, $7 an hour, who pay a payroll tax, a big tax, pay more in payroll taxes than they do in income taxes. Are they going to get a tax cut? No; they don't count because they ''don't pay taxes.'' They are not taxpayers according to this strategy and this kind of philosophy. That is what is wrong with it.

Let me just run through a couple charts.

One of my colleagues showed this earlier this morning. I want to show it again.

The bottom 60 percent of the income earners, under this plan, will get $141 in tax breaks a year; the top 1 percent, $23,344 a year. And people say: How dare you tell us this benefits the rich. How dare we? It happens to be the fact.

As I said, so much of politics is fuzzy. But you do not need strong glasses to see this chart. There is nothing fuzzy about this. If you decide you do not want to do this, then do not do it. It is easy to amend your bill. If it is not your intention to give the bulk of the tax cut to the wealthiest Americans, then do not do it. But do not complain to us that we are calling attention to it when you do it. If you do not stand behind it, then change it.

My problem is this: I don't understand what conservatism means anymore. I thought being conservative would be to try to put this country at a lower risk with respect to future opportunities and its future economy. Conservatism apparently means put the country at higher risk. If you see a glimmer of a prospect of an estimate by an economist that there might be a surplus, rush to the floor of the Senate and propose a three-quarters-of-a-trillion-dollar tax cut. Is that conservative?

It was a perfect symmetrical proposition that, on the floor of the Senate yesterday, the first vote was to waive points of order that would exist against their bill, waive points of order for a conference report that has not yet been written, for a conference that has not been held. That was, in my judgment, in perfect symmetry to the proposition they bring to the floor to provide tax cuts, paid for with surpluses that don't yet exist. What perfect symmetry. But how perfectly awful as public policy to do that and put the country at this risk.

We have some choices. The choice is that we have good economic times in the future. Let us all hope and pray we do because that is good for this country. More people are working. Fewer people are on welfare. The country is growing, less inflation. It is a wonderful opportunity we have in this country. But the same people who opposed the fiscal policy that got us here have decided they want to create a new fiscal policy and a new strategy that puts all of that at risk. They know we are heading towards a serious problem.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DORGAN. I ask for an additional 5 minutes.

Mr. HOLLINGS. An additional 5 minutes.

Mr. DORGAN. We are heading toward a demographic time bomb in both Social Security and Medicare. The question is, If these surpluses exist, what shall we do with them; reduce the Federal debt? That has gone from $1 trillion to $5.7 trillion in two decades. Reduce the Federal debt? The answer of the Republicans is no. How about extend the solvency of Social Security

because we know we face this problem. Older people living longer; fewer people working to support them. Extend the solvency of Social Security? No. How about extending the solvency of Medicare? No.

The only answer coming from that side of the aisle is take three-quarters of a trillion dollars, package it up, put a huge bow around it, and then bring it to the floor of the Senate, and then complain about a pie chart that shows they have cut out the biggest piece for the wealthiest Americans.

Mr. DURBIN. Will the Senator yield for a question?

Mr. DORGAN. I will.

Mr. DURBIN. I suggested that the amendment being offered by the Senator from Texas, which as I understand it, is the House version of the tax cut, is even worse than the Senate version when it comes to helping working families, and frankly, I think, gives the word ''conservative'' a bad name. I ask the Senator if he would consider the following:

In this Nation where we revere free speech, we basically let people say what they want to say. Some people have gone so far as to suggest that tomorrow will be the end of the world. Well, when tomorrow comes and goes and the world doesn't end, most of those people shrink away.

The people who are offering this amendment, in 1993, said the Clinton plan for deficit reduction was the end of the economic world for America. We would see deficits as far as the eye could see. We would have unemployment, high inflation, the economy was in terrible shape. As a result, not a single Republican would vote for the Clinton plan.

I ask the Senator, did the world end, as Senator GRAMM and others suggested, with this Clinton plan? The same group is suggesting to us today that Alan Greenspan is wrong, Bill Clinton is wrong again, and that we have to pass this tax break for wealthy people which will endanger our economy.

Mr. DORGAN. Well, the Senator knows the economy not only did not collapse and crash and go into a depression as a result of our new fiscal policy; the economy blossomed and grew and everything changed. The deficits were gone. The deficits were at $290 billion and growing. We changed the fiscal policy.

A number of our friends stood up and said: You do this and you are going to collapse this country's economy. In fact, the fellow who has offered this amendment is an economist, taught economics. I taught economics in college. I have been able to overcome that and lead a reasonably productive life, but economists can argue forever about all these things.

The question is whether we are going to put the country at risk by moving away from a fiscal policy that we know works and taking three-quarters of a trillion dollars from surpluses that do not yet exist and giving big tax breaks.

This amendment is the House tax bill. I want to read for the author something he probably heard me read yesterday.

Mr. GRAMM. Will the Senator yield to correct a factual error? First of all, there is nothing wrong with the House tax bill.

Mr. DORGAN. I will yield.

Mr. GRAMM. This amendment is substantially more focused than the House tax bill.

The PRESIDING OFFICER. Does the Senator yield?

Mr. DORGAN. I did yield, and he made his point. Reclaiming my time, my understanding was it was described as the House tax bill. If you have made a couple of grammatical changes to that, so be it. Let me make the case, with regard to the House tax bill and, similarly, the Senate bill, Kevin Phillips, a Republican columnist, said the following:

> We can fairly well call the House legislation the most outrageous tax package in the last 50 years. It is worse than the 1981 excesses. You have to go back to 1948.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. Two additional minutes.

Mr. DORGAN. The point I am making is this: This is not a Democrat talking. This is a Republican saying this. We all know what is in this legislation. This legislation is a piece of legislation that does what is always done by the same suspects that bring this to the floor. They are always shading, not just shading, they are galloping towards the highest end of the income ladder to provide very significant cuts. The folks on the lowest rung of the ladder, they pay payroll taxes and they are told they don't count. So the lowest 20 percent are going to get a $22 tax break; the top 1 percent, $23,300.

So the question is, when you stand up and say that is unfair, what is unfair? That we are telling people what is in your bill? Is that unfair? Do you want to change the bill? Do you deny this? Do you want to change the bill? Offer an amendment, I will support the amendment to change the bill, but don't say it is unfair when we tell people what the tax cut is going to be—$22 for the lowest 20 percent of the American people, and the $23,300 for the top 1 percent—because you have decided that people who pay payroll taxes don't count as taxpayers and you don't intend to give them any help. It is the folks at the upper end of the income ladder who are going to get huge tax breaks from the income tax system.

Mr. DURBIN. If the Senator will yield for a question, perhaps Bill Gates and Donald Trump do need a tax break. Maybe the Senator from Texas believes that is a good reason to pass the bill.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. DURBIN. I ask that the Senator be given 3 additional minutes.

Mr. HOLLINGS. Three additional minutes.

Mr. DURBIN. I ask the Senator from North Dakota: Is it true or not true that in the last 2 weeks Alan Greenspan, Chairman of the Federal Reserve Board, has testified before Congress several different times warning us that this kind of tax proposal that is coming from the Republican side could jeopardize the economic expansion? Is it not true that it is within the power of the Federal Reserve Board, by their monetary policy, to raise interest rates if they see indications of inflation, and by raising these interests rates, put an additional economic burden on families who are paying for their mortgages, family farmers who are trying to stay in business, and small businesses alike? Is it not true that if we see inflation come on the scene and interest rates go up, that a $22 tax break for working families will disappear in a heartbeat?

Mr. DORGAN. Well, that is the case.

I submit this: In a quiet moment, in a secluded corner, in a private conversation, most Members of the Senate who are supporting this three-quarters-of-a-trillion-dollar tax cut would admit that a better approach for this country and its future and certainly its children would be to use anticipated surpluses, first, to begin to pay down the Federal debt. If during tough times you run up the debt from $1 trillion to $5.7 trillion and then in good times you say, but we can't pay down the debt, there is something fundamentally flawed about that strategy.

I think if you take all the politics and fuzz out of this and get in a quiet corner, those who are really conservative and have conservative values about these issues as embodied in the fiscal plan we passed in 1993, I think they would admit that we ought to take some of this surplus and reduce Federal indebtedness. I think they would also admit there is not an intention to kick 100,000 kids off of Head Start or to decimate the education program. Yet that is where we are headed, on auto pilot, because this surplus is garnered by those who want to package it up in a tax cut that predominantly benefits the upper-income folks.

We ought to do the right thing. The right thing, it seems to me, for our children's sake, is to tell them we are going to begin using some of this to reduce Federal indebtedness, and for our children's sake, that we are going to use some of this to extend the solvency of Medicare and Social Security, two programs that have made this country a much better place in which to live for millions and millions of Americans. We ought to do that. All of us know we ought to do it. Regrettably, we are on

the floor in a perverted process. Reconciliation was never intended for this process—never.

Yet, we are here because it muzzles us up with a 20-hour debate and does not allow a full debate about fiscal policy and tax cuts. And I say to those on the other side, you will get your bill and have your votes and you will pass a bill. But, in my judgment, you will put this country at risk because you are spending, through tax cuts, surpluses that do not yet exist, just as yesterday you wanted to waive points of order on a conference report that had not yet been drafted.

I yield the floor.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. GRAMM. Mr. President, I want to take a little time off the bill to answer all this stuff, but first I want to give Senator GRAMS an opportunity to speak for 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Does the Senator from Delaware yield time off the bill?

Mr. ROTH. The Senator from Texas——

Mr. GRAMM. I am yielding time off the amendment. I will ask for time off the bill to answer the points that have been raised.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, I ask if I may be recognized for up to 10 minutes.

The PRESIDING OFFICER. Is there objection?

Does the Senator yield 10 minutes?

Mr. GRAMM. Five minutes is all the time I have. I am sorry.

Mr. GRAMS. Mr. President, I rise to support the tax relief plan offered by Senator PHIL GRAMM. But I also want to talk a little bit about what we heard from our Democratic friends and colleagues on the other side.

Make no mistake about it, the surplus dollars out there are going to be spent. The question is, Who is going to spend it? Are we going to allow it to be returned to the hard-working families and Americans and allow them to spend it, or are we going to let Washington spend it? To some, it seems that if the taxpayers spend it, it will jeopardize the economy, but if we trust the President and trust Washington, the money will be spent correctly.

Also, I heard them talk about 1993 and what a great turnaround in fiscal policy for this country it was, and that it was due to their efforts that turned this economy around. The CBO finds the increased revenues were propelled by personal income tax increases, and it cites four reasons for this unexpected revenue: First, the rapid growth of taxable income, which raised the tax base for personal income receipts; second, adjusted gross income, which has grown even more rapidly than taxable personal income, mainly through the realization of capital gains—the capital gains tax increased by 150 percent between 1993 and 1997, which is a third of the growth of the tax liability relative to the GDP—third, raising taxes paid on pensions and IRA retirement income; fourth, and most important, is the increase in the effective tax rate. That is people making a little more money, inflation pushing them into the higher brackets, and now not paying 15 percent but 28, 31 percent or higher.

By the way, this is also what CBO said. It points out that the revenue windfall did not result from legislative policy changes, which my Democratic friends have claimed. In other words, the CBO says the legislative initiatives taken by the President and the Democrats did not generate this surplus; what generated this surplus was the investment in the economy by businesses, through the Reagan era of tax relief bills, and also by the high productivity, work, and effort of the American people. It wasn't by what Washington did; it was in spite of what Washington did that led to this.

So, clearly, all four reasons that we have a surplus are the result of the productivity of working men and women and businesses in this country.

Before I run out of time, I want to show you this chart. This depicts what is going to happen to the surplus. This is excess money that taxpayers have sent to Washington. Here is what I have often said. Here we have the man saying, ''I found someone's wallet, and I want to do the right thing, so I plan to spend the money carefully.''

That is what our Democratic colleagues and the President want to do. When they find the money on the street, instead of giving it back to the people it belongs to, they are going to spend it carefully for you.

Again, this debate is not over anything except who is going to spend the money. As the Senator from North Dakota said, it is a clear, bright line. The line is: Do we want Washington to spend your surplus tax money, or do we want to return it to you and allow you to spend it on your priorities?

Thank you, Mr. President. I yield the floor.

Mr. GRAMM. Mr. President, I ask our distinguished chairman to yield me 5 minutes off the bill.

Mr. ROTH. I yield 5 minutes off the bill to the Senator from Texas.

Mr. GRAMM. Mr. President, in Ronald Reagan's own words, I want to take our Democrat colleagues down memory lane. They have such fond memories of what President Clinton has done, and I would like to tell the rest of the story. It is true that Bill Clinton was elected President. It is true that he came to Washington and proposed the largest tax increase in American history. It is true that not one Republican voted for that tax increase. It is true that it passed by one vote. It is true that the largest tax increase in American history now bears heavily on working Americans.

Everything else they said is not true. Let me try to explain why. They quote people saying harsh things about the Clinton program. Let me tell you the rest of the program. The rest of the program was a massive stimulus program where the Clinton administration proposed spending $17 billion, in 1993 alone, on everything from ice skating rink warming huts in Connecticut to alpine slides in Puerto Rico. I had harsh things to say about it, and I am proud of that. I am very proud that Republicans, who were in the minority, killed that bill with a filibuster.

Bill Clinton didn't just propose the largest tax increase in American history, he proposed having Government take over and run the health care system, collectivizing American medicine, forcing everybody into a Government-run health care collective, which was a giant HMO run by the Government. It would have meant Government taking over one-eighth of the American economy. I said it would be a disaster. I am proud that I helped lead the effort to kill it, and I am proud that it is dead where it belongs. That is the Clinton program. The point is, we were able to defeat every part of it, except the tax increase.

Now, when the Republican majority showed up in Washington, DC, in January of 1995, they received this budget from President Clinton. On page 2 of this budget, President Clinton outlines what his budget was. It had a deficit for fiscal year 1995 of $192 billion, and then the next year $196 billion, $213 billion, $196 billion, $197 billion, and $194 billion. That was the Clinton budget.

But we elected a Republican majority in Congress. What happened? With that Republican majority in Congress, we were not able to pass every bit of our Contract With America, but we reformed welfare, we cut spending, we stopped the runaway spending freight train of Bill Clinton. And under a Republican majority, while Clinton's deficits looked like this, the real deficit started to fall and turn into a surplus which is indicated on the chart.

The question is, Who led, who followed, and who got out of the way? I believe that the Republican Congress led, the Democrats in Congress followed, and Bill Clinton got out of the way.

So if we are going to tell the history of what happened in the Clinton era, let's not just remember his tax increase, let's remember his stimulus package, which we killed. The Democrat majority could not get 60 votes, and it died. Clinton was heartbroken, but it died. And we defeated the Clinton health care bill. It would have taken over one-eighth of the American economy, and Americans were so shocked at the Clinton program that

they elected the first Republican majority since the 1950s.

When we took over, things changed. With the same old Bill Clinton who was here in 1995, when the deficit was $200 billion, what changed was the Republican majority.

I just say to the American people, give us a Republican President, and we will again control spending, and we will let working people have more of what they earn.

Mr. President, I yield Senator HAGEL 5 minutes off the amendment.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Mr. President, thank you.

I first want to add my thanks to the chairman of the Finance Committee, Senator ROTH, for the leadership he has brought to the floor on such an important issue on a very substantive vehicle that we are using now to really make some decisions on behalf of the American public.

I have heard this morning that this is an issue about priorities. Surely it is. This is about priorities. This will further be about priorities as we debate this issue throughout the day, and actually throughout this year and into next year, because the priorities are about whose money it is. It is not my money. It is not Senator GRAMM's money. It is not President Clinton's money. It is the taxpayers' money. We tend to allow that to slip aside here when we are engaged in this theoretical debate.

Second, we all have to appreciate that we live in the mythical kingdom around here. The political kingdom says that all the clouds and all the goodness will reside here in the knowledge and the fountain of wisdom coming forth from Washington. We are seeing a great dynamic of that given when we are trying to take the people's money and then tell them how we will spend it and give it back to them because we are benevolent Senators; we are benevolent representatives of the people; we can figure it out better.

If there is a sense of arrogance in this, I think you are right if you sense that, that the Congress is going to decide who gets what; we are going to make that decision. So we are going to target all of these pieces of the pie because we can decide better for the American people how they should spend their money, if we decide to give them back some of their money.

I have also heard some interesting conversations this morning about projections. As a matter of fact, I used to have a real job, and in that real job I was a businessman. I had to deal with projections because I had to put together budgets. Those budgets had to direct research and development. Those budgets had to direct investment, capital, and what we were doing for the long term. Yes, they are imperfect. Ten-year budgets are slippery, and they are dangerous. But the fact is, we must base a budget upon something. That budget must be based upon a relevant series of assumptions. So that is a given, and we have to deal with that.

After we get through that, then we have to make some tough decisions. That is what we are going through today. I believe this bill that we have brought to the floor this morning does that. I think it does it first in a very responsible way. It does it in a way that allows 75 cents of every surplus dollar to go back into debt reduction projects—Social Security, Medicare, important Government programs such as defense. The first real obligation of responsibility of the Federal Government is national security—veterans programs, education, medical research, and health care. That money is there.

We are talking about a $3 trillion budget surplus—both on the budget and off the budget, meaning in Social Security and out of Social Security—$3 trillion over the next 10 years. I don't know if that is going to materialize, but one of the things we know is that we have to make some tough decisions based upon what we know and what we project. This bill does it very responsibly. It does it in a way that addresses those needs of our Republic and what we have committed to the American public.

My goodness, to say that giving 25 percent of that back to the American public in a tax cut is somehow irresponsible is well beyond my calculations.

Senator MACK was on the floor yesterday. I want to repeat a couple of points he made. One, he said, for example, how can a $4 billion net tax cut for fiscal year 2000 overstimulate demands in a trillion-dollar economy? Of course, as of now, this bill phases in those tax cuts over a series of 10 years.

Senator MACK said yesterday, and as my colleague again reminded us, he asked rhetorically, ''Would a $39 billion tax cut in the year 2002 overheat the economy when this is only .004 percent of the total projected GDP?''

I think you get the message.

We are engaged once again in this mythical kingdom of fantasy. The fact is, this money is the taxpayers' money. The fact is, this is a responsible direction of those resources that surely, if they are allowed to stay here in Washington, will be spent.

The President has given us ample opportunity to look over that very generous menu he has presented to us with all of his new spending.

Mr. President, I strongly support this amendment.

I yield my time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. Mr. President, I think our distinguished friend and colleague, Senator HOLLINGS, is next.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I thank the Senator.

Mr. President, on behalf of myself and the distinguished Senator from Connecticut, Senator LIEBERMAN, I send a motion to the desk in accordance with the rule, by 2 o'clock, that they be filed and we intend to make later today.

The PRESIDING OFFICER. The Senator is recognized.

Mr. HOLLINGS. I thank the distinguished Chair.

Let me just say quickly to clear the record that the Senator from Texas was talking about what the Republicans have done for the economy.

I can tell you what they have done for the economy. They came in 1995, and for 1996 they worked, of course, on the budget. They immediately increased spending for the next year of $148 billion. They increased spending, and the budget went up another $50 billion. This year, of course, it is another $50 billion, and they have added. The track record will show that they have added $661 billion to the national debt.

But what did President Clinton do in 1993? And we did not have the largest tax increase. That was under Senator Dole. I will show the articles analyzing both.

But I readily acknowledge that I voted and supported and worked like a tiger to get the Deficit Reduction Act of 1993 passed, which prevailed by one vote. Yes, we did cut spending, we did downsize over 300,000 Federal jobs. But more than anything else, yes, we raised taxes.

The Senator from Texas, when we raised the taxes on Social Security, was adamantly opposed to that, and he said—I will use his expression—you increase taxes on Social Security and they will hunt you Democrats down in the streets and shoot you like dogs.

The Senator from South Carolina never forgot that expression. That is how tough we had it. They were going to hunt us down.

Of course, the chairman of the Finance Committee at that time, Senator Packwood, said, ''I will give you my home if this thing works.'' The chairman of the House Budget Committee, Mr. KASICH, said, ''I will change parties and become a Democrat if this thing works.'' And it is working.

That is a tremendous frustration I have because it is working. We have the lowest unemployment, the lowest inflation, and the economy is moving along. Mr. Greenspan, not just on yesterday but earlier in the year, in February, said stay the course.

My usually responsible Republican friends—I come from a Republican State, unfortunately—have given us what was called outrageous on Monday by the best of the best conservatives, Kevin Phillips—I ask unanimous consent that this be printed in the RECORD.

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

COMMENTARY BY KEVIN PHILLIPS ON NATIONAL PUBLIC RADIO'S MORNING EDITION, MONDAY, JULY 26, 1999

Bob Edwards: The Republican party last week had its tax reduction proposal passed by the House of Representatives. Commentator Kevin Phillips says it's the most unsound fiscal legislation of the last half century:

Kevin Phillips: Tax bills often deal with Pie in the Sky. The mind boggling ten-year cuts passed late last week by the House of Representatives however deserve a new term: Pie in the Stratosphere. That's because the cuts are predicated on federal budget surpluses so far out, six, eight or ten years, that it would take an astrologer, not an economist to predict federal revenues. The most publicized provision, phased in ten-percent across the board reductions in federal income tax rates, looks excessive. But these at least stand to be delayed by a legislative trigger, if surpluses and debt-reduction don't occur as assumed. Not so for the truly venal, smaller provisions. Ones too complicated to be explained in 40 seconds on the TV news shows. Democrats are certainly correct about the imbalance of benefits by income group. Treasury figures show that the top 1% of families, just 1%, would get 33% of the dollar cuts, the bottom 60% of families get a mere 7%. Conservatives reply that the tax cuts are simply going to the people who pay the taxes and have the incomes. That's partly true. The top 1% of families have about 13% of the nation's income but that's under an official definition that excludes capital gains. If you include capital gains in household income, the top 1% may indeed have some 20% to 30% of the national total these days. Which gets us to the real guts of this bill: Two low profile, but high favoritism provisions. First, reduction of the top federal capital gains tax rate from 20% to 15% and, second, the phasing out of the federal gift and inheritance taxes. Both changes would concentrate a huge portion of their benefits in the top 1%.

The top 1% of American taxpayers reported about 60% of the taxable capital gains dollar values several years back. To reduce their capital gains rate from today's 20% to 15% is unnecessary in terms of investment stimulus. All of the bull markets of the last 50 years have occurred when the top cap gains rate is in the 20 to 28% range. The bills special interest provisions phasing out the Federal estate and gift taxes over the next decade could be even more costly. Demographers say life expectancies ending in the years 2000 to 2010 will send a tidal wave of estates through the inheritance processes. The top 1% of families have the great dollar bulk of what are now taxable estates and if these are not substantially taxed, wealth and position in America will be more and more inherited, not earned.

We can fairly call the House legislation the most outrageous tax package in the last 50 years. It's worse than the 1981 excesses, you have to go back to 1948, when the Republican 80th Congress sent a kindred bill to President Harry Truman. Truman vetoed it, calling the Republicans bloodsuckers, with offices in Wall Street. Not only did he win reelection, but the Democrats recaptured Congress. We'll see if Bill Clinton and Albert Gore have anything resembling Truman's guts.

Mr. HOLLINGS. Mr. President, one sentence of his commentary: ''We can fairly call the House legislation the most outrageous tax package in the last 50 years.''

That is why I come to the floor to speak. I agree with Mr. Phillips. This tax bill turns everything on its backside when we have a good going economy, and the Republicans come in with, of all things, a tax cut. How come? I will tell Members exactly. I can't find out what was first, the chicken or the egg, but OMB got into this blooming 2000 election, and CBO has a Republican—not any Alice Rivlin or Bob Reischauer, but they have a Republican fix—Mr. Crippen over at CBO. I have been working on this budget since we passed it back in 1973.

Both CBO and OMB started finding money. How we could as a party put in tax cuts and have the real issue for the election 2000.

This is very interesting. You don't find the word ''unified, unified, unified.'' That is all I have heard for the last 20 years—unified. It is not a unified budget. It is an outright budget surplus. That is what the CBO called it. It is not a budget surplus at all. The fact is, and I will quote the figures, the debt goes up each year for the next 5 years.

I ask unanimous consent to have printed in the RECORD from the CBO report on page 19.

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

TABLE 10.—CBO BASELINE PROJECTIONS OF INTEREST COSTS AND FEDERAL DEBT (BY FISCAL YEAR)

	Actual 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NET INTEREST OUTLAYS (BILLIONS OF DOLLARS)												
Interest on Public Debt (Gross interest) [1]	364	356	358	358	350	345	342	338	333	328	323	316
Interest Received by Trust Funds:												
Social Security	−47	−53	−59	−67	−74	−82	−91	−100	−110	−121	−132	−144
Other trust funds [2]	−67	−68	−70	−73	−74	−76	−79	−81	−84	−87	−89	−92
Subtotal	−114	−120	−129	−140	−148	−159	−170	−182	−194	−208	−222	−236
Other interest [3]	−7	−7	−6	−7	−7	−7	−8	−8	−8	−8	−8	−9
Total	243	229	222	212	194	179	164	148	131	112	92	81
FEDERAL DEBT AT THE END OF THE YEAR (BILLIONS OF DOLLARS)												
Gross Federal Debt	5,479	5,582	5,664	5,721	5,737	5,760	5,770	5,770	5,732	5,675	5,600	5,500
Debt Held by Government Accounts:												
Social Security	730	856	1,003	1,157	1,321	1,493	1,675	1,869	2,075	2,292	2,520	2,755
Other accounts [2]	1,029	1,107	1,188	1,267	1,350	1,431	1,510	1,589	1,666	1,743	1,813	1,880
Subtotal	1,759	1,963	2,190	2,425	2,670	2,925	3,185	3,458	3,741	4,035	4,333	4,635
Debt Held by the Public	3,720	3,618	3,473	3,297	3,066	2,835	2,584	2,312	1,992	1,640	1,267	865
Debt Subject to Limit [4]	5,439	5,543	5,626	5,684	5,700	5,724	5,734	5,736	5,699	5,643	5,568	5,469
FEDERAL DEBT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT												
Debt Held by the Public	44.3	40.9	37.5	34.2	30.5	27.1	23.7	20.3	16.8	13.2	9.8	6.4

[1] Excludes interest costs of debt issued by agencies other than the Treasury (primarily the Tennessee Valley Authority).
[2] Mainly Civil Service Retirement, Military Retirement, Medicare, unemployment insurance, and the Airport and Airway Trust Fund.
[3] Mainly interest on loans to the public.
[4] Differs from the gross federal debt primarily because most debt issued by agencies other than the Treasury is excluded from the debt limit. The current debt limit is $5,950 billion.

Source: Congressional Budget Office.

Note: Projections of interest and debt assume that discretionary spending will equal the statutory caps on such spending through 2002 and will grow at the rate of inflation thereafter.

Mr. HOLLINGS. Gross Federal debt, on page 19: In the year 1999, $5.582 trillion; it goes to $5.664 trillion; 2001, $5.721 trillion; 2002, $5.737 trillion; 2003, $5.760 trillion; 2004, $5.770 trillion.

Up, up, and away. Deficits, not surpluses; deficits—the Congressional Budget Office says—as far as the eye can see.

The Republicans were going to take the $1.9 trillion of Social Security. We have to not get into Social Security. We have to find $1 trillion for the tax cut about which we have been talking. So they said we have another $1 trillion. How do we do it? They said—at least the Republicans, and I will limit my comment to that because that is what they have in this particular amendment—they said: Let's not just have current policy. Let's stick to the spending caps that we put in.

They violate the spending caps. They violated it again last year, $21 billion, and we already are up to $17 billion and it is going to be at least $35 billion or $40 billion or more at the end of this year—already in violation of the caps. When the majority says they keep the

caps on with no emergency spending and the economy stays at a growth of around 2 to 2.5 percent. The chairman of the Budget Committee on Sunday said CBO estimated two recessions—That is not right and I would like to correct that. CBO in this book does not project any recession during the next 10 years, rather 2.5-percent growth.

If you can get all of that growth you can get and have unemployment staying the same way, inflation staying way down, interest rates down, you obey the caps and you have no emergencies whatever. And then you find some money.

However, I point out that they knew where most of the money, 80 percent, was coming from—the other trust funds.

I ask unanimous consent to have printed in the RECORD that page in the report, Trust Funds Looted to Balance the Budget.

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

TRUST FUNDS LOOTED TO BALANCE BUDGET

[By fiscal year, in billions]

	1999	2000	2004
Social Security	857	994	1,624
Medicare:			
HI	129	140	184
SMI	39	44	64
Military Retirement	141	148	181
Civilian Retirement	490	520	634
Unemployment	79	88	113
Highway	25	26	32
Airport	11	14	25
Railroad Retirement	23	24	28

TRUST FUNDS LOOTED TO BALANCE BUDGET—Continued

[By fiscal year, in billions]

	1999	2000	2004
Other	57	59	69
Total	1,851	2,057	2,954

Mr. HOLLINGS. So we have the other trust funds to the tune of a 10-year period of $800 billion. We have $1 trillion to spend and that is the gamesmanship. There actually is no surplus. They are increasing deficits. If you don't believe CBO, believe at least the President.

I ask unanimous consent to have printed page 43 of the OMB report.

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

TABLE 22.—FEDERAL DEBT WITH SOCIAL SECURITY AND MEDICARE REFORM

[In billions of dollars]

	Estimates										Projections				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt held by the public:															
Debt held by the public, beginning of period	3,653	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	944	637	335
Debt reduction from:															
Off-budget surplus:															
Surplus pending Social Security and medicare reform	−137	−144	−154	−165	−175	−193	−202	−215	−225	−233	−243	−246	−248	−246	−241
Social Security solvency transfers	0	0	0	0	0	0	0	0	0	0	0	−107	−125	−145	−166
Returns on investment of transfers [1]	0	0	0	0	0	0	0	0	0	0	0	−3	−14	−27	−43
Medicare solvency transfers	−5	−0	−12	−5	−7	−10	−29	−59	−83	−113	−142	−67	−68	−65	−58
Less purchase of equities by Social Security trust fund [1]	0	0	0	0	0	0	0	0	0	0	0	110	139	172	209
Other financing requirements [2]	21	17	17	16	15	13	12	11	9	8	8	8	8	9	9
Total changes	−122	−127	−150	−154	−167	−189	−219	−263	−298	−339	−376	−305	−307	−302	−291
Debt held by the public, end of period	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	944	637	335	44
Less market value of equities	0	0	0	0	0	0	0	0	0	0	0	−110	−248	−420	−629
Debt held by the public, less equity holdings, end of period	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	834	388	−85	−585
Debt held by Government accounts:															
Debt held by Government accounts, beginning of period	1,962	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,822	6,374	6,949
Increase prior to Social Security reform	205	204	222	230	240	254	271	280	289	299	310	315	318	317	314
Social Security and Medicare solvency transfers	5	0	12	5	7	10	29	59	83	113	142	173	193	210	224
Earnings on solvency transfers invested in Treasury securities	0	0	1	1	2	2	3	6	11	17	25	35	42	48	55
Less purchase of equities by Social Security trust fund [1]	0	0	0	0	0	0	0	0	0	0	0	−110	−139	−172	−209
Total changes	210	204	235	236	249	266	304	345	382	429	476	523	552	575	593
Debt held by Government accounts, end of period	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,822	6,374	6,949	7,543
Plus market value of equities	0	0	0	0	0	0	0	0	0	0	0	110	248	420	629
Debt and equities held by Government accounts, end of period	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,932	6,623	7,369	8,172

[1] Includes accrued capital gains.
[2] Primarily credit programs.

Note: Projections for 2010 through 2014 are an OMB extension of detailed agency budget estimates through 2009.

The page shows increasing deficits going up. The national debt goes up from $5.6 trillion to about $7.6 trillion; $7.587 trillion over 15 years.

What do we have? We have an increase in the debt of Social Security of which the distinguished chairman has the jurisdiction. They owe it $857 billion. In 10 years, they will owe Social Security $2.7 trillion and they are talking about saving Social Security—lockbox. This is a shameful sideshow out here. There is no dignity left in this Senate. No responsibility.

If they can put up a chart, run away, whine, and say the people back home know how to spend—if we have all the money, why can't the people get it back? They didn't give it back to the Social Security people when he was going to shoot me in the streets. They didn't give it back to where they came from, the wage earners, the payroll tax.

Oh, no, as the Senator from North Dakota said, the rich get it all. Come on. It seems as if there would be a conscience in this crowd. I don't think this will sell with the American people when they hear the truth. That is what I am trying to give them here today—the truth.

The distinguished Senator from Texas comes up. I knew it because I have been working at his side in previous years. He comes up and the first thing he said is the real problem is how to give it, and the best was ''across the board.'' I knew he was going to get to Dicky Flatt. He immediately changed subjects and the debate became the Gramm amendment, which is supposed to go between workers, wage earners, and deadbeats. If he can put that one over, then he has won the day with the hard-working people and Dicky Flatt.

Come on, give us a break. We have been through that. There is no education in the second kick of a mule.

We have a good economy. Alan Greenspan, the best of the best, who has helped us maintain that, says stay the course. The Hollings-Lieberman motion is not to take sides in this intramural between tax cuts and spending. But just saying: Finance Committee, come back with a bill that says any surplus you find, apply it to reducing the national debt. Let's all go home. I think we will win the approval of the American people.

Now, not coming in with all of the lockboxes, that immediately puts back the money into IOUs. They issue these Treasury bills, which are nothing more than an IOU under section 201 of Social Security, and then they spend the money on other things. There is not any true lockbox.

We had an amendment and I showed that to the majority leader. I circulated it to all the Senators. That is why if they allow us to put our amendments up, including my amendment to cap the debt, we will get the truth. All I want to do is say cap the debt as of September 30, 1999. If you have nothing but surpluses, then run around asking how to spend it or how to give a tax cut or whatever.

I will agree that you are right if there is a surplus. But the debt won't go down at the end of the fiscal year. They didn't want that vote. That is why we are in a filibuster about the lockbox. Somehow, somewhere, we have to get the truth out and cut out this whining about the people back home know how to spend their money. The point is, you cannot cut taxes without increasing spending. That is the great fiscal cancer we have developed in the 1980s with the Reagan tax cuts. The national debt was less than $1 trillion, less than $1 trillion at that particular time. Now we have a $5.6 trillion debt. With all of that ''growth, growth, growth—we are going to have growth everywhere,'' what has grown is the national debt with an interest cost of $1 billion a day.

I served on Peter Grace's commission against waste, fraud and abuse. The only thing Congress created was the biggest waste of all, spending $358 billion in interest costs. If we had that $358 billion, we could do all these things—Social Security, Medicare, research, tax cuts and everything else. We are going to spend it on account of a political sideshow and use our credibility to get by. The reason we credibility get by, and I will finish in a moment. We had a wonderful debate in the 1930s. I will listen to that any time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MOYNIHAN. Mr. President, off the bill we yield the Senator 2 minutes.

The PRESIDING OFFICER. The Senator is recognized for an additional 2 minutes.

Mr. HOLLINGS. We had a wonderful debate in the 1930s between Walter Lippmann and John Dewey. It was Mr. Lippmann's contention that the way to maintain and strengthen a democracy was get the best of minds in the various disciplines—foreign policy, economic policy, housing, whatever—get them around the table, determine the public's needs, the Nation's needs, determine a policy to answer those needs, and give it to the politicians in Congress and let them enact it.

John Dewey, the educator, said no. He said give the American people the truth. Let the free press give the American people the truth, and the truth will be reflected through the Congressmen and the Senators in the Congress and we will have a strong democracy. And that is what we did for 200-and-some years. As Jefferson said, ''When the press is free and every man can read, all is safe.''

What has happened? We are not safe any longer because the press has gotten into entertainment and they have joined the conspiracy and they call spending increases spending cuts and they call deficits surpluses. That is our dilemma. That is our dilemma. The only thing that is going to save us is that free press getting back to their professional code of conduct, and cut out the entertainment, and get back to telling the American people the truth. Then we would not have to argue about tax cuts. It has to be an embarrassment to come out here with a tax cut. It would be an embarrassment to come out here and just spend billions and billions of dollars that we do not have. This year we are spending $103 billion more than we are taking in. We are in a deficit position.

I thank the Chairman and I yield the floor.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. I yield 5 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The distinguished Senator from Texas is recognized for 5 minutes.

Mrs. HUTCHISON. Mr. President, I want to address some of the issues I just heard from the Senator from South Carolina. The first is quoting of Alan Greenspan, the Chairman of the Federal Reserve Board. I believe Dr. Greenspan's comments have been taken far out of context. Because if you look at what he said, plainly it is if the choice is more spending or tax cuts, I will take tax cuts.

It is true he said he would be very cautious.

Mr. HOLLINGS. Will the distinguished Senator yield?

Mrs. HUTCHISON. I will yield on your time.

Mr. HOLLINGS. The Senator was correct in what I was saying. I said nothing about tax cuts—I favored those over spending. I said in my motion there is a surplus that we apply to reducing the national debt, and I quoted Mr. Greenspan as of February, when he said, ''Stay the course.'' I didn't say Greenspan said I prefer tax cuts over spending. I did not use that quote.

Mrs. HUTCHISON. Dr. Greenspan said: If it is a choice of tax cuts versus spending, he takes tax cuts. Paying down the debt is exactly what the Republican plan does. So I think it is very important we keep Dr. Greenspan's comments in context.

If you look at the President's plan, he takes $1 trillion and spends it. The Republican plan takes the same $1 trillion and gives $792 billion back to the people who earned the money, and we have a cushion for spending on issues such as Medicare and education in the rest of the $1.3 trillion in surplus that comes from income tax withholding.

The Republican plan takes all of the payroll taxes that we heard the Senator from North Dakota talk about and puts that into Social Security reform and stability. So when we are talking about a lockbox, we are saying all the payroll taxes for Social Security that people pay in will be set aside for Social Security. That is $2 trillion. That is exactly what the President's plan sets aside for Social Security.

It also has the effect of paying down debt by about 50 percent, according to the estimates. So you pay down debt and you stabilize Social Security with $2 trillion that is set aside from the payroll taxes that people pay in.

But for the other $1 trillion we are looking at that comes from income tax withholding, we have very different plans. The President would spend it. The Republicans would let the people who earned it keep it, and we would hold the rest in abeyance for spending on Medicare, education, national defense.

Why do we want the people who earn this money, who work so hard for it, to be able to keep it? Because we believe the people who earn it need the relief for their own purposes—for them to decide how they want to spend their money. The typical American family is paying more in income taxes in peacetime than ever in our history—38 percent in income taxes. A 10-percent across-the-board tax cut is fair to everyone. Because when people paid their taxes last year—they know what they paid, and they can take 10 percent off that. That is the most fair of all tax cuts, to let people keep more of what they earn. In fact, our tax relief package is less than the tax increases that President Clinton put in place in 1993. At that time, President Clinton said he was going to tax the rich and he put in that category people on Social Security who earned $34,000 a year. That is what he declared as rich. I think these people deserve a break, and that is what we are trying to give them.

We are giving marriage tax penalty relief. This morning at my constituent coffee, I met a schoolteacher and a football coach. I am going to estimate they earn about $35,000 and about $40,000 apiece. They get hit right square between the eyes with the marriage penalty because when you put their incomes together, they go into a new bracket. They are earning, then, $65,000 to $70,000 for a family of four.

That is wrong. We should not tell people because they get married that they owe more in taxes, just because they got married.

The PRESIDING OFFICER. The Senator's time has expired.

Mrs. HUTCHISON. Mr. President, did Senator HOLLINGS' question come off his time or mine?

The PRESIDING OFFICER. It came off of his time.

Mrs. HUTCHISON. Mr. President, it is time we provide marriage tax penalty relief, tax relief across the board, death tax relief so people will not have to visit the undertaker and the tax collector on the same day and give up the family farms that have had to be sold because of death taxes. That is wrong. This amendment will correct that situation. It is time we give relief to the hard-working people of our country.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The distinguished Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I understand I have 10 minutes. I will try to cut that in half in the interest of moving this along.

I cannot believe the amendment that is before this body. I am speaking about the Gramm amendment. The Center on Budget and Policy Priorities does very good work, as does Citizens for Tax Justice. Let's take the 10-percent tax rate cut across the board: this is what they say. 60 percent of the benefits of this tax cut will go to 10 percent of the taxpayers with the highest income. The bottom 60 percent of all taxpayers will share just over 9 percent of the total benefits under this plan. The average tax cut under the Gramm amendment, for the lowest income, 60 percent of all taxpayers, those with incomes below $38,000, will be about $99.

By contrast, those in the top 10 percent will enjoy an average tax cut of about $4,000. Tax cuts for the 1 percent highest income, those making more than $300,000 a year, will average $20,000 a year. I am not even talking about estate and capital gains tax cuts, which make the Gramm amendment even more regressive.

To pick up on the comments of my colleague from South Carolina, the original House Ways and Means Committee proposal in the second 10 years would explode the debt, costing $2.8 trillion. This may be only $2 trillion. But even here, $2 trillion is a lot of money. From 2010 to 2019, this tax cut package in the Gramm amendment will probably cost about $2 trillion. That is what it will cost us.

Mr. President, Kevin Phillips, in some commentary the other day on ''Morning Edition,'' talked about the House proposal. I think what he said applies to this Gramm amendment:

> The mind-boggling 10-year cuts passed late last week by the House of Representa -tives . . . deserve a new term: [Not pie in the sky but] pie in the stratosphere.

That is what this Gramm amendment is: pie in the stratosphere.

Sometimes my colleagues on the other side of the aisle—and I say this with a twinkle in my eye, it is never hatred; we always enjoy our work—they will accuse some of us of class warfare. I say to my colleague from Texas, this is class warfare. This is class warfare: 60 percent of the benefits go to the top 10 percent of all taxpayers. The bottom 60 percent gets 9 percent. The average tax cut for most of the people in my State of Minnesota is about $99. But if you make over $300,000 a year, there will be an average tax cut of $20,000 a year. I say to my colleague from Texas, this is class warfare. That is what his amendment is.

In some ways, I am glad to fight this war because the vast majority of people in this country, when they realize who gets the benefits and who does not, when they realize what this amendment does in the second 10 years, here is what they are going to say. They are going to say: We heard enough about how this surplus belongs to us. We are responsible adults. We are responsible parents and grandparents, and we believe that whatever the performance of our economy—and I hope it will be good; we do not know, this is all assumed—and whatever we have by way of surplus, here is what we believe: We believe that it does not belong to us; it belongs to our children and our grandchildren.

That means we pay off some of the debt we put on their shoulders, and that means we also make sure that Medicare and Social Security are there for them. It also means our children and our grandchildren, regardless of whether they are rich or poor, have opportunities; that there is equal opportunity for every child. That is what the American people believe. That is what Minnesotans believe.

I love this Gramm amendment. I love it because I think it presents in the clearest possible way to people in Minnesota and people in the country what we are about, whose side we are on. It is a class warfare amendment, and it should be trounced in a vote. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. I yield the Senator from Michigan 10 minutes.

The PRESIDING OFFICER. The distinguished Senator from Michigan is recognized for 10 minutes.

Mr. LEVIN. I thank the Chair. Mr. President, I thank my good friend from New York.

The tax program which is in the amendment before the Senate, like the plan that it would amend, is unfair to middle-income Americans. It is economically unwise, and it is based on unrealistic assumptions. The unfairness in the underlying bill it would amend is perhaps best shown in the fact that about two-thirds of its tax benefits go to the upper one-fifth of our people. The amendment makes that worse. It makes an unfairness doubly unfair because it will give almost 80 percent of the tax benefits to the upper one-fifth of the income bracket.

In addition to being unfair, it is also economically unwise because it jeopardizes Medicare, it fails to strengthen Social Security, and it risks higher interest rates. Yesterday, Alan Greenspan, testifying before the Banking Committee said:

> We probably would be better off holding off on a tax cut.

Why? Because of the uncertainty of budget surplus projections and also because we should normally reserve tax cuts for periods of economic slowdown.

The implication, in his words, has also been pretty clear over these last few months, which is that a large tax cut would cause the Fed to increase interest rates. For the average middle-income taxpayers, a rise in interest rates means larger mortgage payments, larger loan and credit card payments, larger payments on that automobile, and that would far outweigh the small share of the benefits from the tax cut which that average taxpayer might receive.

The tax program that is being offered to us is also based on unrealistic projections. Projections are always risky. We have seen many Federal budget estimates, and we know that as quickly as the surpluses appear, they can disappear. The estimates of both the Congressional Budget Office and the Office of Management and Budget have frequently been far off the mark in recent years, and that is not their fault. We have some bright economists in the CBO and the OMB. They have a difficult task. Forecasting the performance of the economy, particularly over the course of several years, is more art than science, and there is a lot of guesswork in it.

For instance, the CBO estimated that the unified budget surplus for fiscal year 2000 will be $79 billion. But 4 months later, in a January 1999 CBO document, the surplus for fiscal year 2000 was estimated at $130 billion. In 4 months, it jumped from a $79 billion estimate to a $130 billion estimate. The July estimate for fiscal year 2000 now projects a $161 billion surplus. So there has been a change of over 100 percent in the projection of the surplus in less than a year. If most Americans were confronted with such uncertainty over their own budget situation, they would follow a cautious course, and we should, too.

The projections in both the underlying proposal and the pending amendment to it are extremely risky because they are based on assumptions about domestic spending levels that are highly unrealistic. The on-budget surplus, which the Republicans now say will pay for the tax cut, is reliant largely on massive cuts in discretionary spending, $595 billion over 10 years. That is a 23-percent cut in real terms from the 1999 level adjusted for inflation. Can we really believe we will be cutting discretionary programs by 23 percent in real terms?

Is that what we are doing now?

If a realistic defense spending level is adopted—even the President's proposal; if we assume just that—the domestic spending cut will grow to $775 billion over 10 years, which is a 38-percent cut in real terms.

We have seen proof in the last few weeks that these levels are unrealistic. The so-called spending caps are already being exceeded by attaching emergency spending labels to new funding. We have already heard from the chairman of the Appropriations Committee that these limits, or caps, are going to be lifted in any event. The House tends to use emergency spending to get around the caps. Apparently, we are going to be more forthright and just lift the caps.

So most people in Congress already believe—whether they acknowledge this publicly or not—that the caps are simply not going to hold. So we already have strong evidence that the basis of the surplus projection is not realistic or credible.

The proposal before us is going to take the economy backwards, just as we are climbing out of a deficit ditch.

In 1992, the deficit in the Federal budget was $290 billion. We made remarkable progress which has brought us now to the threshold of surpluses. It came in large part because of a deficit-reduction package which President Clinton presented in 1993 and which we passed by a margin of one vote. We should not now, by passing a tax bill such as the one before us, head down the road toward new future deficits.

The alternative that Democrats offered yesterday was far better, by all three tests—the test of fairness, the test of prudence, the test of credibility. But by those same three tests, we should hold off on any tax cut. We should hold off on any tax cut, period.

First, we should see if the surplus is real before we adopt tax cuts. Second, if the surpluses are real, we should pay down the national debt faster. And third, we should save tax cuts for a time of economic slow down.

The argument is made that this is the taxpayers' money. It is. But the economy is the American taxpayers', too. The economy belongs to the American taxpayer. Social Security belongs to the American people, just as this money belongs to the American people. The surplus belongs to the American people. So does the Medicare program belong to the American people. Our education program, helping people through college, belongs to the American people, just as the surplus does.

These are taxpayers' dollars. There can be no dispute about that. But the veterans' program is the American people's program. When we cut veterans' health care, we are cutting into something that the American people want. It is their program, just as the surplus, just as the taxes, are the American people's.

The American people are speaking loudly, at least to me, at least in my office, when I go back home to Michigan every weekend and talk to the American people. What they are telling me is: Pay down the debt, protect Social Security, protect Medicare. Do what you need to do to invest in education. Don't cut veterans' programs. But we don't need this tax cut that is being proposed at this time, not just because it is unfair to middle income Americans—which it is, since most of the benefits go to the upper fifth—but we don't need the tax cut because we want debt reduction, real debt reduction.

That is what they are telling us. That is what the American people, who produced this surplus, who send us the tax money, are telling us. They are telling us that loudly, not just in public opinion polls—in the mail that we open up, in the phone calls we get, and in the personal pleas we get when we go home.

That is exactly what we should do: To hold off on any tax cut and reduce the debt with the money that otherwise would go to that tax cut, again, not just because it is unfair—which it is—but because it is unwise and imprudent.

Mr. President, I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER (Mr. BUNNING). The Senator from Texas.

Mr. GRAMM. Mr. President, it is my understanding that the Democrat side of the aisle has completed their run of speakers. They have a little time left. I have a little bit more. But it would be my intention, if it suits everybody else, to go ahead and try to answer all of these points that have been made, and try to deviate from my background as a schoolteacher and not take all day, and then go ahead and yield back my time if they would yield back theirs, and then we will set my vote aside and let Senator KENNEDY offer his amendment, if that will suit everybody on time.

The only thing I want to be sure of is—since I want to be sure I get to answer every point that has been made—I would like to be the last speaker on my substitute. So if that works with everybody, I am happy about it; if not, we can do it another way.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. The Senator's proposal is entirely agreeable. I cannot, however, let pass the notion that Texas may be the only State in the Union where a former professor of economics refers to himself as a sometimes schoolteacher. But that is the way it is. We look forward to hearing all he has to say.

Mr. REID. Will the Senator yield for a question?

Mr. MOYNIHAN. Sure.

Mr. REID. So we have someone here to speak when the Senator finishes, could the Senator give us an estimate of when he might complete his statement on this amendment?

Mr. GRAMM. Mr. President, how much time do I have?

The PRESIDING OFFICER. Eighteen and a half minutes.

Mr. GRAMM. I will be through before that. Senator KENNEDY may want to start making his way over here.

Mr. President, we are about to wrap up the debate on this amendment. I think sometimes it is easy to get carried away and get in the business of trying to look at people's motives. I would like, in my concluding comments, to try to set this whole thing in perspective.

I wonder sometimes if our Democrat colleagues do not just rediscover every once in a while how progressive—and that is the term that was made up by the people who wanted the Tax Code to be highly skewed, where higher income people paid the great preponderance of taxes in America.

We are today talking about cutting income taxes. Our dear colleague from Minnesota points out that if you make less than $30,000, you are going to get less than $100 of income tax cuts in this bill. But what our colleague fails to recognize is that 50 percent of Americans pay only 4.3 percent of the income taxes; 32 percent of American families pay no income taxes whatsoever.

So I know it makes for a good sound bite to say 32 percent of Americans will get no income tax cut if you cut taxes across the board by 10 percent, but they do not get a tax cut because they do not pay income taxes.

Tax cuts are for taxpayers. The people who will get a tax cut under this bill get no food stamps. Is that an outrage? People who will get a tax cut under this bill do not qualify for Medicaid. Is that an outrage that they do not qualify for Medicaid? People who will get a tax cut under this bill do not qualify for Aid to Families with Dependent Children. Is anyone outraged about that? I am not, because AFDC, food stamps, Medicaid are not for everybody; they are for poor people. Tax cuts are for taxpayers.

So when our colleagues stand up and say the top one-quarter of the taxpayers in America will get 60 percent of the tax cut under this bill, don't forget that the top 25 percent of income earners in America today pay 81.3 percent of all the taxes.

Why would anybody be shocked that a group of people who pay 81.3 percent of the taxes might get 60 percent of the tax cut? In fact, what our dear colleague from Michigan was pointing out is that the Roth bill is, from the point of view of the existing Tax Code, putting a heavier burden on higher income people. My amendment does not do that. Now, some of our colleagues, a

few minutes ago, suggested that I was offering the House bill. The House tax cut bill is 457 pages long. The tax cut I am offering is 46 pages long. This is a very simple tax cut. At the end of my comments, I will go over what it does and does not do.

It is true that the top 1 percent will get more tax cut than the bottom 50 percent. The top 1 percent of income earners in America earn 16 cents of every dollar earned, but they pay 32.3 percent of the taxes. The bottom 50 percent pay only 4.3 percent of the taxes. So if you are giving a tax cut, people who pay taxes get it. If you are giving welfare or Medicaid, people who are poor get it. I don't know why that comes as a shock to our Democrat colleagues.

Our dear friend from South Carolina said the rich get it all. Well, the plain truth is that the average family in America making $50,000 a year, they are rich, according to the Senator from South Carolina. But the average family making $50,000 a year will get $624 in a tax cut by the 10-percent across-the-board tax.

How is it that only rich people are getting the tax cut? Well, you have to remember that when the Democrats, in 1993, raised taxes, they defined ''rich'' as anybody making over $25,000 a year when they taxed people earning $25,000 a year on their Social Security benefits. I hope people are not confused when they hear the Senator from South Carolina say under the Gramm amendment rich people get it all. I hope they understand that rich people are people over $25,000 a year. When Senator HOLLINGS was saying, yes, he voted to raise taxes on Social Security, that was on rich people who made over $25,000 a year. Don't forget the code when we are talking about these things.

There are a lot of people on the Democrat side of the aisle who say hold off on the tax cut. Well, I don't find that unappealing. Just to level with people, if we could stop the spending spree that is underway and hold off on the tax cut and have an election—I believe we are going to have a Republican President; I think I know who it is; I believe we are going to have a Republican majority in both Houses of Congress—I think we could do a better job 2 years from now. So when Senator LEVIN says hold off on the tax cut, why do I not end up supporting his position?

Well, the problem is, this is the Congressional Budget Office analysis of President Clinton's budget. He is proposing to spend $1.033 trillion, not only every penny of the surplus, but he is having to plunder Social Security for 3 out of the 10 years. So while our colleagues are saying don't cut taxes, what they are not telling is that the President has proposed spending every penny of the non-Social Security surplus, plus part of the Social Security surplus.

We are already $21 billion over the budget this year. I would be willing to wait when we had a President who I think would support a better tax package, but under President Clinton's budget, we will have spent every penny of the surplus before we can elect a new President. So that is why we have to act now.

The second thing is about how large this tax cut is, how outrageous, how obscene. If you want to spend all the money, any tax cut is obscene. If you don't want a tax cut, all tax cuts are for rich people, all tax increases are on rich people. So most people, at least in that language, don't have a stake in it.

But the problem is, all tax increases are on working people and our tax cut is for working people. The question is, Is it too big?

When Bill Clinton became President, Government was taking in taxes, 17.8 cents out of every dollar earned by every American. Because of the massive tax increase in 1993 and because people, as incomes have gone up, have moved into higher brackets, Government is now taking a peacetime record 20.6 percent of the economy in Federal taxes.

Now, if we took all $1 trillion of the non-Social Security surplus and gave it back to the American worker in tax cuts—and I remind Senators, we are giving less than $800 billion because we are keeping $200 billion for Medicare and for emergencies—if we gave it all back, the tax burden, at 18.8 percent of every dollar earned, would still be substantially higher than it was the day Bill Clinton became President. So even if you adopt our tax cut and even if the President signed it, when he left office and when this tax cut was fully implemented, he could say: Taxes were substantially higher when I left than when I came—even though supposedly we are talking about a huge tax cut.

Now, finally, if you take the arithmetic and you say: How big is this tax cut relative to the level of taxes we are collecting, over a 10-year period, the tax cut is a whopping 3.5 percent. Over a 10-year period, if we adopt our tax cut, we are reducing revenues by 3.5 percent.

How can the President say this tax cut endangers the American economy? In fact, the day before yesterday he was saying it endangers women's health care; if we let working people keep more of the money they earn, it is going to hurt women's health.

I don't know, if this debate goes on another day or two, he may say that infantile paralysis will be back, that polio will suddenly descend on America. If you let people keep more of what they earn, it could happen. The bubonic plague could come back. The point is, we are talking about 3.5-percent tax cuts over 10 years.

Why are we doing this? We are doing it because we are going to collect $3 trillion in taxes over the next 10 years above the level we are going to spend. We are taking $2 trillion and putting it away so when we get a President that has the courage to fix Social Security—we do not have such a President today, I am sad to say, but when we get one, we will have the money and we will be ready to do it.

Then out of the trillion that is left, we are saying, let us give eight-tenths of it back in tax cuts and let us keep two-tenths of it for Medicare and for any emergencies we might have.

Our colleagues say, if you give these tax cuts, the money is gone forever. That is interesting because we raise taxes round here all the time. But yet when they spend this money on $1.033 trillion of new programs, it is as if we can snap our fingers and have it back.

The truth is, you can always get money back that you give to the American public in tax cuts. If we start 81 new programs, which is what President Clinton wants to do, we will never be able to get that money back. We will never be able to end those programs. That is what the debate is about.

I see that one of my colleagues who had asked to speak before, came and waited for others to speak, has come back. How much time do I have at this point?

The PRESIDING OFFICER. The Senator has 6 minutes.

Mr. GRAMM. I yield that Senator 5 minutes of my time, and then I will sum up with the last minute.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I have heard the name of the Federal Reserve Board Chairman, Alan Greenspan, invoked in this debate as if the Chairman would oppose the tax-relief bill. That is not my understanding of where Mr. Greenspan stands on the issue. I want to include for the RECORD at the end of my remarks a copy of a Wall Street Journal editorial on the subject that ran on July 27, 1999.

When Chairman Greenspan testified before the Banking Committee last week, he said that he would delay tax cutting and apply the surplus to debt repayment—but here is the part of the quote that many in the media have failed to report. He said he would defer tax cuts:

> . . . *unless,* as I've indicated many times, it appears that the surplus is going to become a lightening rod for major increases in outlays (emphasis added). That's the worst of all possible worlds, from a fiscal policy point of view, and that, under all conditions, should be avoided.

Mr. Greenspan went on to say, ''I have great sympathy for those who wish to cut taxes now to pre-empt that process, and indeed if it turns out that they are right, then I would say moving on the tax front makes a good deal of sense to me.''

Mr. President, Chairman Greenspan's view is important because opponents of

this tax relief bill claim that the Federal Reserve will respond to its enactment by raising interest rates to the cool economy. But Mr. Greenspan's remarks make it clear that the real threat to continue prosperity is bigger government, not tax relief. And if the tax overpayment is not returned to taxpayers, I think it is clear that it will be spent long before it can be applied to debt reduction.

Just consider that President Clinton is proposing new spending amounting to $826 billion—more than the 10-year cost of the tax-relief bill that is before us. Remember, too, that our tax bill accounts for only about 25 percent of the available surplus. In other words, we are only proposing to refund about 25 cents of every surplus dollar to the people who sent it to us—hardly a risky or irresponsible thing. Seventy five cents of every surplus dollar would be dedicated to preserving Social Security and Medicare, and funding other domestic priorities.

Remember, to the extent that there is a surplus, we will have taken care of our core obligations already—things like education and health care, running our national parks, and providing for the national defense. It may be true that refunding the overpayment will mean we cannot fund some low priority programs, but that is the point: taxpayers ought to be able to decide how to spend their own hard-earned money before Washington wastes it.

Critics of the tax-relief bill also claim that it cannot be justified because projected surpluses may never materialize, that Congress and the President will be unable to live within the spending limits we agreed to on a bipartisan basis only two years ago. In other words, they contend that spending the surplus is a preordained outcome. To me, that is not a reason to defer tax relief. It is the very reason we need to pass tax relief—before Washington can find new ways to spend the tax overpayment.

Mr. President, I think it is important to clarify that we are talking about what to do with the non-Social Security surplus. Our plan saves all of the Social Security surplus for Social Security. President Clinton says that it is his goal as well, but his budget would actually spend $158 billion of the Social Security surplus on other programs. If our colleagues on the other side of the aisle would end their filibuster against the Social Security lockbox bill, we could pass it and make sure the Social Security surplus is not spent.

Let me turn for a few moments to the specific provisions of the tax-relief bill that is before us today. I want to begin by commending the chairman of the Finance Committee for producing a bill that fully meets the instructions of the budget resolution we passed earlier this year and provides a full $792 billion in tax relief over the next decade.

But I must say that I would have written the bill very differently. It seems to me that there are too many provisions that are targeted too narrowly. For example, the bill includes a tax break for the renovation of historic homes. That is great if you intend to engage in such renovation. But if you do not have the means to own a historic home, or do not want one, you get no relief.

People with a foreign address would have their frequent flyer miles exempted from the 7.5 percent air passenger ticket tax.

Generation of electricity from chicken litter would earn a tax break.

And if you are fortunate enough to get certain scholarships, your award would be excluded from tax.

These four provisions alone—and each may have merit in its own right—have a combined revenue impact of about $4 billion over 10 years—money that I would prefer to put toward broad-based, growth-oriented tax relief that help all taxpayers.

While there are many worthwhile provisions in the Finance Committee bill, a better approach is embodied in an amendment that will be offered by Senator PHIL GRAMM of Texas. Whereas the committee bill attempts to spread relief among some 130 parts of the Tax Code, the Gramm amendment would focus on just five areas, using the surplus to finally correct some of the most unfair and egregious provisions of the law.

The Gramm amendment would, for example, expand on the provisions of the underlying bill to completely eliminate the marriage-tax penalty. What rationale can there possibly be for imposing such a penalty? All of us say we are concerned that families do not have enough to make ends meet—that they do not have enough to pay for child care, college, or to buy their own homes. Yet we tolerate a system that overtaxes families. According to Tax Foundation estimates, the average American family pays almost 40 percent of its income in taxes to federal, state, and local governments. To put it another way, in families where both parents work, one of the parents is nearly working full time just to pay the family's tax bill. It is no wonder, then, that parents do not have enough to make ends meet when government is taking that much. It is just not right.

The marriage penalty alone is estimated to cost the average couple an extra $1,400 a year. About 21 million American couples are affected, and the cost is particularly high for the working poor. Two-earner families making less than $20,000 often must devote a full eight percent of their income to pay the marriage penalty. The highest percentage of couples hit by the marriage penalty earns between $20,000 and $30,000 per year.

Think what these families could do with an extra $1,400 in their pockets. They could pay for three to four months of day care if they choose to send a child outside the home—or make it easier for one parent to stay at home to take care of the children, if that is what they decide is best for them. They could make four to five payments on their car or minivan. They could pay their utility bill for nine months.

The Finance Committee bill goes a long way toward resolving the marriage-penalty problem, and I thank the chairman of the Finance Committee for that; but since we have the resources to solve it fully once and for all, we should.

The death tax is just as wrong, and we ought to do something about it, too. The Gramm amendment includes the provisions of the Kyl-Kerrey bill, as modified by the House, that would eliminate the death tax outright.

Although most Americans will probably never pay a death tax, most people still sense that there is something terribly wrong with a system that allows Washington to seize more than half of whatever is left after someone dies—a system that prevents hard-working Americans from passing the bulk of their next eggs to their children or grandchildren, or even their local charities. Liberal Professor of Law at the University of Southern California, Edward J. McCaffrey, put it this way: ''Polls and practices show that we like sin taxes, such as on alcohol and cigarettes.'' ''The estate tax,'' he went on to say, ''is an anti-sin, or a virtue, tax. It is a tax on work and savings without consumption, on thrift, on long term savings. There is no reason even a liberal populace need support it.''

Economists Henry Aaron and Alicia Munnell reached similar conclusions, writing in a 1992 study that death taxes ''have failed to achieve their intended purposes. They raise little revenue. They impose large excess burdens. They are unfair.''

In fact, 77 percent of the people responding to survey by the Polling Company last year indicated that they favor repeal of the death tax. When Californians had the chance to weigh in with a ballot proposition, they voted two-to-one to repeal their state's death tax. The legislatures of five other states have enacted legislation since 1997 that will either eliminate or significantly reduce the burden of their states' death taxes.

Talk to the men and women who run small businesses around the country and you will find that death taxes are a major concern to them. The 1995 White House Conference on Small Business identified the death tax as one of small business's top concerns, and delegates to the conference voted overwhelmingly to endorse its repeal. Remember, this is a tax that is imposed on a family business when it is least

able to afford the payment—upon the death of the person with the greatest practical and institutional knowledge of that business's operations.

Although the death tax raises only about one percent of the federal government's annual revenue, it exerts a disproportionately large and negative impact on the economy. In fact, Alicia Munnell, a former member of President Clinton's Council of Economic Advisors, estimates that the costs of complying with death-tax laws are roughly the same magnitude as the revenue raised. In 1998, for example that amounted to about $23 billion. In other words, for every dollar of tax revenue raised by the death tax, another dollar is squandered in the economy simply to comply with or avoid the tax.

Over time, the adverse consequences are compounded. A report issued by the Joint Economic Committee last December concluded that the existence of the death tax this century has reduced the stock of capital in the economy by nearly half a trillion dollars.

By repealing the death tax and putting those resources to better use, the Joint Committee estimates that as many as 240,000 jobs could be created over seven years and Americans would have an additional $24.4 billion in disposable personal income.

Unlike the Finance Committee bill, which leaves the death tax in place indefinitely, the Gramm amendment would repeal the tax—pull it out by its roots. The House has already passed similar provisions, and the Senate should, as well. Death-tax repeal is a must.

Mr. President, there are three other components of the Gramm amendment that I will touch on only briefly. First, it would reduce marginal income-tax rates by 10 percent across the board. In other words, all taxpayers would see their tax bills reduced, proportionate to how much they pay. This is probably the fairest way of returning the tax overpayment.

Second, the amendment would index capital gains for inflation, recognizing that the Treasury should not reap the benefit of inflationary policies.

Third, it would provide a full deduction for health insurance for the self employed.

Mr. President, the Gramm amendment would provide broad-based relief, and would do so in a way that is not only fair, but which would keep the economy growing and providing a better standard of living for all Americans.

I will vote for the Gramm amendment. If it is defeated, I will vote for the underlying bill in order to get it to conference where the bill could be improved. I will, however, reserve judgment about whether to support the conference report until I can see if it comes close to the Gramm amendment or the House bill.

Before concluding, I ask unanimous consent that the Wall Street Journal editorial from July 27, 1999, which I mentioned at the beginning of my remarks, be printed in the RECORD at this point.

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

REVIEW & OUTLOOK—TRUTH AND TAXES

Ronald Reagan once famously noted that ''facts are stubborn things,'' but that was before the Clinton Presidency. One consequence of Clintonism is that facts have been irrelevant to political debate, as for example in the current fight over tax cuts.

Under the new Clinton rules, by now imbedded in media coverage, it doesn't matter whether something is true; what counts is whether it works politically. Thus last week Federal Reserve Chairman Alan Greenspan suddenly found himself hailed as a hero of the Democratic Party, allegedly for trashing the House Republican tax-cut bill. Or so the news reports said. We read his remarks, however, and the truth is more interesting.

Mr. Greenspan: ''My first priority, if I were given such a priority, is to let the surpluses run.''

Rep. John LaFalce (D., N.Y.): ''Thank you, Mr. Chairman.''

Mr. Greenspan: ''As I've said before, my second priority is if you find that as a consequence of those surpluses they tend to be spent, then I would be more in the camp of cutting taxes, because the least desirable is using those surpluses for expanding outlays.''

For some reason the press corps never mentioned this spending caveat, as large as it is. We don't know how they missed it, because a short time later the Fed chief said he'd delay tax cutting ''unless, as I've indicated many times, it appears that the surplus is going to become a lightening rod for major increases in outlays. That's the worst of all possible worlds, for a fiscal policy point of view, and that, under all conditions, should be avoided.

''I have great sympathy for those who wish to cut taxes now to pre-empt that process, and indeed, if it turns out that they are right, then I would say moving on the tax front makes a good deal of sense to me.''

Now, also keep in mind that Mr. Greenspan is a central banker. He runs monetary policy, which means he needs the political running room to raise interest rates from time to time. Like all central bankers, he gets irrationally exuberant about deficits, which he fears could return and complicate this task. Ergo, he'd prefer surpluses to pile up from here to eternity.

Yet, if the surpluses are going to be spent, he'd still rather cut taxes first. And indeed, last week Mr. Greenspan repeated his belief that the revenue-maximizing tax rate for capital gains is ''zero'' and that he prefers a cut in marginal tax rates.

As it happens, last week the Beltway's media sleuths also ignored some startling facts from the Congressional Budget Office. CBO—historically no friend of tax-cutting—compared Congress's budget proposals with Mr. Clinton's. And it found that, despite its $800 billion tax cut over 10 years, Congress's budget actually reduces the federal debt more than does Mr. Clinton's

How can this be? because Mr. Clinton proposes to spend that money instead of use it to retire debt, just as Mr. Greenspan fears. Here's the CBO math on the Clinton proposals:

$111 billion for Medicare, including $168 billion for the new prescription drug bribe less other savings;

$245 billion for USA Accounts, another political handout;

$328 billion for additional discretionary spending—$127 billion for defense and $201 billion in nondefense programs''; and

$142 billion for higher debt service costs because of the higher spending.

The GOP tax cut is about $792 billion, while Mr. Clinton's new spending would amount to $826 billion. In short, Mr. Clinton isn't against the GOP tax cut because he wants to save it for posterity. He's against it because he wants to spend that money instead. Which by Mr. Greenspan's own testimony last week means the Fed chief would endorse cutting taxes first.

And, by the way, don't believe Mr. Clinton when he claims, as he did in his Saturday radio address, that ''the GOP tax cut is so large it would require dramatic cuts in vial areas, such as education, the environment, biomedical research, defense and crime fighting.'' As CBO also shows, since 1990 domestic spending (not including entitlements) has increased by 5% a year; that's roughly double the rate of inflation.

Mr. Clinton has taken to lying with such fluency that his whoppers are barely even noticed. We're not optimistic that anyone else will keep him honest. But we thought our readers would like to know.

Mr. KYL. To reiterate, the bill includes a tax break for the renovation of historic homes. That is great, if you intend to engage in such a renovation and you have a historic home. But if you don't have that kind of a home, it is not going to do you much good. People with foreign addresses would have their frequent flier miles exempted from the 7.5-percent passenger ticket tax.

Generation of electricity from chicken litter would earn a tax break. If you are fortunate to get certain scholarship, you could be excluded from a tax. These four provisions alone, which may well have merit, have a combined revenue impact of about $4 billion over 10 years—money I would prefer to put toward the kind of relief Senator Gramm has been proposing. That is why I support his amendment.

Let's take one of the provisions of his amendment, whereas, the committee bill attempts to spread relief. Out of about 130 different parts of the Tax Code, the Gramm amendment focuses on just 5 particular areas, using the surplus to finally correct some of the most unfair and egregious provisions of the law. For example, it eliminates the marriage tax penalty.

The Finance Committee proposal goes a long way toward working on that marriage penalty, but it does not eliminate it. The Gramm proposal would do that. It is not fair that we overtax families just because they are married. The impact is estimated to cost the average couple an extra $1,400 a year. About 21 million American couples are affected. It is no wonder both spouses in the family are having to work. One, in effect, is working for the family, and the other is working to pay

off the taxes. They are upset with this marriage tax penalty. I support that provision.

While we deal with the death tax in the Finance Committee proposal, we don't eliminate it. It ought to be eliminated. The Gramm proposal eliminates it along the lines of the Kyl-Kerrey bill. I appreciate Senator Gramm including our provision in his amendment. The death tax is the most unfair tax of all. Death should not be a taxable event. If you want to tax people because they make some economic decision to spend money, to take money out of an account, to sell an asset, then tax that economic decision. They understand going in what the consequences are going to be. But nobody chooses to die. Why their heirs should have to pay a tax because of a death is beyond most of us. It brings in about 1 percent in revenue. It is not worth it. An awful lot of small businesses and farms, which have all of the assets tied up in equipment and the capital of the business itself, end up having to sell their assets in order to pay the taxes. The idea that it was to prevent the accumulation of wealth no longer works. In today's world, when you have to sell the business, you usually sell to some big conglomerate that then takes it over.

So the death tax is unfair. Our proposal, which in effect converts it to a capital gains tax on the sale of the assets if and when they are ever sold, is a much fairer proposal. It still permits the Government to recover some of the money, but it is not based upon the death of the individual, it is based upon the sale of the asset when the people want to sell it.

There are three other components I will touch on briefly. First, it reduces the marginal income tax by 10 percent across the board. In other words, all taxpayers would see their taxes reduced, proportionate to how much they pay, as the Senator pointed out. It is probably the fairest way of returning the tax overpayment. The amendment would index capital gains for inflation, recognizing that the Treasury should not reap the benefit of inflationary policy. Finally, it would provide a full deduction for health insurance for the self-employed, something I think everybody would like to see done.

We can afford to do those things, and we ought to do those things in this amendment. I will vote for the GRAMM amendment. If it is defeated, I will vote for the underlying bill in order to get it to conference where it can be improved. I will reserve judgment on whether to support the conference report until I see whether it comes closer to the approach Senator GRAMM has taken.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I have worked up an example that I think tells the story here at the end of the debate. The question is, If we have a simple tax cut that cuts taxes across the board by 10 percent, eliminates the marriage penalty, repeals the death tax, indexes capital gains taxes, and gives a full deduction for health insurance, what will it mean to your family?

Obviously, it is easy to take how much taxes you pay and then take the 10 percent. Here is an example. Take this couple Senator HUTCHISON talked about, where you have a teacher and a football coach and they are married. Together, they make $70,000 a year. Now, I know there are some people on the other side of the aisle who are going to say they are rich. They have two children, and they might have one of them in college. If they have both of them in college, they are among the most financially stressed people in America.

But what would happen under this bill is that the 10 percent tax cut would mean that this family—a coach and a teacher, making $70,000 a year—would get an $800 tax cut; actually, it would be an $809 tax cut because of the 10 percent across-the-board cut; they would get a $1,400 tax cut from the marriage penalty elimination, meaning, in total, they would get $2,200 in tax cuts. That is roughly, I think, what working middle America is about.

Mr. President, I yield all my time back.

Mr. MOYNIHAN. Mr. President, this side of the aisle yields all our time back.

Mr. GRAMM. Mr. President, I ask unanimous consent that the Gramm amendment, No. 1405, be temporarily set aside in order for Senator KENNEDY to offer a motion relative to prescription drugs. I further ask consent that following the debate time on that motion, the Senate then proceed to a vote on or in relation to the Gramm amendment, No. 1405, to be followed by a vote on or in relation to the Kennedy motion. I ask unanimous consent that no other amendments be in order to the amendment prior to the vote. I further ask consent that there be 2 minutes equally divided prior to each vote.

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

Mr. MOYNIHAN. Mr. President, the Senator from New York, on behalf of the Finance Committee, is honored to yield to our distinguished friend and long-time colleague, Senator KENNEDY of Massachusetts. We welcome him back to the debate.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I understand we now have a 1-hour time limitation, am I correct, and the time is divided?

The PRESIDING OFFICER. Thirty minutes on each side.

Mr. KENNEDY. I yield myself 10 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 10 minutes.

MOTION TO RECOMMIT

(Purpose: To modernize and improve the Medicare program by providing a long-overdue prescription drug benefit, by reducing or deferring certain new tax breaks)

Mr. KENNEDY. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

The Senator from Massachusetts, Mr. KENNEDY, moves to recommit the bill to the Committee on Finance, with instructions to report back within 3 days, with an amendment to reserve amounts sufficient to provide a prescription drug benefit to all Medicare recipients, in the context of modernizing and strengthening Medicare, by reducing or deferring certain new tax breaks in the bill, especially those which disproportionately benefit the wealthy.

Mr. KENNEDY. Mr. President, as was indicated in the motion, senior citizens deserve coverage of prescription drugs under Medicare, and it is time for Congress to see that they get it. This amendment presents a clear choice between prescription drug coverage for the elderly and unnecessary new tax breaks for the wealthy.

This debate is about priorities. New tax breaks are a priority for the Republicans. Prescription drugs for senior citizens are not. If senior citizens were the priority, we would be debating a Medicare prescription drug bill today—not a tax cut bill. If senior citizens were the priority, we would be debating a tax bill after we had taken care of Medicare and Social Security—not before.

These Republican tax bills have $230 billion in new tax breaks for people with incomes over $300,000 a year. They reinstate the three-martini lunch deduction.

There are sweetheart deals for the insurance industry, the timber industry, the oil industry, and large multinational corporations. But there is not one dime for Medicare prescription drugs for senior citizens.

Medicare is a clear contract between workers and their government. It says, ''Work hard, pay into the system when you are young, and you will have health security in your retirement years.'' But that commitment is being broken today and every day, because Medicare does not cover prescription drugs.

When Medicare was enacted in 1965, coverage of prescription drugs in private insurance policies was not the norm—and Medicare followed the standard practice in the private market. Today, ninety-nine percent of employment-based health insurance policies provide prescription drug coverage—but Medicare is caught in a 34 year old time warp—and too many seniors are suffering as a result.

Too many seniors today must choose between food on the table and the medicine they need to stay healthy or to treat their illnesses.

Too many seniors take half the pills their doctor prescribes, or don't even fill needed prescriptions—because they cannot afford the high cost of prescription drugs. Too many seniors are paying twice as much as they should for the drugs they need, because they are forced to pay full price, while almost everyone with a private insurance policy benefits from negotiated discounts. Too many seniors are ending up hospitalized—at immense costs to Medicare—because they aren't receiving the drugs they need at all, or cannot afford to take them correctly. Pharmaceutical products are increasingly the source of miracle cures for a host of dread diseases, but senior citizens will be left out and left behind if we do not act.

The 21st century may well be the century of life sciences. With the support of the American people, Congress is on its way to our goal of doubling the budget of the National Institutes of Health. This investment is seed money for the additional basic research that will enable private and public sector scientists to develop new therapies that will improve and extend the lives of people in the United States and around the globe.

In 1998 alone, private industry spent more than $21 billion in research on new medicines and to bring them to the public.

These miracle drugs save lives—and they save dollars too, by preventing unnecessary hospitalization and expensive surgery. All patients deserve affordable access to these medications. Yet, Medicare, which is the nation's largest insurer, does not cover out-patient prescription drugs, and senior citizens and persons with disabilities pay a heavy price for this glaring omission.

Prescription drug bills eat up a large and disproportionate share of the typical elderly household's income. Senior citizen spend three times more of their income on health care than persons under 65, and they account for one-third of all prescription drug expenditures. yet they make up only 12 percent of the population.

The greatest gap in Medicare—and the greatest anachronism—is its failure to cover prescription drugs. Ninety-nine percent of all employment-based plans—ninety-nine percent—cover prescription drugs today. But Medicare is still mired in the mid-1960s—when the private plans on which Medicare was modeled did not provide this coverage.

Because of this gap and other gaps in Medicare, and the growing cost of the Part B premium, Medicare now pays only 50% of the out-of-pocket medical costs of the elderly. On average, senior citizens now spend almost as much of their income on health care as they did before Medicare was enacted. And Medicare was enacted because there was a crisis in health care for the elderly in the 1960s. How can we fail to act today, to deal with the health care crisis for the elderly in the 1990s?

Prescription drugs are the single largest out-of-pocket cost to the elderly for health care. The average senior citizen fills an average of eighteen prescriptions a year, and takes four to six prescriptions daily. Many elderly Americans face monthly drug bills of $100, $200 or even more.

America's senior citizens and disabled citizens deserve to benefit from new discoveries in the same way that other families do. Yet, without negotiating power, they receive the brunt of cost-shifting—often with devastating results. In the words of a recent report by Standard & Poor ''Drugmakers have historically raised prices to private customers to compensate for the discounts they grant to managed care consumers.'' The private customers referred to in this report are largely the nation's mothers, fathers, aunts, uncles, grandmothers, and grandfathers.

Despite—and to a large extent because of—Medicare's lack of coverage for prescription drugs, the misuse of such drugs results in preventable illnesses that cost Medicare $20 billion or more a year, while imposing vast misery on senior citizens. It is in their best interest, and in the best interest of Medicare, to design a system that encourages the proper use, and minimizes the improper use of prescription drugs. Substantial savings can be found if physicians and pharmacists are educated on senior citizen-prescription drug interactions and on ways to identify, prevent, and correct prescription drug-related problems.

Beneficiaries, too, must follow instructions that are dispensed with the medication itself. Too often, we hear stories of senior citizens who skimp on medicine. They take half doses or otherwise try to stretch their prescription, to make it last longer. That is not right, and it doesn't have to happen. If senior citizens are confident that the drugs they need will be covered, proper usage will improve, and so will the quality of life for senior citizens.

During the course of this debate, we will hear many arguments from the opponents of this amendment. Their arguments are as predictable as they are wrong.

First, we will hear that the sponsors of this excessive tax cut are all for a Medicare prescription drug benefit, too. They claim that even after their tax cut, they still have $253 billion of surplus left. But we all know that those estimates are as phony as a three dollar bill—and about as valuable.

The only way that any money is left after the Republican tax cut is because their budget pretends to cut national defense by $198 billion below the President's request—a request that Republicans say is inadequate. Their budget also pretends that there will never be another emergency appropriation—even though emergencies will cost us $90 billion over the next 10 years if present trends continue. Their budget pretends to cut domestic programs from Head Start to education to highway construction to law enforcement by half a trillion dollars over the next ten years, cuts that no one believes will ever happen.

Republicans hope they can continue to play ''let's pretend'' until this reckless and irresponsible tax cut passes the Senate. But by then it will be too late—too late for today's senior citizens, who need prescription drug coverage—too late for tomorrow's senior citizens, who need a solvent Medicare—too late to protect Social Security—too late to meet pressing needs to educate the nation's children, support biomedical research, fight crime, protect the environment, and meet all the other pressing needs that are priorities for the American people.

This is an issue of priorities. Republicans may say that there is enough money left over to protect seniors. Let them put their votes where their mouth is. All this motion does is say set aside enough money out of the tax cut to provide a prescription drug benefit before we vote to pass a tax bill. This should be a simple vote for any Senator who cares about senior citizens. Tax cuts are a priority for the Republicans. Prescriptions drugs for senior citizens are not. If senior citizens were the priority, we would be debating a prescription drug coverage bill today—not a tax cut bill. If senior citizens were the priority, we would be debating a tax bill after we had taken care of Medicare and Social Security—not before. If senior citizens were the priority, it would be tax breaks that would get the left-overs, not the elderly.

Republicans also say that prescription drug coverage should not be provided to all senior citizens—only to the poor or those who have no current coverage. But we heard those same arguments when Medicare was originally enacted. The American people didn't buy these arguments then—and they won't buy them now.

Let's look at the numbers. Fourteen million elderly and disabled Medicare beneficiaries—one-third of the total—do not have a dime of prescription drug coverage today. Not a dime.

One-quarter of Medicare beneficiaries have coverage through an employer—but retiree health benefits are on the chopping block as companies seek to cut costs by trimming health care spending. In fact, the proportion of firms offering coverage has dropped one-quarter in just the last four years. No senior citizen—and certainly no 50-year-old looking forward to retirement—can count on prescription drug coverage being there for them when serious illness strikes.

Seven million Americans get prescription drug coverage through a Medicare HMO. But that coverage is offered voluntarily—and it is often being cut back or eliminated altogether. Three-quarters of Medicare HMOs will impose caps on their benefits of less than $1,000 next year. Almost one-third

will impose caps of less than $500. The majority of seniors have annual drug expenses well in excess of $500. More than $325,000 beneficiaries will be dropped from their HMOs next year. There is not a single senior citizens who joined an HMO because of the promise of affordable prescription drug benefits who can count on that promise being kept.

Four and a half million senior citizens get prescription drug coverage through a Medigap plan. But that coverage is extraordinarily expensive and inadequate. According to Consumer Reports, a seventy-four year old senior citizen enrolled in the least generous Medigap plan offering drug coverage would pay an average of close to $2,000 a year more in premiums—on top of $1,4000 for the non-drug part of the coverage—a total of more than $3,000 a year. And that is an average. Some beneficiaries must pay more than $9,000 a year for drug coverage through Medigap. Whatever the starting premium, it goes higher and higher as senior citizens age and their need for medical care grows. Anyone who misses the chance to enroll in a plan offering drug coverage at age 65 never gets another chance if they have any health problems.

The only senior citizens who have stable, secure, affordable Medicare drug coverage today are the very poor on Medicaid. The idea that only the impoverished should qualify for needed hospital and doctor care was popular with Republicans more than 30 years ago when they fought against the enactment of Medicare. The American people rejected that cruel doctrine—and Medicare for all was enacted. Today, it is time for the Senate to reject the equally indefensible proposition that poverty is the price that senior citizens should have to pay to get the prescription drugs they need.

A couple of Marshfield, Massachusetts vividly demonstrates why we need to act now. Their plight is representative of millions of other senior citizens across the country. They live on a fixed income of $30,000 a year from Social Security and a retirement pension. They are not poor. Their income is not below 135% of poverty. In fact, it is not even below 200% of poverty—but it is not enough for them to afford the prescription drugs they need. Both have substantial medical needs, and both belong to the Medicare HMO—but 19% of the couple's income is still spent on prescription drugs.

By April, the couple had already exhausted their HMO's $150 quarterly cap for prescription drug coverage. The $956 cost of the wife's medications for May and June will come completely out of their pockets. She has been rationing her medication—not taking it as prescribed, in an attempt to stretch out the medicine to save money. She was a stroke victim five years ago. Yet, she has to cut back considerably on her most expensive prescriptions. She is having a difficult time with the left side of her body, and cannot move her left arm.

She says, ''My muscles are really tight, and it is a result of not taking my Methocarbamol, because I am trying to stretch my prescription dollars. We don't go out, we can't afford gas, and we have had to cut down on groceries.''

Every senior citizen in America could find themselves forced to choose between a decent retirement and the medications they need to survive. No person and no family should have to make that unfair choice. This is what our amendment is all about.

Senior citizens need and deserve prescription drug coverage under Medicare. Any senior citizen will tell you that—and so will their children and grandchildren.

I would like to just reiterate an earlier point. The debate this week is really about priorities, and there are many of us who believe that, prior to moving toward any of these kinds of tax breaks, we ought to secure Social Security, we ought to ensure the security of the Medicare system, and include in the Medicare system a prescription drug benefit program.

I have listened over the course of the past 2 days, as well as earlier in the year, to those who say we can afford the kind of tax breaks that are being recommended. They say that we will have sufficient resources at the end of it in order to provide for a prescription drug benefit. I don't believe that to be the case.

Even if it were the case, I am not going to take our limited time to debate how much may be left over after we deal with the Republican tax breaks. I don't think there will be much, if anything.

But what we are saying today is rather than wait to see if there is anything left, let's go ahead today. We are saying that any proposal that is going to come out of this Senate dealing with tax breaks is also going to include an important prescription drug benefit for the senior citizens of this country. That is what we are saying.

We say send this legislation back to the Finance Committee, and then we ask the Finance Committee to report back within a period of 3 days.

There are a number of acceptable proposals. The proposal by the President of the United States is one that I favor. Senator ROCKEFELLER and I also have a proposal that I favor. But this motion simply requires the Finance Committee to come back with funds sufficient to provide prescription drug coverage to all Medicare beneficiaries. It doesn't specify one proposal over another. That is, in effect, what this amendment is really all about.

We believe that coverage of prescription drugs is necessary in order to effectively upgrade Medicare to deal with modern realities. There are other considerations in the Medicare program that the President and others have outlined which deserve consideration. But today we should say that before we pass significant tax breaks, we are going to make a commitment that a prescription drug benefit program be put into place.

It is a matter of enormous importance. It makes an incredible difference in the quality of life of the senior citizens of this country.

Prescription drug benefits in the current system are completely inadequate. Those who rise to oppose it will say: Let us just have a partial program because there are only about one-third that have no coverage. We went through those numbers earlier. Only the poorest seniors have affordable, reliable and adequate coverage.

Those with retiree coverage cannot be certain it will continue. Those in HMOs are being told that their coverage will be limited to $500 or $1,000 a year. Others are being dropped because their plan is leaving the program. Seniors who can get into medigap are shelling out thousands of dollars a year for coverage that is inadequate.

Coverage of prescription drugs is an issue of life and death for our senior citizens. Some would like to limit our assistance to only some of the elderly. Are we going to say now on this important issue that we should turn Medicare into a poverty program, a Medicaid program? Clearly, we should not.

There are those who say, well, Mr. President, we only have a small group that aren't covered. Let's target it at that. But every kind of indicator shows that coverage is declining every year for those who are fortunate enough to have some coverage now.

Our program is very clear and simple. Again, it says that this will be a priority.

We said: Send this legislation back to the Committee. Have it come back to the floor with funds reserved to have a prescription drug program that is going to be worthy of its name. It says that before we see the major kinds of tax breaks and tax cuts in this bill, we should meet the needs of our senior citizens.

Every Member of this body can give chapter and verse about what is happening in their communities, and about how important this is. I am sure that others in this body have had the opportunity, as I have, of visiting a nursing home or a senior citizen gathering and asking them: How many of you are paying out of your pocket for prescription drugs $25 or $50 or $75 a month? You see all the hands go up. You ask them: How many are paying $75 a month? You will find about half to three-quarters of them. How many are paying $50? Half or three-quarters of them. How many are paying $100 or more? You will still see many of those hands in the air.

We are finding that many of the senior citizens are skimping on their prescription drugs—they take half of it or skip days—despite all of the negative health implications that has.

It is interesting that for the five most common preventable conditions or diseases in the elderly, just five preventable diseases for which prescription drugs are available, the Medicare

system pays $30 billion a year in hospitalizations. Many of those hospitalizations could have been avoided if those senior citizens had been able to afford the prescription drugs recommended by their doctors.

That is what we are talking about. We are going to pay for it either on the front end or the back end.

This motion makes sense because it is the right thing to do from a health point of view. It is the right thing to do from a bottom line point of view. It is necessary if we are going to meet our continuing responsibilities to our senior citizens.

I would like to mention on the floor of the Senate a petition I just received from Silver Spring, MD. It is from the Homecrest House Resident Council in Silver Spring, MD. They wrote,

> We are enclosing our petition signed by most of our 300 residents. We are sure that we voice a concern of our friends around the Nation, seniors and disabled. We do without other necessities in order to buy needed medications.

Here are the names from just one senior citizen center. Three hundred senior citizens and disabled persons. They understand the importance of this particular program.

Again, this debate is about priorities. Are we going to have tax breaks for the wealthy and for special interests or are we going to have the protection of our seniors?

Final point: I was listening with great interest to the debate on the other side about whether we are going to accept the House proposal. The fact is, that House proposal has a lot of tax goodies. There is the restoration of the three-martini lunch.

Many Members thought we freed ourselves from the tax break for the three-martini lunch back in 1993. It is back in the House bill.

This bill has all sorts of other tax goodies for special interests, tax goodies for various industries, including the insurance industry, the timber interests, the oil and gas industry, for foreign tax credits, and others that I think are questionable.

Out of all those issue that are out there, I say prescription drugs for the elderly people are more important than putting into place the tax privileges in this bill.

This motion will put the Senate on record in favor of closing the largest gap in Medicare. A vote to reject it is a vote to put a higher priority on new tax breaks for the wealthy than on quality medical care for senior citizens. I know where the American people stand. It is time for the Senate to decide where it stands.

I hope this motion will be accepted.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I yield myself 3 minutes. I want to comment on the history that our distinguished friend, the senior Senator from Massachusetts, makes about the origins of the Medicare program.

He was the Senator at the time. I was a member of the administration at the time and was involved. A basic decision was made, and thank goodness it was, that Medicare, medical assistance to the aging, would not be a poverty program. It would not be dependent upon income. The idea was that programs for the poor inevitably become poor programs. I think this has been the case over the years.

The second point I make deals with 1965 and the years that led up to it. The pharmaceutical revolution in ways began with the discovery of penicillin in London in the 1920s, and medications of the kind we know today have become a whole new phenomenon in medical care. There was a time when hospitals were about all you could do for ill people. Now so much more can be done, principally through pharmaceuticals.

Indeed, if you had to make some bizarre choice between providing hospital care and providing the full range of pharmaceuticals, one could very well choose the latter.

The Senator spoke of five lifesaving medications which are unavailable to people who instead go to hospitals where they can receive consolation, but no true treatment.

This is a very wise and necessary motion. This Senator, for sure, will support it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield such time as I may consume.

Mr. President, no one in the Senate is more concerned about Medicare and the program's beneficiaries than members of the Finance Committee. This year alone, our committee has held a dozen hearings looking into the needs and future of this important program. We are firm in our commitment to strengthen and preserve Medicare for the Americans who are now a part of the program, and for those who will depend on it in the years ahead.

One of our areas of focus concerns prescription drug benefits, and we appreciate the seriousness with which the senior Senator from Massachusetts takes this issue. However, now is not the time and place to address this issue.

The carefully crafted bipartisan Taxpayer Refund Act of 1999 leaves over $500 billion of the surplus for Congress to carefully weigh and meet the needs and long-term viability of Medicare. In September, we will turn our attention to addressing this most important concern.

But we should not be pressured into simply accepting something that requires our most careful and studied attention.

Testifying before the Finance Committee only last week, Comptroller General David M. Walker made it clear that Congress must take great care as we address Medicare reform. He reminded us that Congress has learned some sobering lessons about moving forward, pressed by political expediency to alter such an important program, without benefiting from careful study and deliberation.

''Effectiveness,'' Comptroller Walker reminded our committee, ''involves collecting the data necessary to assess impact—separting the transitory from the permanent, and the trivial from the important.''

''Steadfastness is needed,'' Mr. Walker said, ''when particular interests pit the primacy of needs against the more global interest of making Medicare affordable, sustainable, and effective for current and future generations of Americans.

This makes it all the more important that any new benefit expansion be carefully designed to balance needs and affordability both now and over the longer term.''

Mr. President, Congress cannot haphazardly paste one politically motivated change after another on the Medicare program and call it reform. We must be careful. We must be deliberate. To know how important this is, we simply need to harken back to 1988, when Congress—again out of politics, and in a rush—pasted together the Medicare Catastrophic Coverage Act.

Within six months of enacting that legislation, Congress and the people realized the debacle, and we were forced to repeal it within the year.

So we've been down this road before, Mr. President. A rush to legislation that not only failed to serve those whom we intended to help, but that actually set back progress more than a decade.

There is no question that Medicare reform is necessary. And there is agreement on both sides of the aisle that prescription drugs for the elderly must be a critical component of the reform. But now is not the time to address this issue. I can assure you that the committee will continue to proceed with Medicare reform as a top priority. We look forward to working with Senator KENNEDY and others who are concerned about this issue. Likewise, we will continue to give the President's recent proposal careful consideration.

By proceeding methodically, but cautiously, Mr. President, Congress will construct a reform package that is complete—one that meets the pressing needs in the lives of the seniors who depend on the Medicare program. The amendment Senator KENNEDY offers—as well as the President's prescription drug benefit, as it now stands—provides only limited coverage to Medicare beneficiaries.

By waiting . . . by proceeding constructively . . . and by working in a bipartisan effort to reform Medicare, Congress will—in the end—provide a more complete and lasting reform—reform that will prepare the Medicare program for the new millennium.

This effort does not have to wait long. The Finance Committee intends to continue our work on Medicare reform following the August recess.

I fully intend to include a prescription drug option as part of the plan we will offer. At that time, the Senate will be able to more fully and carefully examine reform legislation. This will be in the long-term interests of everyone.

I compliment Senator KENNEDY on his continuing commitment in addressing social needs, but now is not the time to move on it.

I ask my colleagues to vote against the Kennedy amendment.

I yield the floor.

Mr. KENNEDY. I yield to the Senator from Minnesota, 5 minutes.

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent the privilege of the floor be granted to David Doleski, a fellow in my office.

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

Mr. WELLSTONE. Mr. President, let me say to my colleague from Delaware, he said about four or five times, ''in the long term.'' That is not good enough. The long term is not good enough. When I am in Minnesota, and I travel the State, no matter where I go, in town meetings, there is a huge turnout of older citizens, of senior citizens. In my State of Minnesota there are probably about 800,000 Medicare recipients, and only 35 percent have any kind of coverage at all for prescription drugs—35 percent. Two-thirds of elderly Minnesotans have no coverage; two-thirds in Minnesota have no coverage at all. It is not uncommon to meet someone who is spending $300 a month on a $1,000 monthly income. Mr. President, $300 a month on a $1,000 monthly income.

It is also not uncommon to meet with people who will tell you—actually not in a public meeting. People are a little embarrassed to do it. But if you get to meet with people individually—they cut their pills in half. The problem is it doesn't give them half the benefit. Actually, it can be quite dangerous. Or if they don't cut their pills in half, there are people who just do not take them so they can put food on the table, or if they go out and buy what they need, then they do not put food on the table. I hear my colleagues on the other side saying ''in the long run.'' In the long run? What are we waiting for? What are we waiting for?

You are talking about tax cuts. I was on the floor earlier when we were discussing the Gramm amendment, which I assume will be voted down. But take that one amendment: 60 percent of the benefit goes to the top 10 percent. The average tax cut for the lowest income earners, the lowest 60 percent, earning below $38,000, would be $99. But if you have an income of over $300,000, it is a $20,000 tax cut. You are talking about $700 billion, $800 billion of tax cuts in the Republican proposal, crowding out any kind of investment like this; for example, affordable prescription drug costs for the elderly.

We have another amendment, the Gramm amendment, which is class warfare. That is what it is. The people in Minnesota are scratching their heads saying: We would love to get some relief, us hard-pressed working people, but that is not what the Republican plan is.

Now we have the Kennedy amendment on the floor, which I fully support, that speaks directly to the concerns and circumstances of older Americans. In my State of Minnesota, this is critically important. Only one-third of senior citizens have any prescription drug coverage at all. This is a burdensome cost. This is a health care issue. This is a public health issue.

What made Medicare important—it was a huge step forward in 1965—is that it was a universal coverage program. When we extend prescription drug benefits to Medicare, we make it a universal care program. For my father and my mother, neither of whom are alive today, both of whom had Parkinson's disease, without Medicare they would have gone under. They never made any money. The kind of drugs they needed, and seniors need, for Parkinson's disease—I can talk about other diseases—they cannot afford them.

I hear my good friend from Delaware say ''in the long run.'' The long run is too long. We are confronted with the urgency of now. This is a clear choice. You are either for the tax cuts, three-martini lunches, egregious breaks for large corporations, the vast amount of the money going to the highest income citizens, exploding the debt over the next 10 years and then the next 10 years it gets worse; or why don't we be fiscally responsible? Why don't we pay the debt down, make sure we support Social Security and Medicare, investment in our children, and when we support Medicare, the best thing we could do would be to make sure there is prescription drug coverage for elderly Americans.

I hope there will be 99 or 100 votes for this amendment. There should be.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I yield 10 minutes to Senator FRIST.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, I rise to speak against the amendment offered by my colleague, the Senator from Massachusetts. The Senator from Massachusetts has introduced an amendment which suggests we set aside this bill, recommitting it to the committee of jurisdiction, so they will incorporate funding for a new prescription drug benefit in the existing Medicare program.

I have several points to make. First of all, I think most important is that the Senate, this very body, has already set aside funds for Medicare modernization. This has now become a familiar chart on the floor of the Senate, but I think it is very important. It goes right to the heart of why this amendment should and hopefully will be defeated today. This is the plan. The U.S. Congress' use of the surplus, the almost $3.3 trillion surplus: Debt reduction, $1.9 trillion; tax cuts, $792 billion. We talked about that. But what is most important for this particular amendment is the $505 billion that is set aside over the next 10 years to specifically address issues such as Medicare modernization, including things such as the prescription drugs, which I, as a physician, believe is very important that we address as we modernize, strengthen, and bring Medicare up to date.

Let me repeat: The Senate, this very body, has already set aside funds for Medicare modernization, including prescription drug coverage.

First, what have we done? How can I say that with such determination? The congressional budget plan has $505 billion over 10 years. Very specifically, we say it again and again and again; it is for domestic priorities. That money is set aside, aside from the tax cuts, the tax relief, and the debt reduction.

No. 2, the Senate has already specifically, in a reserve fund, set aside $90 billion, in a reserve fund, for long-term Medicare reform. Again, I refer people to April 15, the day we passed in this very body the concurrent resolution for the year 2000, in section 203, reserve fund for Medicare. We lay it out. The charts are in the back, in terms of coming up with the $92.4 billion over 10 years.

No. 1, $505 billion is set aside for such things as Medicare modernization; No. 2, we specifically set aside $90 billion for Medicare modernization in a reserve fund, which I quoted from.

No. 3, in the President's very plan, which he introduced a couple of weeks ago, the net cost of the coverage, he said, for prescription drug coverage, was $46 billion for 10 years. That $46 billion is much less than the $90 billion we have already put in our reserve fund and is only a tenth of the $505 billion we set aside, but we do it right. We have a real plan. We do not do it piecemeal. We modernize, update, bring to life a system that was very good for 1965, 1970, 1980, 1990, but it is not good for the year 2000, 20005, 2010, specifically when the demographic shift hits,

when we have a doubling of the number of seniors when we go forward. That is the framework we set forward, and it is what we need to address.

Our job, our challenge now that we have the money set aside —we do not need to recommit it, send it back for more dollars and cents—is to fix the system inside this framework, and we do it in three ways. We need to modernize Medicare benefits, bring it up to date. The 1965 car is not up to today's standards and we can modernize it. We demonstrated, through a bipartisan plan, the Medicare Commission—I will come back to what we actually said. We need to modernize. No. 2, we need to strengthen our Medicare commitment, our commitment to the seniors, the generation of today, the future generation—we need to make sure we can fulfill that commitment. And No. 3, the issue of prescription drugs.

Shortly after I came to the Senate, about 5 years ago, I had a patient who was a transplant patient, somebody whom I transplanted. When I was running for reelection, he was 64 years of age. When I transplanted him, he was about 62. When I was elected in 1965, he had Medicare. He had to give up his private plan. His private plan did cover prescription drugs. When he got to be 65, because we do not have a modern Medicare program there today, he had to give that up.

What we need is a system that doesn't only focus on prescription drugs but modernizes the overall program to match individual patients in a system which values choice, values freedom with those specific needs. That is what we set out to do in the Bipartisan Commission.

We need to strengthen our Medicare program so it will be there. We all know most young people today do not believe Medicare will be there for them. We need to make sure that it is.

Prescription drugs for our seniors and individuals with disabilities—again, somebody with diabetes is going to be on prescription drugs later. Someone with chronic heart disease or debilitating arthritis needs prescription drugs. It shows the inadequacy of our Medicare system today in the fact we do reimburse for hospital beds, we reimburse a little bit for preventive care, but not enough, and not anything at all for those people who need prescription drugs.

I say this because I am the strongest advocate, or as strong as others, that we must make prescription drugs a part of our proposal. The Bipartisan Medicare Commission—bipartisan, Democrat, Republican, 17 members—got together and came up with something that has comprehensive Medicare modernization and reform, of which prescription drugs is an integral part, to upgrade that machine which is going to be serving all of us someday.

How did we do it?

No. 1, we provide full Federal funding for immediate prescription drug coverage for low-income seniors; that is, up to 135 percent of poverty.

No. 2, we require in the National Bipartisan Commission—I should say, our recommendation was approved by a majority of the members, not a supermajority, but a majority of members did vote for that—it required all plans participating with the Medicare program to make an enhanced benefit package available which includes prescription drug coverage and protects seniors against unlimited out-of-pocket spending.

No. 3, in that National Bipartisan Commission, we require the medigap programs—all plans—to include prescription drugs, to make those drugs available in a policy. There are other prescription drug proposals out there that need to be discussed and should be discussed.

President Clinton put a proposal on the table. That program, I believe, is inadequate for a whole host of reasons which I hope we have the opportunity to discuss as we go forward.

It is a little disingenuous to say—and I think in some ways this amendment at least implies that—that hard-working families do not deserve tax relief today, which we have shown we can give with the priorities that have been laid out, until we set aside funds for Medicare modernization by just adding prescription drug benefits, because we have set that money aside; this body has done that.

The challenge before us, and the work before us, is to modernize Medicare, to strengthen Medicare so that it will be there for the next generation, with a focus on the patient, to make it less rigid, more comprehensive, have more preventive care, have it be less costly to the seniors. We should be able to do that. There are solid proposals before us to do that.

Let me briefly talk about what this Medicare Commission came up with. Again, remember that the majority of members supported this proposal. We did not have a supermajority.

The four appointees by the President of the United States voted against this proposal, but a majority of members, 10 of the 17, did vote in favor of it. What it basically does is set up a Medicare board to oversee a group of plans which could be, in many ways, individually tailored to the needs of a heart transplant patient or chronic care patient, but all having the same core benefits that we have today.

The prescription drug coverage we proposed and that a majority of members of the Bipartisan Commission agreed to is as follows:

Basically, prescription drugs today are provided for about 28 million people. Sixty-five percent of people in Medicare today have some prescription drug coverage. How do they get it? Employer-sponsored plans, with Medicaid and Medicare—we call for both; it is called dual eligible—and medigap insurance.

The proposal we came up with, and hopefully we are ultimately going to pass once we meet that challenge, is prescription drugs provided through employer-sponsored plans today, dual eligible today, and medigap today. This group provides about 65 percent of all Medicare recipients, individuals with disabilities, and senior citizens with some coverage. It can be strengthened with some coverage.

We basically say let's supplement that, let's direct our attention at the 35 percent of people who do not, and we do that through focusing on low income, up to 135 percent, No. 1, and, No. 2, saying anybody who is going to come to the table and participates in a plan—Mr. President, I ask for 2 more minutes to complete my remarks.

Mr. ROTH. I yield 2 more minutes.

Mr. FRIST. Thus, our proposal, which we have discussed, to fix the system will supplement by offering people up to 135 percent complete and full coverage, a high option plan for anybody who actually comes to the table.

I present all this today to make the point that, No. 1, the money, the budgetary framework, has been set, has been passed by the Senate. We set aside the $505 billion specifically in the resolution; the $90 billion—the President's own plan costs only $46 billion, and we have already addressed the problem of the money. The job of the Senate and the Congress is to fix the system for the American people. A bipartisan proposal that is on the table is the premium support plan.

Let's look at other plans. Let's not drop that issue. That is unnecessary. Supporting the Kennedy amendment does not do that today. We need to support freedom for seniors, give that freedom of choice, that freedom to match specific needs with a plan. We need to address Medicare. We have a plan to do that. We have already set aside the resources to do that.

The political tactics we are witnessing do nothing to modernize Medicare, do nothing to focus on that individual patient and the quality of care they receive.

I close by saying that before 2 o'clock or in the next 2 to 3 minutes, I will be submitting an amendment which addresses the Medicare issue.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. KENNEDY. I yield 6 minutes to the Senator from West Virginia.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, I have several points to make. The other side has talked constantly about we are going to fix the system. We cannot

do prescription drugs until we fix the system. It is a question totally of priorities. I will put a little dose of reality into this.

No matter what my colleagues on either side of the aisle might think, we are not going to reform Medicare this year on a systemic basis. If it happens the way the majority party wants, it is going to be vetoed by the President. It is not going to happen.

The question before the Senate on this amendment is, Do we want to take the tens of millions of Americans who have no prescription drugs and give them the benefit of prescription drugs now through voting for the Kennedy amendment, of which I am proud to be a cosponsor, or do we want to say, oh, let's wait and fix the system, and then when we fix the system, which may be 3, 4, 5, 6 years from now, we will do prescription drugs because that is sort of neat and orderly?

The world does not work like that. The real world of the Congress and the White House does not work like that. We are either going to do tax cuts as they want to do it over there, or we are going to do prescription drugs and maybe some modest tax cuts as we want to do it over here. That is the choice that needs to be made.

The distinguished chairman of the Finance Committee, Senator ROTH, talked about catastrophic health care. He said beware of that experience. My reaction is the opposite. Remember that experience as the reason not to back off from making a hard choice. That was one of the best bills on health care this Congress ever passed. The Senate did not back off on catastrophic health insurance. Three times they tried to repeal it in the Senate, and 3 times we had 73 votes to defeat repeal because catastrophic health insurance was a good thing for seniors. We did not get the message out to seniors. That was our fault. But do not say beware of catastrophic health insurance. The House backed off. We did not. It was good legislation.

We are here to do the right thing. The right thing is to pick between the priorities. Do we want to wait 4, 5, 6, 8 years to fix Medicare until we get a bipartisan consensus? People talk about a bipartisan consensus for Medicare reform. It is not here. They talk about the Breaux-Thomas commission, the Medicare Commission. Everybody talks about the bipartisan thing. It was not bipartisan.

There were two Democrats who voted for it, yes, but it was not bipartisan. There is not a bipartisan consensus on the floor of the Senate today of what to do about Medicare, and there will not be one until we have some more iterations which I cannot yet explain because I am unable to.

Are we going to stand quietly by while the average senior in West Virginia has a gross income, from all sources, of $10,600 a year, and from which you then are to subtract $2,000, virtually all on prescription drugs or on medical out-of-pocket expenses, leaving that senior with $8,600 a year to live all of life? Are we going to let that person hang until the Senate, in its ultimate wisdom, comes to a sense of what is Medicare reform, and are we going to agree on it?

My priority is to do prescription drugs now. Pass the Kennedy amendment. Do it now. They talk about having a $90 billion reserve. The Senator from Tennessee said we have fixed the problem. I am very sorry to say that that reserve talks about ''may be spent for,'' so it might be prescription drugs, it might be disasters, it might be a whole series of things, but there is no Medicare prescription drug benefit that is in their plan.

In fact, if I could put it more boldly, under the Republican tax plan, there is no money for Medicare reform. There is no money for prescription drugs. It does not exist. I will hear arguments, and numbers will be thrown back and forth, but that is the fact. It does not exist. That is the reason for the Kennedy amendment—to make us pick a priority: Tax cuts, for the most part for people who do not need them or, in a very small measure, in a very small amount of money, prescription drugs for people who desperately need them, who do not in the form of a cliche but in the form of real life, have to pick each week whether they are going to eat, have heat in their homes, or have prescription drugs.

I say to the Presiding Officer, I say to my colleagues, try to live on $8,600 a year, as our seniors do in West Virginia. You could not do it. Prescription drugs are the reason the money gets so scarce for them. We can solve that problem by passing the Kennedy amendment. I think we have an absolute moral obligation to do so.

To wait for Medicare reform to be fully formed is a hoax upon those people. They do not know that we do not have a consensus on how to reform Medicare. They do know that they are hurting. They do know that they do not have prescription drugs. And they do know that some of them take up to 12 drugs a day, and they cost, and it is coming out of their pockets.

Medicare has no prescription drug benefits. These seniors are not on Medicaid; they are on Medicare. So they have nothing. So the money has to come out of their pocket. That is wrong in America.

So the question is the priority. Are we for giving those people prescription drugs—a modest amount of money—or are we for simply going ahead with the $792 billion tax cut and then saying, well, we will just wait until Medicare is reformed someday, and then perhaps we will consider prescription drugs? I think the choice is clear.

I thank the Presiding Officer.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 2 minutes to the distinguished Senator from Louisiana.

Mr. BREAUX. I thank the chairman of the Finance Committee.

I will be very brief and comment on the amendment of my good friend, the senior Senator from Massachusetts.

I do not think there is any disagreement that we ought to have prescription drugs in the Medicare program. But it is interesting that the recommittal motion tells the Finance Committee to report it back in 3 days. I guess we could go over the weekend and, on Friday, Saturday, and Sunday write a prescription drug program and modernize Medicare and reform Medicare, but I doubt whether that is humanly possible, unless the senior Senator from New York wants to spend the weekend doing all of this and finishing it up by Monday morning.

There is no question that there is a need for prescription drugs in the Medicare program. But I say to my colleagues, that is not the way to fix Medicare. We have a program that is becoming insolvent. It is going broke in the year 2015. Just adding more benefits to the program, without reforming the structure of the program, is like having dessert before you eat your spinach. It is easy to add more benefits to a program. But bear in mind, we have a program that is structurally going insolvent. We spend more money today than we take in. Just adding more benefits, without taking the time to fundamentally reform the program, is not the answer.

The distinguished chairman of the Finance Committee said he planned to actually begin a markup in September on a comprehensive Medicare reform bill which will include prescription drugs, doing it in a timely fashion. I suggest that after that is reported out, that is the time to look at how much money we need, and then pare down the tax cut, combine the two, and have something that can be signed into law.

I think, obviously, we cannot do it in the next 3 days. I think the chairman has outlined a program that makes more sense and that I think is really doable.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 8 minutes to Senator DOMENICI.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. Chairman, fellow Senators, I did not know that Senator BREAUX was going to come to the floor. I am delighted that he has. I want to state how consistent he has been over the months by just putting a quote from the distinguished Senator from Louisiana, a Democrat, here for everybody to see:

Medicare must not be used as a wedge issue any longer. The question before this Congress is not whether to cut taxes or whether to save Medicare. That's not the choice we're facing. I support a tax cut, targeted, and I'm dedicated to saving Medicare. It's not an either/or position.

That is from a distinguished Senator who is on the committee that will do both—will reform Medicare and will write the tax laws. I give him a great deal of credit because he is a man of his word when it comes to these issues.

Frankly, it is not correct that it is either Medicare, prescription drugs, reform, or tax cuts. The truth of the matter is, Senator BILL FRIST has just showed you.

I hear Senator after Senator get up on that side and say there is no money for Medicare in this budget, there is no room after the tax cut.

Let me repeat, I went back and asked the Congressional Budget Office to do an analysis and assume that we froze discretionary spending. We put in the tax cut, we put in the $1.9 trillion for Social Security, and we asked them: How much money can be added to discretionary spending and Medicare reform and still live within the estimated surplus? And they told us—$505 billion.

I say to the seniors in this country, I believe you have witnessed here on the floor, through the good work of Chairman BILL ROTH and the Finance Committee—I say to the seniors across America, I have seen them produce a tax bill that I believe you will love because you care about your sons and daughters; you care about the married members of your family. This bill before us stops penalizing marriage for 22 million American families. I ask the seniors, isn't that a good piece of work? It makes child care more available for your grandchildren. Isn't that a good piece of work? It makes child care more accessible. And guess what. The President plans to veto these—all in the name of ''we can't afford tax cuts.''

To be honest with you, the truth of the matter is, when you finish with that Congressional Budget Office analysis, you are spending 23.4 percent of the surplus for tax cuts, you are putting the entire Social Security surplus aside, and you still have $505 billion to be used over the next decade for high-priority items. So for those who have come to the floor and said there is no money, there is $505 billion over the next decade. Do you want to use $100 billion of it for Medicare? Some say that is too much. The President thought $46 billion was enough. That is very interesting. We still have people talking about how much money we are going to need to reform Medicare. I don't know how much. I trust the Finance Committee, under the leadership of BILL ROTH, to produce a bipartisan bill. The President had proposed $46 billion as the entire amount necessary. Remember, the chart my friend BILL FRIST put up said there is $505 billion over the next decade.

Mr. BAUCUS. Will the Senator yield?

Mr. DOMENICI. I will yield in a little bit. You want to ask about the authenticity of my charts. I already explained it and you weren't here.

Mr. BAUCUS. I want to hear it.

Mr. DOMENICI. I heard your attack on it last night, but I was home so I couldn't come down here.

Mr. BAUCUS. Well, you stayed away.

Mr. DOMENICI. Let me finish.

The President asked for $46 billion for the entire reform package on Medicare. What are we talking about? Holding up a tax bill that takes care of the married sons and daughters of our senior citizens across America. They have children and need all these things that the Tax Code provides? They say, we just want to do anything but give them help, so we will even hold up their bill, claiming we are really holding it up for you seniors because we want to take care of Medicare.

Frankly, I have nothing but compliments for the distinguished Senator from Massachusetts, Mr. KENNEDY, because he is one who is concerned about this. But I am equally comfortable in saying I am. I think Senator BILL ROTH of Delaware is concerned about it. I think Senator BREAUX is concerned about it. Frankly, I believe we are going to have plenty of money left over to fix that Medicare problem from that $505 billion.

Now, if the Senator wants me to explain this budget, I will explain it right now.

Mr. BAUCUS. I have a question.

Mr. DOMENICI. That is a CBO number.

Mr. BAUCUS. The number on your chart that says CBO/Senate Budget Committee, that is really a Senate Budget Committee number. That is not a CBO number.

Mr. DOMENICI. Mr. President, the truth of the matter is, we can ask the Congressional Budget Office any questions we would like. We asked them how much is the surplus, if you freeze discretionary programs at this year's level for 10 years. They said these are the numbers.

Mr. BAUCUS. That is correct. That is CBO.

Mr. DOMENICI. That is CBO numbers.

Mr. BAUCUS. If I might ask another question. Basically, the CBO baseline we are all working under, House and Senate, is the baseline which assumes that after the caps expire by 2002, spending under the discretionary caps will proceed at inflation.

Mr. DOMENICI. That is not true.

Mr. BAUCUS. It is true. That is the assumption.

Mr. DOMENICI. That is not true, Senator. I did the budget resolution.

Mr. BAUCUS. What you have done is, you have gone back to CBO and said, OK, let's assume that there is no inflationary increase.

Mr. DOMENICI. That is right.

Mr. BAUCUS. Which is not CBO's assumption. But what you have done is, in order to show there may be, under your figures, there may be a $500-, $400 billion in spending, the yellow mark, you went back to CBO and said, I need to show a number, that yellow bunch there. What you did was, you said, CBO——

Mr. DOMENICI. Is this off my time?

Mr. BAUCUS. Just a second. You said, OK, CBO, give me a baseline that I want you to produce. What I want you to produce is a baseline that shows no inflation after the year 2000 on spending caps up to the rest of the 10-year period.

If you do that, of course, you get that chart. But that is not the CBO numbers under which the Senate Finance Committee operated. That is not the numbers under which the House operated. That is not the numbers under which the rest of us operated. So that is why I am saying we are not operating off the same numbers. You produced your own numbers by telling CBO to produce them the way you wanted them produced.

Mr. DOMENICI. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. A minute of the time yielded.

Mr. DOMENICI. I ask Senator ROTH, may I have 1 additional minute?

Mr. ROTH. One minute.

Mr. DOMENICI. Let me assure fellow Senators and explain what this is. This is a true assessment of the surplus in total dollars, if you assume that for the next 10 years discretionary spending is frozen. I did that so we could find out how much new money is there, available to spend, because the discretionary programs are not entitled to an inflationary add-on. They are entitled to what we add on. If you want to know where their numbers came from, they came from the budget resolution we produced, which had $181 billion in discretionary spending. That was something we came up with. I asked them to take that out. And when they took it out, they said: Now you have this much to spend. You have $505 billion.

If you would like to certify that and ask the Congressional Budget Office, is this correct, they will tell you absolutely, because we got it from them.

Mr. President, I am not going to answer questions now because I want to finish my argument.

The PRESIDING OFFICER. There is a half minute left under the control of the Senator from Delaware. The Senator from New York has 5 minutes 51 seconds.

Who yields time?

Mr. DOMENICI. He just yielded me a half minute.

The PRESIDING OFFICER. A half minute has been yielded by the Senator from Delaware.

Mr. DOMENICI. Whatever baseline anybody wants to use, there is roughly $405 billion above a freeze available to be spent on discretionary spending and on Medicare reform. That is all we try to show in this chart. Before you start the chart, you can spend however much you want, but I decided to spend none so we could put in perspective how much there is that we can spend out of this surplus, and these are authentic numbers. They are correct, if you start with that assumption.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. How much time do I have?

The PRESIDING OFFICER. Five minutes 51 seconds.

Mr. KENNEDY. I yield a minute to the Senator from Montana.

Mr. BAUCUS. Mr. President, the point I am making is, those numbers are accurate, if you believe the assumptions behind the chart. The assumptions behind the chart are no increases, not even inflationary adjustment, for discretionary spending over the next 10 years. I think that is an unrealistic assumption. And it is, in effect, a reduction of some $500 billion over 10 years. If you add in the $127 billion for defense, that means, in effect, about a $775 billion reduction in domestic spending. So again, he is right, if you make those assumptions. I say those assumptions are unrealistic.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, to come back to a very basic and fundamental concept, we believe it is as important to give assurances to our senior citizens that there will be a prescription drug benefit for them as it is to have significant tax breaks. That is what this is about.

Those that oppose us say they have a different conclusion, a different priority. They think tax breaks are preferable. Then they make other assumptions in terms of what is going to be available at some future time.

I am not going to spend the last few minutes on this dispute, because this has been debated over the past few days, but the Wall Street Journal, the CBO, and OMB have basically indicated that if we go through with the kind of tax cut that is being proposed and advanced by our Republican friends, there just won't be resources left to deal with the elderly, the children and other priorities.

I say, why ask the senior citizens to wait? Why should they always be the ones who have to wait? Why shouldn't we say that the Senate will put aside the amount necessary to afford a good benefit program on prescription drugs as part of this legislation?

We want to give them the assurance that they are going to be protected. Why leave it iffy to the seniors? Why are they always the ones left behind? That is the question. This is an issue of priority.

We say, if you are going to go down this road with regard to tax breaks that benefit the wealthy, let's make sure we are going to allocate some funds for a prescription drug benefit for the senior citizens and disabled persons who are on Medicare.

My friend and colleague from Louisiana said we can't do that over this period of time. Well, they are going to have a conference on the two tax bills over the weekend. If they can have a conference on these two bills over the weekend, they ought to be able to get together and allocate sufficient funds for a prescription drug benefit in about half an hour. In the Finance Committee, we know they can do that within an hour. They can do it forthwith—introduce and report back with funds reserved for a benefit program. But we wanted to leave this up to the Finance Committee. This should not be a procedural issue, and it is not. Those of us who are supporting it are telling every senior citizen that we believe they are a priority, that their interests are important, and that their health care needs will be met. This isn't only an issue for the health care of the senior citizens; this matters to their children and grandchildren. They have an interest in the health care of their parents and grandparents.

We ought to be able to have a Finance Committee that can report back allocations of resources and say a sufficient amount will be reserved for prescription drugs. We will go ahead with the rest, but this is reserved for prescription drugs for all of those in Medicare. Let the Finance Committee work that process out, either as part of the Medicare proposal or as a separate proposal.

This is what this is about—priorities. It is about priorities. Those of us who are supporting it are giving the priorities to our senior citizens.

Finally, how much time do I have remaining?

The PRESIDING OFFICER. One minute 50 seconds.

Mr. KENNEDY. Mr. President, I ask unanimous consent a group of letters from various groups that support this motion be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE NATIONAL COUNCIL ON THE AGING,
Washington, DC, July 28, 1999.

Senator EDWARD KENNEDY,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the National Council on the Aging—the nation's first organization formed to represent older Americans and those who serve them—we write to oppose the irresponsible tax cut proposal reported out of the Senate Finance Committee and to support your amendment to dedicate a portion of the tax cuts to a new prescription drug benefit available to all Medicare beneficiaries.

We are deeply disappointed in the Finance Committee's irresponsible decision to squander virtually the entire non-Social Security surplus on a massive tax cut. If this proposal were to become law, it would be impossible to protect and strengthen Medicare for the future. Without surplus or other new revenues, the Medicare program cannot remain strong while adding a meaningful new prescription drug benefit.

The Finance Committee tax cut proposal ignores the impending retirement of a vast number of baby boomers. With the Medicare population doubling by 2035 and a tax cut that would balloon to almost $3 trillion in the second 10 years, there would be no way to protect America's seniors, ensure future solvency and provide adequate drug coverage. The numbers simply do not add up.

We are also extremely concerned that such a tax cut would lead to drastic cuts in domestic programs that vulnerable seniors depend on. The cuts would undermine such Older Americans Act programs as meals on wheels, protections against abuse and neglect, and home care services. The proposal clearly assumes that programs like these would be cut significantly.

The Senate Finance Committee tax cut proposals would rob Medicare of the funds needed for modernization and future solvency and drastically cut programs frail seniors need to remain independent. This massive tax cut is bad medicine for older Americans.

We deeply appreciate your efforts to attempt to protect and strengthen the Medicare program and its beneficiaries and to add a meaningful new prescription drug benefit.

Sincerely,

JAMES FIRMAN,
President and CEO.

NATIONAL HISPANIC COUNCIL ON AGING,
Washington, DC., July 28, 1999.

Hon. EDWARD M. KENNEDY,
Russell Office Building,
Washington, DC.

DEAR SENATOR KENNEDY: The National Hispanic Council on Aging (NHCoA), its chapters and affiliates, enthusiastically support your amendment to the Budget Reconciliation Bill S1429 that allows for medical prescription drugs for those in need. Elderly, of every economic means, will greatly benefit from this amendment.

It is our hope that the proposed cuts in taxes bill is not approved. Rather, that these monies are used in a more productive way benefiting those in need in general and elderly in particular.

Sincerely,

MARTA SOTOMAYOR, Ph.D.,
President.

AMERICAN NURSES ASSOCIATION,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: The American Nurses Association, the only full-service professional organization representing the nation's registered nurses through its 53 constituent associations, strongly supports your amendment to S. 1429, the Budget Reconciliation bill now being considered by the Senate, that would direct the development and implementation of a prescription drug benefit for Medicare.

ANA believes that enhancing the benefits package available under Medicare, including a prescription drug benefit, would enable beneficiaries to receive earlier, better, and more comprehensive care. The use of part of the projected budget surplus to pay for this benefit is an appropriate use of those funds and is crucial to improving health and outcomes for Medicare beneficiaries.

We appreciate your leadership on this issue and look forward to continuing our work together to include this amendment in the Budget Reconciliation bill.

Sincerely,

MARJORIE VANDERBILT,
Director of Government Affairs.

NATIONAL COUNCIL OF SENIOR CITIZENS,
Silver Spring, MD, July 28, 1999.

Senator EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: The National Council of Senior Citizens (NCSC) is following closely the debate on S. 1429, the Finance Committee tax bill. It is important that any tax bill this session allows for the use of some of the expected on-budget surplus to bolster the Medicare program and create a universal Medicare pharmaceutical benefit.

NCSC, therefore, strongly supports your motion to recommit S. 1429 back to the Finance Committee and to enact a pharmaceutical benefit for all Medicare beneficiaries. NCSC believes that the Congress must use this historic fiscal opportunity assure Medicare's solvency and to meet the pharmaceutical needs of forty million Medicare beneficiaries.

We urge all members of the Senate to support your motion to recommit.

Sincerely,

STEVE PROTULIS,
Executive Director.

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of about five million members and supporters of the National Committee to Preserve Social Security and Medicare, I am pleased to endorse your amendment to the Taxpayer Refund Act of 1999, S. 1429. I understand that your amendment would earmark a portion of projected budget surpluses to establish a universal prescription drug benefit under Medicare.

Medicare beneficiaries spend nearly three times as much on out of pocket costs as the under 65 population, significantly because of the absence of prescription drugs in the basic benefits package. Three-fourths of Medicare beneficiaries have some chronic health problems, which require ongoing treatment with prescription drugs. Many seniors do not fill prescriptions or skip required doses because of cost considerations.

It is imperative that we do not squander the opportunity presented by projected surpluses. Our first priority must be to extend Social Security solvency, improve and strengthen Medicare, and pay down the federal debt. Your amendment would modernize Medicare benefits in a way that meets one of the most pressing needs for current and future seniors. We support your amendment and applaud your consistent leadership on this issue.

Sincerely,

MARTHA A. MCSTEEN,
President.

EPILEPSY FOUNDATION,
Landover, MD, July 28, 1999.

Hon. EDWARD M. KENNEDY,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the Epilepsy Foundation, the national voluntary organization that works for people affected by seizures through research, education, advocacy and service, this is to support your efforts to provide funding for a Medicare drug benefit program. As the Senate considers S. 1429, The Budget Reconciliation Bill, it is particularly important to assure that Medicare beneficiaries with epilepsy, for whom out-of-pocket expenses for seizure medications can be significant, have access to prescription medications at an affordable price. We also commend your support for other programs important to individuals with epilepsy who may face limited financial resources, such as Medicaid and Social Security.

As baby boomers age, there will be increasing numbers of age-related seizure disorders. It is estimated that 61,000 new cases of epilepsy occur each year among elderly Americans. By the year 2020, it is projected that one out of every two people developing epilepsy will be over the age of 65.

In addition, many low-income, young, disabled individuals with epilepsy are Medicare beneficiaries. For these individuals, access to prescription drug coverage at an affordable price is difficult.

I look forward to working with you to ensure that Medicare beneficiaries with epilepsy can continue to afford to follow their prescribed drug therapy.

Sincerely,

ERIC R. HARGIS,
President and Chief Executive Officer.

CONSUMERS UNION,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: Consumers Union supports your prescription drug amendment which is consistent with our goal of extending affordable prescription drug coverage to all Medicare beneficiaries.

The need is great. The average Medicare beneficiary uses 18 prescriptions each year, and average prescription drug spending is projected to be $1,100 in the year 2000. More than half will spend over $500. Seniors and other Medicare beneficiaries suffer financial hardship because of their out-of-pocket prescription drug costs.

Private prescription drug coverage is inadequate, over-priced, and not even available to many beneficiaries who can be denied coverage. Only 24 percent of Medicare beneficiaries have retiree drug coverage, and this number is expected to decrease. Medicare HMO coverage for prescriptions is not available in all geographic areas, and has proven unreliable with many HMO's pulling out of the market. Some medigap policies offer prescription drug coverage, but coverage is very limited and the extra premium charged for a policy with prescription drug coverage is likely to actually exceed the maximum benefit. Our analysis of medigap policies on the market during 1998 (for 75-year-olds) found that the average premium for medigap plan I, which provides at most a $1,250 prescription drug benefit, was about $1,850 higher than the average premium for medigap Plan C (which has nearly identical benefits other than the prescription drug benefit). This coverage represents extremely poor value for consumers.

The potential for prescription drugs to benefit those covered by Medicare has increased substantially since Medicare was enacted. Our nation's thriving economy and our government's dramatically improved budget status make this the right time to take this urgently needed step.

Sincerely,

GAIL SHEARER,
Director, Health Policy Analysis,
Washington Office.

THE GERONTOLOGICAL SOCIETY OF AMERICA,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: This letter is written in support of your amendment S. 1429 to the Budget Reconciliation Bill. The Gerontological Society of America, an organization of 6,000 professionals in the field of aging, is vitally concerned that the tax cuts as proposed in the current Budget Reconciliation Bill will seriously jeopardize support for prescription drug coverage under Medicare.

The cost of prescription drugs has increased at an average of 6 percent annually and is the leading factor in today's rising health care costs. This has particular impact on elderly as they are more likely to be using, and even dependent on, multiple prescription drugs.

I hope you are successful in convincing your colleagues to support this important amendment.

Sincerely,

CAROL A. SCHUTZ,
Executive Director.

CONSORTIUM FOR CITIZENS WITH DISABILITIES,
Washington, DC, July 28, 1999.
Re Kennedy amendment on prescription drugs.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: We are writing as Co-Chairs of the Health Task Force of the Consortium for Citizens with Disabilities to support your amendment to include and protect sufficient funds within the pending Budger Reconciliation Bill (and within the budget surplus) to allow for the design of a new prescription drug benefit for Medicare beneficiaries.

CCD is a Washington-based coalition of nearly 100 national organizations representing the more than 54 million people living with disabilities in the United States.

The five million Medicare beneficiaries with disabilities are dependent on prescription drugs to maintain sufficient function, control disease progression, and prevent secondary medical conditions. It is imperative that Congress both acknowledge the benefit need and implement appropriate budgetary policies to begin to lessen the cost burden on the nation's most vulnerable populations.

Sincerely,

SHELLEY MCLANE,
National Association of Protection and Advocacy Systems.
JEFF CROWLEY,
National Association of People with AIDS.
BOB GRISS,
Center on Disability and Health.
KATHY MCGINLEY,
The Arc of the United States.

NATIONAL ASSOCIATION OF
AREA AGENCIES ON AGING,
Washington, DC, July 28, 1999.

Hon. TED KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY, The National Association of Area Agencies on Aging (N4A) supports your amendment to the tax legislation currently on the Senate floor which recognizes the need for a universal prescription drug benefit for Medicare recipients.

The largest out-of-pocket expenditure for Medicare beneficiaries is for drug coverage. Many beneficiaries are required to pay for their own prescriptions at a time when the cost of medication is rising sharply. Medicare needs to be modernized to recognize the remarkable advances in preventing and treating illnesses through drugs since the program's inception in 1965 and N4A applauds your efforts in this direction.

N4A is the umbrella organization for the 655 area agencies on aging (AAAs) and 230 Title VI Native American aging programs in the U.S. Through its presence in Washington, D.C., N4A advocates on behalf of the local aging agencies to ensure that needed resources and support services are available to older Americans. We look forward to continuing to work with you on all endeavors that promote the dignity and independence of older Americans.

Sincerely,

JANICE JACKSON,
Executive Director.

AMERICAN THORACIC SOCIETY,
AMERICAN LUNG ASSOCIATION,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY; We have learned that during consideration of the Senate tax bill, you intend to offer a motion to recommit the bill to the Senate Finance Committee with instructions for the committee to develop financing for the establishment of a Medicare pharmaceutical benefit. The American Lung Association and its medical section, the American Thoracic Society, strongly support your efforts to move the issue of a Medicare pharmaceutical benefit to forefront of Congressional activity.

America's seniors need prescription drug coverage under the medicare program. Far too often, Medicare beneficiaries are forced to choose between purchasing the drugs they need or paying for food and housing. This intolerable dilemma is not just a problem for a few low-income seniors. It is a chronic problem being faced by middle class senior citizens.

While there are a number of difficult issues that must be resolved before Congress can move forward with the creation of a much needed Medicare pharmaceutical benefit, no issue is more difficult than determining how to pay for the new benefit.

Congress now faces a wonderful opportunity. The expected budget surpluses has created a rare opportunity for Congress to address one of the most glaring inadequacies in the Medicare program, the lack of a drug benefit. Before Congress can responsibly consider any tax cut, Congress must first ensure that federal resources exist to provide prescription drugs to our nation's senior citizens. Recommitting the Senate tax bill to the Senate Finance Committee is an appropriate first step in this process.

Again, thank you for your leadership on this process.

Again, thank you for your leadership on this issue.

Sincerely,

FRAN DUMELLE,
Deputy Managing Director.

NATIONAL OSTEOPOROSIS FOUNDATION,
Washington, DC, July 28, 1999.

Hon. EDWARD KENNEDY,
U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: This is in support of your prescription drug amendment to the tax bill.

The National Osteoporosis Foundation (NOF), the only non-profit, voluntary health organization solely dedicated to eradicating osteoporosis, represents 250,000 members. To NOF it is far more important that seniors receive the protection they need under Medicare than it is for Americans to receive a tax cut. First we need to protect our senior citizens and people with low incomes before we provide tax breaks for people of means.

Sincerely,

BENTE E. COONEY, MSW
Director of Public Policy.

Mr. KENNEDY. Mr. President, virtually every major organization that represents senior citizens or persons with disabilities is in urgent support of this particular motion.

They know what is happening. There isn't a Member who hasn't gone home and met with seniors in the state that doesn't know what is happening. It is not good enough to say we care about it and we will handle it some time in the future. You have a chance to handle it now, in the next 15 minutes.

We have a chance to put the Senate of the United States on record and say: OK, we will work the details out now, but we are going to allocate the resources for it. We don't have to do as my friend and colleague from Tennessee says—that we can wait until after 10 years and see where we are; or as our friend from Louisiana said, we can deal with this some time in the future.

The seniors deserve better. They need an answer and they need it now. They need a message from the Senate that says we hear you, we know what is of concern to those who have made this the great country that it is. They deserve this kind of a protection.

There is an enormous need and incredible consequences. It is a matter of life and death for many senior citizens. Let us say that it is at least—at least—as important to guarantee that there will be funding for prescription drugs as it is for a tax benefit. Many of us believe it is more important, but with this motion to recommit the bill we are saying it is at least as important as the tax cut bill itself. I hope this motion will be accepted.

Mr. ROTH. Mr. President, has all time on both sides expired?

The PRESIDING OFFICER. Yes.

Mr. ROTH. Mr. President, I make a point of order against the amendment under section 305 of the Budget Act on the grounds that it is not germane.

Mr. KENNEDY. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable section of that act for consideration of the pending motion.

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.

AMENDMENT NO. 1405

The PRESIDING OFFICER. Under the previous order, the Senate will return to the consideration of the amendment of Senator GRAMM of Texas. There will be 2 minutes of debate, to be equally divided.

Mr. ROTH. 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. ROTH. 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 AGREEMENT

Mr. ROTH. Mr. President, I ask unanimous consent that, notwithstanding the filing requirement, it be in order for the manager to offer an amendment that has been cleared by both managers.

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

Mr. MOYNIHAN. Mr. President, it is not a matter of one side of the aisle or the other on Senator GRAMM's amendment. Now for the first time, we find ourselves in complete agreement with the chairman of the Finance Committee, that the amendment is a disaster. We don't have to characterize the existing proposal, but it is not everything we would hope for. That is something even the chairman would dread, and he is right to do so. I think we are right in a situation such as this to overcome partisanship. It would be wicked, indeed, to join the Senator from Texas, and then where would we be? But we won't. I hope on our side we will support the chairman of the Finance Committee and show him that we share his view of the unacceptable extravagance of the proposal, the amendment of the Senator from Texas, which will soon be voted on.

Mr. ROTH. 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. 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. SARBANES. Mr. President, will the Senator yield for a question?

Mr. MOYNIHAN. Yes.

Mr. SARBANES. I ask the ranking member on the Finance Committee this question with respect to the

GRAMM amendment. In the course of the debate, was there any discussion on what this amendment would cost—not in the first 10 years but in the next 10 years?

Mr. MOYNIHAN. I think there was not. Were there such a debate and discussion, it would have been chilling.

Mr. SARBANES. This is the great exploding tax cut. I was looking at the very document the Senator from Texas himself distributed. It is clear that the marginal income tax rate cuts don't go fully into effect until the year 2008. By his own figures, it would cost $73 billion in the first 5 years, and $451 billion over 10 years; and it is not getting into full effect until right near the end of the 10-year period. So if you extrapolate out, you are going to have an incredible increase in its cost.

The same thing is true with virtually every provision that is in this amendment, with one exception. All of the others get phased in. They don't take full effect until close to the end of the 10-year period. Then you are given these cost figures which, of course, are over the range of the period. So, obviously, in the next 10-year period, these tax cuts are going to explode out of sight and put the Nation right back into the deficit box. Is that not a reasonable analysis, I ask the ranking member?

Mr. MOYNIHAN. The measure before us, which is moderate by the standards of the proposal of the Senator from Texas, would cost in the outyears, in the second decade, $3 trillion.

Mr. SARBANES. Not that of the Senator from Texas, but the other one.

Mr. MOYNIHAN. Start with the $3 trillion and think what that would add.

Mr. SARBANES. That is right; exactly. It would literally explode out of sight.

Mr. MOYNIHAN. Three trillion dollars is the Department of Treasury figure.

Mr. SARBANES. I thank the Senator.

Mrs. BOXER. Mr. President, will my colleague yield for a question? Will the Senator from New York yield for a question that has to do with a parliamentary procedure?

I wonder if he could enlighten the Senator. Perhaps Senator ROTH could. I thought we were under a unanimous consent to go to a vote. Has that been laid aside?

Mr. MOYNIHAN. We are delinquent and derelict and behind the times.

Mrs. BOXER. Is there any way to get us back on schedule and no longer delinquent and behind the times?

Mr. MOYNIHAN. The Senator from California has made her point.

Mr. ROTH. Mr. President, I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. 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. ROTH. Mr. President, I yield the remainder of time on behalf of Senator GRAMM.

Mr. MOYNIHAN. Mr. President, I make a point of order against the amendment that we are about to vote on under section 305 of the Budget Act on the grounds that it is not germane.

Mrs. HUTCHISON. Mr. President, I move to waive the Budget Act for consideration of the Gramm amendment and 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. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Gramm amendment No. 1405. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 230 Leg.]

YEAS—46

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

NAYS—54

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

The PRESIDING OFFICER. On this vote the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

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

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

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I do ask we might have order.

The PRESIDING OFFICER. The Senate will please be in order. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I believe another vote is scheduled.

MOTION TO RECOMMIT

The PRESIDING OFFICER. The Senate will be in order. There are 2 minutes evenly divided for the motion submitted by the Senator from Massachusetts. Who yields time?

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, can we have order? I will just take one moment.

Mr. President, when the Medicare program was agreed to in 1965, it was intended to provide health security for the seniors in this country. Now it still is a vital force, but there is a major element that is missing, and that is the prescription drug coverage.

There are no senior citizens, unless they are on Medicaid, who have a prescription drug benefit that is reliable, dependable, and affordable. This particular motion says we believe, those who support it, that as a part of this tax cut there ought to be set aside funding for a prescription drug benefit. We do not believe a tax cut has a higher priority than providing a prescription drug benefit for our seniors. But what we do say is the Finance Committee should set aside sufficient funds, and that the program can be developed later in this term. The motion ensures that funds will be earmarked to provide our senior citizens with a reliable, dependable, affordable prescription drug benefit.

Make such a fund part of this whole program. Do not take a chance there will be some funds down the line. Do not ask our seniors to wait any further. They have waited long enough. They need this; they depend on it. Prescription drugs are a lifeline for our senior citizens.

I hope this motion will be passed as part of a tax program, and that there will be a designated fund available for a prescription drug program for all Medicare beneficiaries.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I yield the time to the distinguished Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Mr. President, I rise in opposition to the motion of the Senator from Massachusetts for several reasons. First and foremost, this very body has already set aside funds specifically for Medicare modernization and specifically for inclusion of prescription drug coverage. The congressional budget plan has given us the figure of $505 billion. In our resolution passed just 2 months ago, we have $90 billion set aside specifically. The President's own proposal, his own proposal for Medicare prescription drug coverage, is $46 billion, much less than the

$90 billion we have already directed to this cause.

We need to focus on fundamental modernization, repair of the Medicare system to include prescription drug coverage. That is something that is before us, not this issue of money just for prescription drug coverage. I urge its defeat.

The PRESIDING OFFICER (Mr. FITZGERALD). The question is on agreeing to the motion to waive the Budget Act with respect to the Kennedy motion to recommit S. 1429.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

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

The yeas and nays resulted—yeas 45, nays 55, as follows:

[Rollcall Vote No. 231 Leg.]

YEAS—45

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

NAYS—55

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

The PRESIDING OFFICER. On this vote the yeas are 45, the nays are 55. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the motion falls.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield time to the distinguished Senator from Rhode Island.

Mr. STEVENS. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

AMENDMENT NO. 1442

(Purpose: To make an amendment in the nature of a substitute)

Mr. CHAFEE. Mr. President, the time in favor of this amendment will be controlled by Senator BREAUX for both Democrats and Republicans.

I commend Chairman ROTH for his hard work in crafting the Taxpayer Refund Act. I was pleased to support that and defend it in the Finance Committee. It is a carefully balanced, equitable bill that will provide targeted tax relief to all Americans. It has several features that I would like to point out.

First, it gives a generous tax deduction to millions of Americans whose employers do not provide health insurance. In other words, those who buy insurance through a company, but the company itself does not pay for the insurance, this helps make that deductible.

Second it corrects a flaw in the alternative minimum tax which, if left uncorrected, will result in the application of the alternative minimum tax to millions of American families who currently don't pay it.

Third, the bill contains some very important environmental and urban renewal initiatives. Despite all the meritorious provisions in the bill of Senator ROTH, I believe $800 billion in tax cuts is too big. What if the budget surpluses needed to pay for these reductions don't materialize? Does any one of us believe that Congress can or should hold discretionary spending to nearly $600 billion below current levels over the next decade?

What about the fact that we are now in the middle of, or perhaps at the end of, who knows, the longest burst of economic prosperity in our peacetime history? Is that going to continue unabated? Nobody can tell. Nobody has a crystal ball that will give an accurate answer.

So I am simply not comfortable with rebating more than half of the projected non-Social Security surplus in tax cuts. That is why, along with fellow members of the Finance Committee, Senators BREAUX, JEFFORDS and KERREY, as well as a number of other moderate Senators from both sides of the aisle, I have joined in sponsoring a $500 billion bipartisan alternative tax cut amendment.

This bipartisan alternative is a good, solid package. It would provide broad-based tax relief for middle income tax payers and families. It would increase the standard deduction to $4,350 for joint filers, $2,150 for heads of households, and $1,300 for single filers.

These increases in the standard deduction would have the effect of simplifying tax preparation for some 9 million households. Our bipartisan alternative contains the historic homeowner credit that I mentioned earlier. That is an outstanding provision and certainly will be of assistance in curbing urban sprawl.

If we are serious about passing a tax cut this year, I believe our bipartisan alternative is the right way to go. It would provide carefully targeted, well-deserved tax relief to the American people but for $300 billion less than either the House or Senate bills. There is no doubt in my mind that President Clinton will veto an $800 billion tax cut package, particularly one that resembles the House-passed bill. What is more, his veto will be sustained. All of that puts us right back at square one. All of this maneuvering could be avoided by the acceptance now of this sensible bipartisan alternative that is being proposed. I hope my colleagues will support that bipartisan alternative.

I thank the Chair, and I thank Senator BREAUX and yield the remainder of my time to Senator BREAUX.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself 5 minutes.

Senator BREAUX and Senator CHAFEE have thoughtfully crafted an amendment that offers a $500 billion tax cut. As with the alternative introduced yesterday by my friend, the distinguished ranking member of the Finance Committee, Senator MOYNIHAN, Senator BREAUX's amendment demonstrates that there is agreement on both sides of the aisle concerning the need to give individuals and families a well-deserved tax refund from the $3.3 trillion surplus.

I appreciate the fact that Senator BREAUX, with his amendment, offers a deeper cut than the alternative introduced yesterday, but I am concerned that it still does not go far enough. It does not go far enough in providing the much needed relief Americans require to meet the necessary and important priorities in their lives. It does not go far enough to offer broad-based tax relief that will be necessary to gain the bipartisan support needed to pass this bill in the Senate.

For example, Mr. President, the Breaux amendment does not lower the 15-percent tax bracket. Instead, it simply expands it by only $2,500 for individuals and $5,000 for joint returns. And this benefit is only available for people who do not itemize. This means that if you take a deduction for home mortgage interest you will not receive a tax rate cut, under this bill. Additionally, because the 15-percent bracket is not reduced, the tax relief is not felt by middle-income taxpayers in that bracket, nor is there a reduction for those paying taxes in the higher brackets.

The Taxpayer Refund Act of 1999 cuts the 15 percent rate to 14 percent and broadens the 14-percent bracket by twice as much as what the Breaux amendment would do at the higher 15-percent rate.

The Breaux amendment also falls short when it comes to providing family tax relief. For example, the Taxpayer Refund Act offers $222 billion for family tax relief. The Breaux bill only provides $43 billion. When it comes to providing families with the relief they both need and deserve, the amendment offered by Senator BREAUX is only 20 percent of the relief offered in our more complete package.

As with relief to families, this amendment also comes up short in providing health care relief. Where the Taxpayer Refund Act offers $52 billion in health-related cuts, this amendment offers only $32 billion, or roughly $20 billion less. The Shortfall can be seen in specific areas such as long-term care, where this amendment would not allow an employer to provide such long-term care coverage as part of its employee benefits package.

Another important difference between the Taxpayer Refund Act and this amendment is the area of estate tax relief. We have heard eloquent and persuasive arguments these past two days concerning how important it is that Congress provide American families with relief from death taxes. And our legislation offers almost $63 billion in relief. This will help countless families save the businesses, farms, and ranches that have been built by parents and grandparents.

It is good for these families, and for America, as it protects their work and sacrifice. Unfortunately, this amendment only contains a third of the relief that these families would receive from our legislation.

Mr. President, I compliment Senator BREAUX for the work he has done on this amendment. It certainly offers more than the alternative that the Senate voted against yesterday. Like yesterday's alternative, it shows that there is bipartisan support for relief, but it does not go far enough. It does not go far enough in the area of family tax relief.

It does not go far enough in the area of savings and investment. It does not provide enough health care tax relief, nor does it provide enough relief against death taxes.

As I said when I spoke against the Democratic alternative yesterday, the Taxpayer Refund Act of 1999 is built on the proposition that the income Americans earn belongs to them; that when government sets a budget and receives revenues in taxes to meet the budget obligations, government—by the will of the people—receives what it needs to pay the bills; and that when the people have given government more than what the budget calls for, well, then that money should be returned to the people.

It's that simple, Mr. President. And with that understanding, Congress passed a budget resolution authorizing the Finance Committee to cut taxes by $792 billion over 10 years. The Finance Committee, with bipartisan support, met that responsibility and, as a result, has offered the Taxpayer Refund Act of 1999. What we have offered is a broad-based tax relief plan that will benefit all Americans—one that is fair, constructive, and empowering.

Our plan will help restore equity to the tax code and provide American families with the relief and resources they need to meet pressing concerns. It will help individuals and families save for self-reliance in retirement. It will help parents prepare for educational costs. It will give the self-employed and under-insured the boost they need to pay for health insurance. It will begin to restore fairness to the tax code by eliminating the marriage tax penalty.

These are all important goals. And, as with the Democratic alternative, this amendment also falls far short of accomplishing all that we do with our broad-based plan. This amendment will leave many taxpayers without the relief they deserve. For that reason, I encourage my colleagues to vote against it.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. How much time remains?

The PRESIDING OFFICER. The time does not begin to run on the amendment until the amendment is actually called up.

Mr. BREAUX. Mr. President, I ask for the reporting of the amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Louisiana [Mr. BREAUX], for himself, Mr. CHAFEE, Mr. KERREY, Mr. JEFFORDS, Mr. TORRICELLI, Mr. SPECTER, Mr. BAYH, Ms. SNOWE, Mrs. LINCOLN, and Ms. COLLINS, proposes an amendment numbered 1442.

Mr. BREAUX. 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.'')

The PRESIDING OFFICER. There is 1 hour for the sponsor and 1 hour for the opponents.

Mr. BREAUX. Mr. President, I yield myself 5 minutes.

Mr. President, I suggest it is time for a reality check by Members of both parties as to where we are and what we are attempting to do.

We in the United States in this period of time are in a very unique, and I would also say very unusual, position in the sense that other countries around the world would love to have the problem that is facing all of us in the Senate this afternoon: We are faced with a country that has a $1 trillion surplus.

That is a problem that most countries would love to have. It is a problem because we are now faced with the question of what we are going to do with a $1 trillion surplus. Some have said all of it should be used in the form of a tax cut and given back to the American people. We can argue about how they do that. But, for the moment, let's just say they have decided all of it should go for a tax cut. Some on my side of the aisle say, no, we can't do that. It should be a very small tax cut, and the rest should be reserved for other functions of Government.

I point out to my colleagues what I think the rest of the American people already fully realize. They know if the proposal on that side of the aisle—an $800 billion tax cut—should pass and get sent to the President, it is clearly going to be vetoed, and nothing will result from this other than a debate. We will end up with nothing more than a political argument to make against each other. If we pass the Republican bill, and it ultimately goes to the President, there will be a big ceremony in the White House where he will veto that piece of legislation. He will then have a powerful political argument to say the Republican Party has wasted the trillion dollar surplus. There are some on the Republican side of the aisle who will say that is a great argument. The White House and administration will blame the Republicans for wasting the trillion dollars and giving an unnecessary and unrealistic tax cut that is targeted to the wealthiest people in this country. That is a great argument for us.

While the political parties may have a short-term political gain, I suggest that the real losers, if this is what is going to happen, are the American people because they end up with nothing —no tax cut, no decision on how to spend the surplus, with no money being allocated to real Medicare reform, and no pressure to continue to work on a Medicare reform program.

I suggest there is a different way we can look at this problem instead of a political opportunity. We can look at it as a policy opportunity to do something realistic, and that is what the amendment before this body does.

It is a $500 billion tax cut that is targeted to people who really need help in this country. There are some arguments that say the polls tell us the people don't want any tax relief. If you explain it properly when you go back, people do need help. People in the middle-income brackets would like to have a greater standard deduction than they have now. People on the edge of being kicked up into the 28-percent bracket would like to stay in the 15-percent bracket and work harder and earn more for their family. People would like to see more tax assistance for education and help for the 43 million Americans who work every day and

can't afford to buy health insurance because they work for a company that doesn't provide them health insurance. We have carefully tailored the $500 billion to help those people.

Our legislation helps people buy health insurance. It helps people avoid the ridiculous marriage penalty by eliminating it and increasing the standard deduction. That is a tax policy that should have an opportunity to become law, because while we spend $500 billion over the next 10 years to help people who need help the most, we also reserve $500 billion for other priorities of Government, to do something on Medicare, which needs to be reformed. The chairman says we will do something in September, and that is a very courageous position to take. But there will be money to pay for what is needed for Medicare. There will be a $500 billion pot of money to go to cover the very necessary discretionary spending needs in this country.

So we are offering something, according to a reality check, that has the potential to become law as opposed to being merely a political statement on both sides of the aisle. Unfortunately, people in both parties have taken the position: It is my way or no way.

We were sent here not to do political statements and take political positions only, but to work together to resolve differences and come to an agreement on public policy. I happen to think public policy is good politics. But good politics is not necessarily good policy. We have a choice today, in the next couple of hours, to determine whether we are going to be interested in good politics in the short term, or whether we are going to try to work together to reach an agreement that can become law and become policy for the American people.

There are very few things in life that are either all one way or the other way. Anybody who has been around for a short period of time knows that. Certainly, when we are discussing what to do with $1 trillion, there are a lot of good ideas. But we have to conclude that neither side is completely right. There has to be a blend of different ideas and philosophies in order to come together in a democracy and reach something that can become law and, ultimately, good public policy. Then the argument will be over success, as opposed to an argument over failure. The track we are on now leads us to go back and tell our people it was their fault that nothing was done. That is arguing over failure as opposed to arguing about success and who was able to bring that to the American people.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Senator from Delaware.

Mr. President, I was listening to my colleague, Senator BREAUX from Louisiana, and I want to respond to what he said because he said it—like he says everything—very well, regarding the whole question of reality tests and good politics versus good policy.

I speak against this amendment, not for the sake of good politics but for the sake of good policy. I speak against this amendment understanding that reality test, as I think about the lives of people in our country. I want to say one more time on the floor of the Senate—and I have said it a couple of times—that I do not understand this kind of bidding war on tax cuts. I understand very targeted tax cuts to those citizens who need it the most. I understand very targeted tax cuts that speak to the concerns and circumstances of hard-pressed working families. But I think the vast majority of people in the United States of America—and I think this is the meaning of the poll about tax cuts—are saying this: You all are sort of—I don't know what the word is—trying to pander to us and you have this argument that you have made for years—I am not saying all colleagues for this amendment have made this argument for years, but it goes something such as this: This money belongs to the people, and we are going to give it back to you, whatever there is in surpluses, which, of course, is all based upon assumptions we make. And, hopefully, these assumptions will be borne out about economic performance.

I really think the vast majority of people in Minnesota and the vast majority of people in the country are saying this belongs not to us but to our children and grandchildren, and whatever you have by way of surpluses—now we are focusing on the non-Social Security surplus—put it into reducing the debt to get the debt off the backs of our children. Make sure there will be Social Security and Medicare for our children and our grandchildren as it has been there for us; and, finally, make sure that our children and grandchildren are going to have the same opportunities we have.

We can't do that. I came to the floor the other day and said about my own party's proposal at $300 billion—$200 billion less than $500 billion—that we can't do all of that and have these tax cuts to the tune of $500 billion at the same time. It doesn't add up.

To use the old Yiddish proverb, ''You can't dance at two weddings at the same time.''

If you look at the non-Social Security surplus, three-quarters of it is based upon cuts or the caps in domestic spending.

We say we are concerned about veterans' health care, we want to have community policing, we want to have environmental cleanup, we certainly want to make sure we deal with what is becoming a crisis of affordable housing, and then all of us are forever and ever and ever talking about children and education. We talk about all those people who do not have any health insurance. We talk about prescription drug benefits for the elderly. How are we going to do all of that at the same time that we are going to have $500 billion of tax cuts? We are not.

With the Democratic proposal the other day on the floor with $300 billion of tax cuts, we were still several hundred billion dollars under where the caps take us. In other words, we were several hundred billion dollars—I think close to $300 billion—short of making up the cuts in discretionary spending. With the $500 billion it is worse.

I want to know where the give is going to be.

In all due respect, as I look at the pattern of our powerlessness in America today, it is a very distorted pattern of power. I know the Pentagon will get its resources. I know we will make sure that we invest in transportation.

I can just imagine with the squeeze on—that is exactly what you are going to have, deep cuts in discretionary spending for a decade, and then God knows where this takes us in the next decade—what is going to be cut.

We are going to go from 1 percent Head Start funding—pre-3-year-olds, Early Head Start funding—to less than 1 percent. We are going to go from 40 percent, or a little over 40-percent funding for Head Start, ages 2 to 5, to less than 40 percent. We are going to go from barely covering 20 percent of affordable child care needs for low-income families—much less moderate income and much less working families—to less than 20 percent.

That is the problem with this amendment.

My colleague from Louisiana said it is a compromise. It is a reality test. It is a compromise between the political center of gravity of where Republicans are and where Democrats are, but it is not based upon where I think the political center of gravity is in the country. I know that sounds presumptuous. Maybe it even sounds arrogant. I swear that I don't mean it to be. But I really believe the vast majority of people in our country are for tax cuts that are very targeted, that speak to the concerns and circumstances of really hard-pressed families, and they want to see the rest of us deal with Medicare. They want to make sure we have Social Security, and people want to see some investment in our children. They want to see opportunities for children in this country. We can't do it with this.

We have several hundred billion dollars more—well over $300 billion more—of cuts in discretionary spending if we go for their $500 billion package. Where

are we going to cut? You mean to tell me that now we are putting a straitjacket on ourselves and boxing ourselves in such a way that we are not even going to be able to make any of these kinds of investments in health, skills, intellect, and character of our children? We are not going to be able to it.

I don't see this as being any kind of reality test amendment. I think this is not at all based upon where most people in the country are. I don't think it is based upon what we have to do as a nation.

I think in the next century we have to grow together. I think in the next century, by the year 2030 or 2040 or 2050, we have to make sure the next century belongs to our children and our grandchildren. We have to make sure they get the best education. We have to make sure they have the best skill development. We have to make sure they are healthy. We have to make sure they are productive. We have to make sure there is less violence in their lives; that they grow up to be independent, resourceful, self-reliant, morally responsible and democratic citizens. That is what we ought to be doing with whatever kind of surplus we have.

We certainly shouldn't be supporting a proposal with $500 billion of tax cuts that will crowd out all of that investment, especially when it comes to the most vulnerable citizens in our country.

I hope this amendment will be voted down.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield 6 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first I would like to thank my colleague, Senator ROTH, for his management of this bill and for bringing this bill to the floor of the Senate. I am going to talk preliminarily about the bill.

First, let me say to our colleagues who are offering the $500 billion substitute that I compliment them for the fact that they are trying to work to reduce taxes. I think that is important. There are several provisions they have in their bill that I compliment them for.

Most of all, I want to talk about the bill that is before us, the bill as reported out of the Finance Committee by a vote of 13–7. That was a bipartisan vote. I think that is important.

Again, I think that happened in large part because of the Senator from Delaware and because of the content of the bill. I think that maybe we spent too much time talking about numbers. Maybe that is partly my fault. I like talking about numbers. We have a $3 trillion surplus. We are going to give a tax cut of $782 billion. That is about 25 cents on the dollar.

We are going to take two-thirds of the surplus and use that for debt retirement. That is good.

Some people say: Wait a minute. You are not reducing the debt enough. We reduced the debt more than Clinton's proposal. Maybe that is good. I think that is probably good.

Concerning the tax cut and total of the estimated surplus: Some people may say: Maybe the estimates aren't right. Maybe they are too optimistic. And even though we are only taking one-fourth of the surplus and allowing people to keep it, they don't want to give it back to the taxpayers. They'd rather spend it.

Well, that is not what a tax cut is. A tax cut let's people keep more of their money. They do not have to get it back from Washington, DC. Is it their money, or is it Washington's money? It is their money. Is it not a gift from us. We are taking it from them right now. In some cases we are taking too much. In some cases the taxes we are taking from people are unfair.

I am going to talk about that because the bill we have before us alleviates some of those problems. It doesn't solve all the problems, but it alleviates some of the problems. Is it the best bill imaginable and perfect? No. But it does go a giant step toward eliminating inequities and injustices in the tax bill. I say ''injustices.'' There are some cases in the 1999 Tax Code where the taxes are unfair.

It is absolutely unfair for a married couple to have to pay more taxes than if they were living together and unmarried. It is unfair to have a tax penalty for being married—absolutely unfair. That is in the Tax Code today.

The bill of the Senator from Delaware eliminates that. We want to get rid of it.

Unfortunately, that doesn't happen under the Democrats' proposal. Let me talk about that for a second.

Somebody says: Well, you eliminate the marriage penalty. What does the House do? The House basically doubles the exemption for single people and for couples. That is one way of taking care of the exemption. But it doesn't eliminate the fact that a lot of people have combined incomes that push them into higher income brackets.

For example, an individual with a taxable income of $25,000 is taxed at 15 percent. Anything above that, they are taxed at 28 percent. That is kind of simple.

Let's say you have two teachers who are married, and they have a taxable income of $25,000. If they file as individuals, they are both taxed at 15 percent. If they are married, their combined income pushes them into a 28-percent tax bracket. They are penalized.

It just so happens, as it works out, that in this case they are penalized $1,400.

Where did I get that?

They have a combined income of $50,000. A 28-percent tax bracket actually kicks in at $42,000. They have $8,000 that is taxed at a 14-percent rate. It is higher than what somebody is paying at the 14-percent rate. Senator ROTH's bill moves the bottom rate from 15 to 14.

The difference between 28 and 14 is 14 percent. Fourteen percent times the number of thousands, if it is $10,000, that is $1,400.

This hypothetical couple pays an additional $1,400 more per year for being married. We shouldn't penalize them for that.

In the bill each couple has the option of being taxed individually. If one member of the couple is taxed at 28 percent, fine. It doesn't mean the next spouse has to be taxed at that rate as well. Maybe the income of that spouse, male or female, might be significantly lower. It would be taxed at a lower rate. Why tax them at the highest rate? We shouldn't do that. We eliminate that in this bill. That is not insignificant.

The example I gave was a $1,400 differential. CBO says the average marriage penalty is $1,400. We should be able to eliminate that, and we do eliminate it in this bill. Who benefits? Nineteen million married returns would have that inequity eliminated. That is in this bill.

Let me talk about the 14-percent bracket expansion. I wasn't particularly fond of this idea. I thought, why move the 15-percent rate to 14 percent? What does that mean? Somebody asked me the other day on a radio show: What does that mean to me as a taxpayer? It means we have a benefit for all taxpayers. Any taxpayer will benefit. How much do you benefit? Individuals, up to $250; and a couple, $430.

Therefore, a couple who makes up to, I think, $48,000 receives a $430 benefit. Somebody said the tax benefit in the bill is only 50 cents a day. Their numbers are not adding up. The benefit of that is $430 a couple.

I will touch on the bracket expansion. I want to compliment our colleagues on the pending amendment. They expand the 15-percent bracket up. We have that in this bill, too, under the pending bill authored by Chairman ROTH. We expand the 15-percent bracket. That means a lot of people who are paying 28 percent will pay 15 percent. We increase that by $5,000 per couple or $2,500 for an individual. That means a couple will save $700. If they have a combined income of $42,000, we save them $700 by reducing the rate from 15 to 14. For a couple earning $40,000 or more will save $1,130 under the bill. That is almost $100 a month.

I use the test sometimes of my son and his wife. He sells cars, and she is a schoolteacher. They have one child. How will this benefit them? From

those two provisions alone, they will save almost $100 a month in taxes, and they are a middle-income, tax-paying family. I think that is a good provision. When combined with marriage penalty relief, the average married couple will realize significant savings through this bill.

For instance, those items together come to $1,100 just in the rate reduction and the expansion of the 15-percent rate. Then there is $1,400 savings in eliminating the marriage penalty. Now we are talking about $2,500 per year for a married couple making $40,000, $50,000, or $60,000 a year. That is not insignificant. That is $200 a month.

We are helping a lot of people. The number of people who would benefit from expanding the 15-percent rate upwards, so they don't have to pay 28 percent, is a reduction of 13 or 14 percent —13 percent by the substitute offered and 14 percent by Chairman ROTH's proposal. Chairman ROTH's proposal says to individuals in that category, we are going to cut their rate in half for that additional $5,000. That is a significant savings. Add that all together, and we are talking about $2,500 for a couple who make $40, $50, or $60,000. That is not insignificant.

Mr. President, 98 million people will benefit from the reduction in the 15 to 14 percent income bracket, 80 million who have incomes less than $75,000. In other words, it is a tax cut for taxpayers, not necessarily targeted the way as some others might like, but it is a tax cut that is weighted on the lower end of the tax schedule.

Moving the 14-percent bracket up, 36 million middle-class people will benefit from that provision; 19 million married returns will benefit from elimination of the marriage penalties.

Then there is something else that hardly anybody is talking about. We have a provision that eliminates the penalty called alternative minimum tax that disallows a lot of the tax credits we have already passed. In 1997 we passed a tax credit, $500 per child. It was $400 last year, $500 this year. That is law. I know a lot of the people arguing against the Republican tax bill didn't like it when we passed that in 1997. I had an appearance last night with Gene Sperling, and he said the President supported the $500 tax credit for a child.

Maybe a little history would be in order. The President campaigned for it in 1992, and he forgot about it in 1993 when he raised taxes on all Americans. Not only did he forget about it, but he did a tax increase rather than a tax cut. It wasn't until 1995 that the $500 tax credit passed again. That was when Republicans took control. We passed the bill, and the President vetoed it. We passed it again in 1997, and he signed it. Now they are trying to take credit for it. They didn't want a tax cut in 1995, they didn't want a tax cut in 1997, but we gave it to him and he signed it. Now that is law.

Because of AMT, a lot of people are not able to take full advantage of that tax credit or child care tax credit—13 million families, and I tell my colleagues that number is growing every year. Senator ROTH's amendment has significant relief. My colleagues will be interested to know that is $96 billion. Over one-tenth, about 12 percent, of the entire tax bill is targeted toward AMT relief on American families. I have not heard anybody talk about it. If anybody thinks that provision is wrong, offer an amendment to strike it out.

If anybody thinks the marriage penalty provision, which is $112 billion—again, probably about 15 percent of this entire package—is too generous, if Members don't think we should have marriage penalty relief, offer an amendment and take it out. If Members don't think we should cut the rate from 15 percent to 14 percent—which is $298 billion, which is the biggest provision in this entire bill, which is three-eighths of the entire bill—if Members don't think it should be in there, take it out. I would oppose any such amendments, because these provisions are at the heart of this legislation and are what make this bill a tax cut for taxpayers on the lowest end of the ladder.

A lot of people say the Republican package is a tax cut for the rich. It is not. Those people have not read the bill. This bill reduces taxes for all taxpayers, including people at the lowest end of the economic ladder.

The provisions I discussed are $506 billion out of $792 billion. That is over five-eighths of the bill I have already described. I haven't heard anybody single out any of those sections and say: that is a bad provision, we shouldn't have that provision.

Let me discuss a couple of other areas in this bill and why we should pass the bill. Let me talk about estate taxes. A lot of people are not aware of how the amendment of the Senator from Delaware works. It replaces the unified credit with an exemption. Most people say: What in the world are you talking about? Unified credit, under the existing system, says we will credit you so much in taxes, and you don't have to pay; but above that, you start paying taxes at whatever rate it is. It means if you have a taxable estate, once you start paying taxes, you start paying taxes at a 39-percent rate. If you have a taxable estate of $1 million, 39 percent goes to the Government.

What we do by replacing the unified credit with an exemption is, once you run out of the exemption, you start paying taxes at the lowest rate, which is 18 percent. That is a big difference. That is a big difference for estates that are barely taxable. So, if you are over the exemption amount—the exemption amount today is $650,000—and you don't have to have a lot of property or a lot of wealth to have an estate of $650,000, if you get above that, your tax would be 18 percent instead of 39 percent. That is a big difference, and I compliment the chairman for doing it.

Frankly, I would like to eliminate the estate taxes and have the taxable event not be death but when the property is sold. Senator KYL and others have been advancing that. I think that is an excellent idea. You should not be taxing somebody because somebody dies. You should tax them when that property is sold. If the people who receive the property, the beneficiaries, the family, if they want to keep the business and keep the business operating and running, great. If they want to sell the business, tax it as a capital gain and tax it at the old valuation, at whatever escalation has been in the market value. That is the capital gain. That is what the taxable event should be, when the property is sold—not because somebody dies.

Again, the chairman's provision, exchanging the unified credit for an exemption, is a giant step towards, basically, bringing about some relief in estate taxes which I think is critically important. If you believe, as do I, in family-owned businesses, if you believe the Government is not entitled to take over half of people's property just because they pass away then you should support this bill. Somebody said earlier this provision in the bill only benefits the wealthy. I disagree strongly with that statement.

My father, unfortunately, passed away when I was pretty young and we had a family-owned business, Nickles Machine Corporation, in Ponca City, OK. We had a significant dispute with the IRS for 7 years about the valuation of this company. The IRS said: We think it is worth a whole lot more and we want you to pay a lot of taxes. My mother did not pass away; my brothers and sisters did not pass away—just my father. And he was second generation in this business. Yet the Government said: We want a chunk of it.

The estate tax rate today says any estate over $3 million, they want 55 percent. Why in the world would the Federal Government be entitled to take over half of what somebody worked his or her entire life for because somebody passed away?

One of the changes we made in 1981, it has been seldom noticed, but one of the great changes we made, we eliminated the inheritance tax between spouses so surviving spouses do not have to pay a dime of inheritance tax. That is a positive change. I was here and had a little something to do with it, and I am very pleased we made that change.

But it isn't enough. Now, even though we have made that change, when the surviving spouse passes away and you have a taxable estate of $3 million—maybe it is a manufacturing

company, maybe it is a farm or ranch, maybe it is a restaurant, and it happens to be worth $3 million—the Federal Government comes in and says: We want half. I absolutely think that is wrong. That is one of the many reasons why I think we need a tax cut today. That is one of the reasons why I think we need a greater tax cut than the alternative proposed by our colleagues that would provide $500 million. I note the estate tax relief they have in their provision——

The PRESIDING OFFICER. The 15 minutes of the Senator has expired.

Mr. NICKLES. I ask an additional 10 minutes on the amendment.

The PRESIDING OFFICER. The Senator may proceed.

Mr. NICKLES. Looking at the provision offered by our colleagues, in the substitute they have $19 billion of estate tax relief and the estate tax relief offered by the underlying proposal is $63 billion. So it does a lot more in estate tax relief in the chairman's bill than what is offered in the substitute.

I happen to believe in estate tax reform very strongly, and not because it benefits the wealthy. I happen to believe it is a matter of fundamental fairness and freedom. People should be able to work their entire life and be able to pass their property on to their kids without Uncle Sam coming in and saying that we want half or even over half. The chairman's amendment helps make that change.

Also in the underlying bill, we increase retirement savings. Everybody in this room knows we do not save near enough. What we do under the underlying bill is we increase IRAs over a 3-year period from $2,000 to $5,000. We do that in both the IRAs that are tax exempt going in and the ROTH IRAs, into which you may put after-tax dollars. That means we are allowing people to put in more money to save for their own retirement.

The $2,000 limit goes back for years and has not been indexed for inflation. Frankly, we in Congress should encourage savings. We want people to be less dependent on Government, more dependent on themselves, to be able to save for their retirement. Increasing this amount from $2,000 to $5,000 is a giant step in the right direction. Again, I compliment the chairman. This provision is in his bill. It is not in most of the other bills. I do not believe it is in the substitute as well.

Finally, I want to touch on one other thing, and that is the self-employed health care deductibility. The chairman's bill says, for self-employed persons, we are going to allow 100-percent deductibility. We had this debate actually when we were debating the Patients' Bill of Rights. It was included in the measure we passed on the floor of the Senate. I argued then if we want to increase health care access, we should at least make the Tax Code equitable, and it is not equitable. Major corporations today get to deduct 100 percent of their health care costs; self-employed deduct 45 percent. What is right about that? What is right about a code that says: Self-employed person, you deduct 45 percent but GM or any corporation in America, you deduct 100 percent? I am offended by that section in the Tax Code and I support this bill for making that much needed change. I used to be self-employed. I used to run a corporation. A corporation deducts 100 percent, but if you are self employed tough luck, you only get to deduct 45 percent.

Then the chairman's package also has a major expansion for people who do not get anything from their employer. If they pay over half their health care cost, they get to have an above-the-line deduction for their health care expense. Again, why in the world, if we are going to use the Tax Code to encourage health care, why do we not let it apply to everybody in America? We do not do that today. If you do not work for a generous employer who subsidizes your health care, you are out of luck. If you are not self-employed, you are out of luck. You have to pay for your health care with after-tax dollars. You do not get any deduction.

The chairman's bill changes that inequity and says, yes, you eventually get a 100-percent deduction. It phases that in, but eventually that person gets a 100-percent deduction for their health care cost as well, and they do not have to itemize to get it. All taxpayers would get it. Again, this is a giant step in the right direction in bringing tax equity in health care costs.

When we allow people to buy homes and we say you can deduct your interest, we do not say you have to work for a generous employer to be able to deduct the interest. Everybody gets it. We are free to use the Tax Code to encourage health care. It should apply to everybody, and again, the chairman's package makes a giant step in that direction.

The chairman's package does many other things. It allows an extension of time for people to be able to deduct their student loans; it allows a continued deduction for companies that have educational plans and benefits; it has a plan to help in education; it has a plan to help in health care; it has a plan to help increase savings and retirement and 401(k)s; it has a plan to allow people to keep more of their own money; it eliminates the marriage penalty.

I tell my colleagues that those are things we need which will help American families. That is not just a tax cut for the wealthy. That is not something my colleagues can demagog. They may want to, but if they want to demagog, where do they want to cut? Do they want to eliminate the permanent R&D tax credit? Do they want to eliminate the self-employed deductibility? Do they want to eliminate the marriage penalty? Do they want to eliminate the reduction in rate from 15 to 14? Do they want to eliminate the expansion of the 15-percent tax bracket? I don't think so.

I think the chairman has put together a good package and that package, yes, costs $792 billion. I say costs. It is going to allow people to keep $792 billion of their own money. They are going to be sending in over $3 trillion more than the Federal Government needs in the next 10 years. We are saying we are going to let them keep some of that themselves. The chairman has crafted this in a way that is going to help a lot of middle-income working Americans who are interested in health care, who are interested in education, who want to not be penalized because they happen to be married.

So I compliment him for his package. I urge my colleagues, with all great respect for the amendment that is pending, I urge them to vote no on that amendment because we can do more, and we should do more. The American taxpayers deserve more, deserve better. I hope our colleagues vote no on the pending amendment and vote yes on final passage, hopefully tonight.

I will mention, as far as procedurally, I hope we can finish this bill tonight. It is possible. It will not be easy, and our colleagues will have to work together to make that happen, but I hope it will be possible for us to have final passage on the underlying amendment later tonight.

I yield the floor. I thank my colleague from Delaware.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield 10 minutes to the distinguished cosponsor of the amendment, the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, thank you very much.

The Senate has had before it three very distinct blueprints for the American future, not a tax plan for the remainder of this year or next year but blueprints that will dictate many priorities and decisions for more than a decade. They are very distinctly different.

The Senate has before it a Republican tax reduction plan that will never become law because the President will never sign it. The Senate is considering a Democratic tax reduction plan that will never become law because this Congress will never pass it. And there is a bipartisan tax reduction plan of $500 billion now before the Senate.

It is termed a ''bipartisan tax reduction plan,'' but it should be better known as the ''October plan,'' because we may spend July and August debating our partisan proposals.

Members of the Senate may not endorse this proposal today, but I suggest that by the time we reach October, it is a plan such as this that will bring us together.

This plan, crafted by Senators BREAUX, KERREY, CHAFEE, SPECTER, COLLINS, SNOWE, BAYH, myself, and a group of others, is based on a belief that the Nation should have returned to it as much of its tax dollars as possible, while still being prudent to allow the development of a surplus, protecting Social Security and other national priorities. Reducing taxes is a national priority, but so is hiring 100,000 teachers, rebuilding American schools, providing for a pharmaceutical benefit in Medicare, improving the national infrastructure, and reducing the national debt.

Like any compromise, this plan is designed to accommodate many of these

objectives, and I think we have succeeded. But it is also based on the belief that the American people, after 8 years of economic expansion that was built on hard work, high taxes, and sacrifices, deserve a dividend.

This $500 billion tax reduction plan is a fair and reasonable dividend. This surplus developed for a reason. In 1993, appropriately in response to burgeoning deficits, this Congress increased taxes by a quarter of a trillion dollars. In the years that followed, American businesses produced and American workers produced at unprecedented levels. They have provided an economic expansion and also a Government surplus, and they deserve now to have some of it returned. That is the foundation of this plan. But we accomplish nothing by returning these tax revenues if we only prestage a burgeoning deficit in the future or we deny other needs in the country as well.

Tax reduction is an economic imperative, in my judgment, but so is education and so is improvement of the national health care system, and so is expansion of the national infrastructure. There is before this Senate but one balanced plan that can achieve these tax reduction goals while meeting these balanced national objectives, and it is this plan, the ''October plan.''

This plan is also based on a recognition that even in good economic times, it is important to recognize that these are not perfect economic times. The United States today faces twin economic problems:

First, record levels of consumer debt. The current economic expansion is threatened by mounting middle-class consumer debt more than any other single indicator. Middle-income families with young children are shouldering more debt in home mortgages, credit card bills, and educational expenses than at any time in our national history.

This plan is designed to respond to that need by moving 4 million Americans, people who earn $50,000, $60,000, $70,000 in family income, with young children, and moving them from the 28-percent bracket to the 15-percent bracket where they belong.

This Government has no right to go to a family that earns $60,000 and $70,000 and struggles every month to educate its children, provide housing, clothing, and food, and take 28 percent of that income for the Federal Government. I do not believe it was ever our intention.

Prosperity and inflation moved people into these tax brackets. For a long time, some of us lived with the illusion that people who lived at these modest incomes somehow had expendable income, as if they were living lives of luxury. There is no luxury in American life today on an income of $30,000 to $70,000 with children. This bill recognizes that fact.

We also recognize that many senior citizens and many young families supplement their incomes by modest savings—people who earn a few thousand dollars in capital gains, put a little bit of money in the bank, or they invest in the stock market for a little security to participate in American growth. The Federal Government should not be charging capital gains taxes on people who earn $2,000 and $3,000 a year. We should be doing everything we can to encourage these people to save for an emergency, prepare for the future, and this bill deals with that reality, in response to the fact that the other crisis in American economic life today, beyond high consumer debt, is a virtual collapse in national savings. This year, the United States has a national savings rate of minus 1.2 percent, the lowest rate since the second year of the Great Depression. We are the only developed nation in the world with a negative savings rate.

This legislation responds to that reality. We eliminate the capital gains taxes on the first few thousand dollars of savings, which, in part, takes 4 million taxpayers off the tax rolls entirely—young families and probably largely senior citizens who want a little security in life. They should pay nothing, and that is what this bill provides.

Those are the twin objectives we have: Reduce consumer debt by lowering taxes on the middle class by moving people from the 28-percent bracket to the 15-percent bracket; and, second, by encouraging savings, both as Senator ROTH has done by an expansion of the IRA, and in our case from $2,000 to $3,000.

This Government should be doing everything possible to encourage Americans to save money, if not for our larger economic purposes, then simply because 50 percent of Americans have no pensions; 60 percent of Americans retire only on Social Security. My colleagues and I know why there is such enormous pressure on this Congress to increase Social Security and other Government benefits: Because people are not saving money, and they do not save money because this Government has made it economically irrational to do so, and the Tax Code is the answer to changing that reality.

Our bill, I think, is easily defined and explained. It is simply $500 billion over the course of this next decade. It removes 3 million people entirely from the tax rolls by increasing the standard deduction and eliminating taxes on modest savings. Three million people, largely senior citizens, will pay nothing.

Second, as I suggested, we move 4 million people from the 28-percent tax bracket to the 15-percent tax bracket, meaning that a family of four earning $71,000 will now have their taxes arguably reduced in half and have money available for their own family needs. For a single person earning $37,000, this translates into a $600 tax cut. A family earning $71,000, as I suggested, receives a $1,300 tax cut.

We also do more. We eliminate the marriage penalty entirely in the standard deduction. We increase and expand the child care tax credit to remove American women from this dilemma where they have to choose between going to work to pay the mortgage and knowing their children are safe by allowing affordable child care.

The PRESIDING OFFICER. The time yielded to the Senator from New Jersey has expired.

Mr. TORRICELLI. I close by urging my colleagues to join with me in this bipartisan plan for reasonable and affordable tax relief. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I yield 10 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 minutes.

Mr. SPECTER. I thank my colleague from Louisiana.

Mr. President, I join in cosponsoring this centrist approach. In my view, the tax proposal to cut $792 billion over 10 years is too much. It may be that the United States would be best served by not having any tax cut at all, but it appears we are headed for some tax cut. And a group of centrists, so-called moderates, have joined together on the proposal which is now on the floor for a tax cut of some $500 billion.

This same group, in substantial measure, was assembled 2 weeks ago on the so-called Patients' Bill of Rights, where the centrists had an alternative proposal to the more extreme proposals on the right and on the left.

We have rounded up the so-called ''usual suspects,'' but we have a few more; and I think there is some chance that this bill, this proposal, this amendment will be adopted, if not today, then perhaps ultimately.

At the outset, I acknowledge the proposition which has been advanced by the Chairman of the Federal Reserve, Alan Greenspan: that the Government of the United States would be best served if there were to be no tax cut at all.

The projections of the surpluses are highly speculative. If you change the interest rate a bit, or if you change the unemployment rate a bit, those surpluses would change very dramatically.

There is a strong argument for the proposition that we would be best advised to pay down the national debt. The national debt now stands in excess of $5.5 trillion. When the Presiding Officer and I came to the Senate, after the 1980 election, the national debt was slightly under $1 trillion. Notwithstanding the so-called ''Reaganomics'' of the administration of President

Reagan, by the time he had left office, the national debt was in the range of $3 trillion, and it has gone up.

To reduce the national debt would reduce the carrying costs on the interest, and there is a great deal to be said for that. But my sense is the temper of the times is that we are going to be looking at a tax cut to some extent. If we ameliorate, or reduce the tax cut from the proposed $792 billion to $500 billion, then we have more assurances that we can take care of other needs of America.

There is a consensus that the Social Security fund ought to remain inviolate, ought to be preserved at all costs. I believe that it is true that the Social Security fund will be secure under any of the pending proposals. But you can't be entirely certain of that because that significant measure depends on the economic forecasts, the unemployment rate, and the interest rate.

Beyond Social Security, there is a commitment to preserve Medicare. A lesser tax cut would provide a better guarantee that funds will be available for Medicare.

Then we have the issue of prescription drugs where, again, there is a growing sense that this is an issue which has to be taken into account. Again, a lesser tax cut gives more flexibility for prescription drugs.

So when we look at the imponderables and the problems, there is much to recommend a lesser tax cut, so that a figure in the $500 billion range appears preeminently reasonable.

Earlier today, about an hour ago, the Senator from Minnesota, Mr. WELLSTONE, said he did not think the majority of the country favored any tax cut. Well, it is hard to assess where the majority of the country is. What is going to happen in the course of the next 6 weeks, probably, presumably, likely, is that a tax cut will come out of the Republican Congress. The plan is, if this tax cut is adopted, the Senate and House will go to conference, and there will be a resolution of the issue by the end of next week, before we start the August recess.

Then there will be an opportunity for Americans to digest the positions taken by the Republican Congress, contrasted with the position taken by the President's Administration and what the Democrats have in mind.

I believe if the Senate were to enact this amendment on the $500 billion tax cut, we would be in the position to have some realistic negotiations. It is perfectly obvious, at this stage of the proceeding, that the aura of politics is very heavy in this Chamber, very heavy in the House Chamber, very heavy over all of America—less heavy, frankly, outside the beltway.

During the August recess, as I undertake my open-house town meetings, I am anxious to get guidance as to what the Congress ought to do from the prevailing wisdom of Pennsylvanians and the wisdom of men and women outside of the beltway.

But I think a tax bill coming out of the Senate at $500 billion would set the stage for some serious discussions with the White House, and an important aspect of those discussions will be what is going to happen to the appropriations bills.

We are now operating under the 1997 Balanced Budget Act. Speaking for my subcommittee, which has jurisdiction over three major Departments—the Department of Education, the Department of Health and Human Services, and the Department of Labor—the allocation of $80 billion is totally insufficient when we look at what we had appropriated last year, what the inflation rate has been—however small, it is a factor. Looking at the financing of the National Institutes of Health, which have made such dramatic achievements; the financing for Head Start, Healthy Start, and worker safety; that is a matter which has to be reconciled, has to be negotiated with the White House during September, before we go into October where we have the highly publicized possibility of the so-called train wreck.

But those are factors which have to be taken into account. There again, an approach of $500 billion leaves greater flexibility to accommodate other pressing needs of the Government.

Later during the consideration of this tax bill, I will have an opportunity to speak about an amendment which I have pending, which is the flat tax. That is a proposal to simplify taxes in America so they could be filed on a single postcard.

I regret that this measure has not received greater attention, notwithstanding the fact that it was introduced in the House of Representatives by Majority Leader ARMEY in the fall of 1994, and I introduced it—the first bill in the Senate—in March of 1995, which really provides some very substantial relief on simplicity and breaks for the American people. That is not to be, but I will have an opportunity a little later to explain, in some detail, the flat tax proposal.

Mr. President, inquiry as to how much time I have remaining of the 10 minutes allotted.

The PRESIDING OFFICER. One minute.

Mr. SPECTER. I thank the Chair.

In conclusion—the two most popular words of any speech—I believe that America ought to be governed from the center; America needs to be governed from the center; and America wants to be governed from the center.

Where we have the competing proposals—the one which was defeated yesterday, the Democratic proposal at $295 billion; the competing proposal of $792 billion—the $500 billion figure will provide more flexibility for other needs of America, will move to the center, will give better assurances that adequate funding will be available to protect Social Security, to provide Medicare reform, to provide important programs such as prescription drugs, to provide for the kinds of funding necessary for the National Institutes of Health, the other important items yet to be resolved under an arrangement with the White House on the pending appropriations bills.

I join my colleagues in urging adoption of the Chafee-Breaux proposal.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. I thank the Chair, and I shall not take the full 10 minutes.

Mr. BAUCUS. Mr. President, might I get some understanding of the order. I wonder if there is some way we could go back and forth.

Mr. MURKOWSKI. I was under the impression we were talking on different sides of the amendment.

Mr. BAUCUS. If we understand that the next speaker will be the Senator from New Jersey, that would be helpful.

Mr. ROTH. That is correct.

Mr. BAUCUS. I thank the Chair.

Mr. MURKOWSKI. Mr. President, the issue before us today is whether we should replace the Finance Committee's tax relief bill with a smaller $500 billion tax relief bill. I commend the authors of the amendment for their effort to provide tax relief to the American people, but I believe very strongly that the Finance Committee bill is a better, balanced approach.

Let's examine it for a moment. For example, middle-class families would receive far less relief under the $500 billion amendment because the 15-percent bracket is not reduced. Moreover, the marriage penalty relief in this amendment will not affect the 30 percent of married couples who itemize deductions.

The biggest flaw in the authors' approach is their belief that this $500 billion tax cut would be approved by our President. He has stated already he would not sign a tax bill, a $500 billion tax bill that cuts taxes by more than $300 billion. And the Director of the OMB has indicated that a $500 billion tax cut would be vetoed. So we have a veto threat.

We also have a responsibility to the American taxpayer. As a member of the Finance Committee, I rise in strong support of the Taxpayer Refund Act as proposed by Finance Chairman ROTH. I commend his chairmanship, the professional staff, and the Joint Tax Committee staff who have worked so hard in putting this together. It has been very difficult, but it is fair, it is

balanced, and it is growing in support, as Americans and Members of this body recognize its contribution from the standpoint of fairness and equity. Everybody shares. Everybody benefits. It is a great opportunity for the American people to share in this prosperity associated with the surplus.

The Roth bill gives the overtaxed American family a refund of the taxes they are now overpaying to the Federal Government which has resulted in the surplus. The Congressional Budget Office projects that the total budget surplus over the next 10 years will be $2.9 trillion. Nearly $1 trillion—that is, about $996 billion—of that surplus comes from overpayments of income and estate taxes. The American people should share. They know to whom this refund belongs. It is an obligation of this body to give some of it back.

What Senator ROTH and my colleagues on the Finance Committee have done in this bill is to take about $791 billion of those tax overpayments and return that money to the American people, the hard-working American taxpayers. All of the $1.9 trillion Social Security surplus will be used solely for preserving Social Security. As a result of this bill, we will have more than $200 billion available for saving Medicare and paying down part of the debt.

We have heard from the President that he will veto this bill because the tax refund is too large, and the liberal Washington press mindlessly parrot the President's statement and argue that we should not provide such a large refund.

First of all, the President wasn't very supportive of any kind of a refund. He is coming around now. Think of the media, the media that parrot an argument that has no foundation, that somehow it is wrong for the American people to have a tax refund. Think about that for a moment. What is wrong with the American people sharing in this surplus? After all, it belongs to them. What do you do if you get a tax refund? What do you do if your taxes are reduced? Well, you have a couple of alternatives. You can save it, or you can go out and buy something, spend something. That is going to increase somebody's inventory. Go out and buy a new bicycle; somebody has to put in more bicycles.

The point is that it addresses an alternative for the American people. We should save more. We are going to have an opportunity to save more.

The Democrats automatically jump to a conclusion: Interest rates are going to go up. There is no proof of that. There is no indication of that. That is scare tactics, Mr. President. What is wrong with the American people having more dollars in their jeans to spend or save if they wish?

Mr. KERRY. Will the Senator yield for a question?

Mr. MURKOWSKI. I will yield at the end of my statement. I will be happy to at that time.

We only have to go back to December of 1980, under the Carter administration. Some people have forgotten. Do you remember what the inflation rate was? The inflation rate was better than 11 percent. Interest on the prime rate in this country was 20.5 percent. Imagine that. What was that due to? Partially the oil shock. So here we have an opportunity where we can have a significant refund, and the beneficiary is the American people.

The fact is that what the President wants us to do is not to provide a tax refund to the American people. Instead, he wants to take that surplus to finance $1 trillion in new spending. Despite his claim that he wants to cut taxes by $300 billion, CBO has scored the President's budget as actually raising taxes by $100 billion over the next 10 years. In other words, at a time when we are running a real surplus in the hundreds of billions of dollars, this President comes along and wants to impose even more higher taxes on the American people so he can finance a big and growing Government.

The bill before us should not be vetoed because it provides a tax refund to every single American who pays taxes. The lion's share of the tax cut, more than $410 billion, results from cutting the 15-percent rate to the 14-percent rate and the almost total elimination of the marriage penalty. Is that what President Clinton objects to—reducing the tax rate paid by the lowest income taxpayer? Or does the President object to elimination of the marriage penalty? That must be the case, because if our President had his way and we cut taxes by $300 billion, we could not eliminate the marriage penalty, we could not cut the rate paid by the lowest income earners.

When the baby boomers are set to retire in 11 years, this bill expands retirement incentives, allows increased competition by people over 50 years of age.

I commend the chairman, Mr. ROTH, for upping the limit on contributions to IRAs to $5,000. It has been over 20 years since we raised the $2,000 IRA limit. Upping the limit to $5,000 is long overdue, and it is incentive for the American people to save for retirement.

In recent months we have seen that America's savings rate is actually a negative number. These incentives could well serve to increase our savings rate. Is that what President Clinton objects to—retirement savings incentives? Or does the President object to the health care provisions in this bill, health care changes that bring a much-needed level of equity to the Tax Code?

Allowing the self-employed to deduct 100 percent of the cost of health insurance finally brings small businesses to parity with large corporations. What is wrong with that? For the first time in our history, under the bill, employees who pay for more than half of their own health insurance will be able to take an above-the-line deduction for those costs. It sounds fair to me. I thought the President was so concerned about the uninsured. Why would he, if he was that concerned, veto a tax bill that finally provides health equity to employees and small business owners? I ask that question of the President.

Much overlooked in this bill are the more than $12 billion in educational changes that will make it easier for graduates to pay for their student loans. In addition, more than $1 billion of this bill will help communities construct new schools. Does the President object to that?

The PRESIDING OFFICER. The time of the Senator from Alaska has expired.

Who yields time?

Mr. MURKOWSKI. I urge support of the Finance Committee chairman's bill.

Mr. BREAUX. Mr. President, I yield 5 minutes to the distinguished Senator from Vermont.

Mr. JEFFORDS. Mr. President, I thank the Senator for yielding the 5 minutes. We have worked closely together on this bill. I am here to recommend passage of it.

First of all, I commend my chairman, Senator ROTH. I support many of the provisions in his bill. Many of the provisions in his bill are in this bill. I express my sincere hopes that the bill's good provisions will stand. I agree with much of what Senator SPECTER said about some of the ramifications if we continue on our present course. This is basically ''Roth lite'' as far as the bill goes.

It is very much modeled after it. It just cuts it back somewhat so we can get sort of in the middle.

This $500 billion centrist alternative represents an attempt by some of us to find a middle ground. The Senate finance Committee has approved tax cuts of roughly $800 billion. The President has said he will veto a bill of that size. The Senate Democrats have proposed tax cuts of $300 billion, and the President has signaled his willingness to sign a bill with that level of tax cuts.

The bad news in all this is that the parties are at an impasse. One side is dug in at $800 billion; the other will not budge from $300 billion. The good news is that both sides agree that we can afford and achieve some level of tax cut. I certainly do. And since both sides agree that a tax cut is appropriate, sooner or later we will have one.

What those of us sponsoring his centrist amendment are saying is: ''Let's compromise. Let us take a step toward the middle. Let us settle on a figure we can agree on. And let us get this tax

cut done—sooner, rather than later. If neither side can give ground, if we lock ourselves into hard and fast positions, this whole process will come grinding to a halt. How the process will ultimately play out is anybody's guess. It could mean we have another government shut-down. Or it could mean we end up with an omnibus bill like we had last year.

It does not have to be that way. This should not turn into a game of ''chicken'' between political parties. But both sides will have to give a little.

In the end, I think we will ultimately end up with a tax bill that is somewhere between $300 billion and $800 billion—in other words, around $500 billion. I do not see why we can not settle on an acceptable mid-point now.

You can get a lot of tax relief with $500 billion. The centrist package will provide for broad-based tax relief for most taxpayers. Taxpayers who do not itemize deductions will see a big increase in the standard deduction. This increase is not just tax relief. It is also tax simplification. With a larger standard deduction millions of taxpayers will no longer have to itemize their deductions. Taxpayers who itemize will also get a break, as the 15-percent bracket will be expanded.

Up to $5,000 that was formerly taxed at 28 percent will now be taxed at 15 percent. This 13 percent reduction in tax will mean savings up to $650 for married couples.

Our centrist package also addresses the marriage penalty. It eliminates the marriage penalty in the standard deduction, and eliminates part of the marriage penalty in the earned income credit. Our Tax Code should not punish marriage—especially among the working poor. Right now two low-income people who marry often find themselves with a smaller earned income credit than they would have had as single taxpayers. That shouldn't be.

This alternative also encourages savings and investment. The first $1,500 of capital gains would be tax tree. Again, this is not just tax savings; it's also tax simplification. During the tax filing season, the complex schedule D was one of the things Vermont taxpayers complained about most often. Under our proposal, millions of people with capital gains from mutual funds could avoid filing out schedule D.

Our alternative includes targeted provisions that serve important national interests like retirement savings, education, and protection of the environment. When people move between jobs it will be easier for them to take their pension benefits with them. More people will be able to claim the deduction for student loan interest. Long-term care insurance would be deductible. The research and experimentation credit would be permanent and the low-income housing tax credit would be extended. These are but a few of many tax issues addressed in our alternative package.

In the Finance Committee, I voted to move the bill out of committee and keep the process going. I applaud Chairman ROTH for the reasoned approach he has taken in this bill.

With a projected surplus approaching a trillion dollars, I think we can afford some tax relief. I must confess, however, I'm a little uneasy with the level of tax cuts in the Finance Committee bill. An $800 billion tax cut leaves little margin for error if the surplus projections are not correct. An if these projections understate the surplus, we can always come back and enact further tax cuts.

I'm also concerned that an $800 billion tax cut doesn't leave us a cushion sufficient to fund a Medicare prescription drug benefit, to pay down our national debt or to address other areas of concern, like education. I think we should go slower, be a little more cautious. Some would call this the conservative approach.

Still, I want tax cuts. Our $500 billion alternative allows for meaningful tax relief, while also leaving a significant chunk of the surplus intact for other national priorities.

Mr. President, the American people are tired of gridlock. They're frustrated that compromise is becoming a lost art. We don't need to wait for a veto before getting down to serious negotiations. We can get this bill done today.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield to the Senator from New Jersey for 5 minutes.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. Mr. President, I thank the chairman of the Finance Committee. I appreciate this opportunity to state my opposition to the Chafee-Breaux amendment, which would provide a $500 billion tax cut.

The proposal is being put forward by some of the moderate Members of this body, and I have tremendous respect for Senators CHAFEE, BREAUX, and the other cosponsors. Its sponsors may be moderate, but this amendment is not. If you really look at the numbers, I would say it is fiscally irresponsible.

It is always tempting to believe the best solution to a conflict is to split the difference. But that is not true when one side is taking an extreme position. That is what is happening.

In this case, splitting the difference would be terrible policy. It would force either unreasonable cuts in education, defense, and other priorities or, more likely, it would eventually force excessive cuts in Medicare and Social Security.

Supporters of large tax cuts have been coming to the floor arguing that we have a $3 trillion surplus to divide up. But that is wrong. I have even heard the arguments being made about how well regarded the original Finance Committee bill of $792 billion was, and claiming that it is the only fair thing to do—to give it back to the people who paid the bills in the first place. The fact of the matter is, we are all on a mortgage; all of our citizens share a mortgage, all of us in this room and outside in the countryside. It is our national debt.

I don't know any family that, given a chance to get a couple of bucks in their pockets—less than $150 in the tax cut for modest-income earners of $38,000—would not rather have their mortgage paid off for them. That is the condition we ought to be in—paying off our mortgage and paying off our national debt, not giving it back in forms that produce most of the benefits for people in the highest share of the income strata. We were talking about people who are wealthy, who make $800,000 a year—by any judgment, they are pretty well off in this country—getting $23,000 a year worth of tax cuts in the original bill. Now we are in the compromise stage, and we are down at a level that still, frankly, doesn't make economic sense.

It is expected that we are talking about a surplus. Well, first, I want to point out it is a projected surplus. There is a big difference. Hardly anybody who has looked at CBO's projections truly believes that they are without question. To be fair to CBO, even they have acknowledged their estimates are uncertain.

They depend not only on guesses about our economy, but they depend on assumptions that the Congress will make drastic cuts in a broad range of popular programs from veterans' health care, to education, to law enforcement. If Congress merely maintains defense spending at the levels requested by President Clinton, all of these other programs would have to be cut about 40 percent.

Alan Greenspan, Chairman of the Federal Reserve, who is really the most esteemed spokesman on the economic condition in our country, has said: Hey, be careful. The Fed Chairman told the Banking Committee in an article from the Washington Post this very day:

> It would be unwise to cut taxes now altogether on the basis of surplus forecasts that could be far off the mark. If Congress goes ahead with a major tax cut, I think it also has to be prepared to cut spending significantly in the event that the forecasts on which they are based are wrong.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUTENBERG. I thought I had 10 minutes.

Mr. ROTH. I yield 2 minutes from the bill.

Mr. LAUTENBERG. Mr. President, it is less time than I thought I would have to speak on this subject. I have

waited patiently. I guess I will try to wrap it up now.

The projected surplus is truly a mirage. If Congress were to maintain basic Government functions at this year's level, it would be a $1 trillion non-Social Security surplus, yes, but it would be more like one-tenth of that, or $100 billion, by the time we finish with this tax cut.

We are slashing prospectively important domestic programs such as VA and other programs, trying to find trick ways to satisfy our obligation to the Veterans' Administration and to the Census, which is clearly identified in our Constitution as an obligation, now calling it ''emergency'' spending.

What we are observing, I think, is some sleight-of-hand work. I hate to use that term, but that is what I see, ''cooking the books,'' making sure we take whatever forecasts suit the situation the best.

There is no way to do what we want to do, what we are obliged to do, if we are going to give away $500 billion in tax cuts. There are better ways to deal with our financial or fiscal condition. Alan Greenspan confirms that.

I hope this Senate will respond to the American people's desire. Get rid of the mortgage, pay down the debt, and then talk about tax cuts that are targeted specifically to modest-income people.

Mr. BREAUX. I yield 5 minutes to the distinguished Senator from Maine, Ms. COLLINS.

Ms. COLLINS. I thank my colleague from Louisiana.

Mr. President, I rise today in strong support and as a proud cosponsor of the Chafee-Breaux bipartisan compromise plan. I commend the Senator from Louisiana and the Senator from Rhode Island for their leadership in bringing Members together to craft this important proposal. This amendment represents a fair, prudent, and responsible compromise between and among the competing proposals we have been debating. It is a sensible bipartisan plan.

In crafting this proposal, our bipartisan coalition has been guided by several principles. The first is perhaps best summed up by the expression, ''Don't count your chickens until they are hatched.'' We know, based on CBO estimates for the next 10 years, that we may have a projected surplus of $3 trillion. However, $1.9 trillion of that surplus is due to a surplus in the Social Security trust fund. I don't think we should spend a penny of the Social Security trust fund surplus for either tax cuts or for spending increases on non-Social Security-related programs. That should be reserved for paying Social Security benefits and for Social Security reform.

That leaves roughly $1 trillion to decide how we are going to allocate. Our bipartisan coalition believes adopting a more prudent tax relief goal of approximately $500 billion over the next 10 years will provide millions of families in Maine and across the country with much-needed tax relief, while at the same time guarding against the possibility that the current surplus projections may not be fully realized in the years to come. Our proposal allows for additional amounts of the public debt to be paid down, as well as reserving extra funds that could be used to preserve and protect Medicare, to strengthen education, and for other priority programs.

Our second principle is to target the tax relief we are providing. In this time of economic good fortune, we should focus our tax relief on hard-working lower-income and middle-income families. Our proposal would do just that. It allows for additional public debt to be paid off while removing 3 million low-income taxpayers from the tax rolls altogether. In addition, it slices the marginal tax rate nearly in half for another 4 million Americans.

The third principle we have adhered to is quite simply pragmatism. In order to craft, to pass, and actually enact into law a tax relief bill, we must offer a plan that enjoys bipartisan support. Our proposal meets this test and in the process offers a blueprint for reasonable tax relief that should and could become law. Indeed, I predict that ultimately what will be signed into law will be very close to the proposal the bipartisan coalition has put forth today.

In addition to this broad-based tax relief, our proposal includes a number of compelling tax relief measures. For example, the amendment provides substantial relief for the unfair marriage tax penalty that causes many married couples to pay more taxes together than they would if they had remained separate. It also contains important health care-related tax proposals that I, along with many other Senators, have advocated for some time. That includes a 100-percent deduction for self-employed individuals purchasing their own health insurance, as well as the deduction for the purchase of long-term care insurance.

In addition, our amendment contains valuable estate tax relief provisions to help our family businesses and our family farms stay in the family. It includes provisions that I sponsored to help families save for college education of their children as well as to encourage the environmental benefits that come from biomass plants.

An astute, perhaps even a casual, observer might well notice that our bipartisan coalition's plan bears a striking resemblance to the plan put forth by the Finance Committee. It is, however, a slimmed down version of the Finance Committee bill in that it trims about $300 billion from the Finance Committee legislation.

I urge the adoption of the Chafee-Breaux amendment. It seems a good middle ground that best provides tax relief in a prudent way for American families.

Mr. ROTH. I yield 6 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 6 minutes.

Mr. FITZGERALD. Mr. President, I thank Senator ROTH for this time.

I am pleased to rise in support of the tax relief act that has been proposed by Senator ROTH and the Senate Finance Committee.

During this debate which has been going on some 15 hours and several days before that, we heard many opponents of tax relief argue that we ought to focus on paying down that external national debt, which now stands at about $3.6 trillion. Many on the other side have said our focus on paying down that national debt should encourage Members to support the President's plan, which actually has very limited tax relief in it. By the CBO's own estimates, it actually has a $95 billion tax increase, and people believe that somehow going with no tax cut in the President's plan will pay down more of the national debt. But, in fact, if you look at the real numbers and look where the national debt will be 10 years out, in the year 2009, you see that Senator ROTH's plan and the Finance Committee plan pays down more of the national debt, the external national debt, than the President's plan which has a net tax increase of $95 billion.

In fact, under the Senate plan that is now before us, the national debt will be paid down, the external national debt, will be paid down from $3.6 trillion to $1.5 trillion by the year 2009 versus only $1.8 trillion under the President's plan. In other words, even with the tax cuts, we pay more of the external national debt, and we are in a better position, therefore, in the future to take care of our ongoing obligations for Social Security and Medicare.

But I want to encourage my colleagues to step back from this whole debate. We have heard all sorts of arguments about how much the surplus is projected to be—$3 trillion—and their plan will save that amount and this plan will cut taxes by this amount. But let us step back from that issue and just look at where overall levels of taxation are right now in our Nation's history.

Going back to 1941—this is from the Congressional Research Service—if you look at the levels of taxes in this country, Federal taxes as a percentage of our gross domestic product, you will see that our taxes right now are almost at an all-time high. Right now, Federal taxes as a percentage of our gross domestic product are 20.6 percent of our economy.

When President Clinton first took office, taxes were 17.8 percent. If we were to give the entire $3 trillion surplus

back in the form of tax cuts, the tax burden would still be 18.8 percent of the gross domestic product. You have to look back to 1944 and 1945, when we were in the midst of World War II, to find such high levels of taxation on the American people.

These are the seven heaviest tax burdens in U.S. history. Right now, in the year 1999, our tax burden is up here. To get equivalent high tax burdens, you have to look to the administration of Franklin Delano Roosevelt in 1944, or Harry Truman in 1945 when we were attempting to throw Hitler out of Europe, and when we were spending 38 percent of our money on our Nation's defense. Today, we are only spending about 23 percent. By historic standards, our taxes are enormously high. In fact, they are unprecedented in our peacetime history, and we ought, therefore, to be thinking about tax relief.

Another thing I would like to point out to you is that right now the average family in America is paying nearly 40 percent of its family income in combined Federal, State, and local taxes. That 40-percent burden means that in families in this country where you have two parents who are working, one of them is working for the government. I don't happen to think that is right. We need to do what we can to alleviate that tax burden on our American families.

We talk all the time in Washington about government programs that can help our families, help our children, improve their education, but all too often we ignore the fact that the greatest single reform we could have for our kids or for their futures would not be another government program but, in fact, more parental involvement in their lives.

But when you have a confiscatory level of taxation that is taking nearly 40 percent of the average family income where parents are working two, and sometimes two and a half or even three jobs just to pay the cut extracted by Uncle Sam——

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. FITZGERALD. Could I request 2 minutes taken from the bill?

The PRESIDING OFFICER. There are 2 additional minutes yielded by the manager.

Mr. FITZGERALD. In short, families right now in America are spending more on taxes than they are on food, housing, and clothing combined. The actual tax levels have increased by 35 percent. The combined Federal, State, and local tax burden has increased by 35 percent on American families since the late 1950s. That tax burden is too high. We need to alleviate it.

I compliment Chairman ROTH for what he has done to structure a bill that would eliminate that odious marriage tax penalty on 22 million American married couples who are penalized for being married. It would also give serious major tax relief to people in the lowest tax bracket—that 15-percent tax bracket which would be lowered to 14 percent. That bracket would also be expanded in size so that more Americans could pay taxes at that lower level.

I appreciate the time. I yield the floor.

Mr. KERRY. Will the Senator yield for a question on the remaining time?

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. KERRY. I thought he had additional time.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield 5 minutes to the distinguished Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. BAYH. Mr. President, thank you.

I am pleased to be on the floor of the Senate as a part of a bipartisan group once again—this time to advocate a tax cut for the American people that is fiscally responsible, that honors our values, and that can actually be done.

I am disappointed we will not have an opportunity to vote on this proposal today because I believe it is in the best interests of the American people. Ultimately, I believe that if we are going to ever span the partisan chasm that stretches before us, it will be on the ground that I and others are staking out here today.

This proposal is fiscally responsible. It allows for paying down 94 percent of the publicly held Federal debt—94 percent of the publicly held Federal debt. That is fiscally responsible. It, as the other proposals would do, extends the life of Social Security to the year 2053—54 more years—by adding $1.8 trillion to Social Security. That, too, is fiscally responsible. It extends the life of Medicare to the year 2020, adding $210 billion—allowing for that to extend the life of Medicare.

As my colleague from Louisiana, Senator BREAUX, pointed out, on some occasions none of the proposals that are before us permanently solve every issue of Medicare. All of them simply postpone the day of reckoning. Our proposal would do that and give us time for systemic reform. But, in the meantime, adding $210 billion to extend the life of Medicare is the fiscally responsible thing to do.

Finally, it allows for $500 billion of tax reductions for the men and women of our country, completely removing from the tax rolls 3 million hard-working Americans and moving 4 million people from the 28-percent tax bracket to the 15-percent tax bracket.

I have listened to the eloquence of my colleagues, many of whom have mentioned the important needs of our Government—and our Government does have important needs—many of whom have mentioned the funding priorities for Government spending programs which are important.

I remind all of us about the needs of the American people, of families, working men and women. What about their needs too? Many working families across my State, even in this time of plenty with a strong economy, are having trouble paying the mortgage, putting something away for retirement, affording a college education for their children. These families—at a time when we are adding $1.8 trillion to Social Security, $210 billion for Medicare, and the other for discretionary spending—can very much use the $1,000 for an average family across my State to help meet their pressing needs. It is the right and appropriate thing to do.

This proposal honors our values—our most basic values—and eliminates entirely the marriage penalty. No longer will people be penalized by the Federal Tax Code simply because they choose to get married. We should encourage marriage. We should not discourage marriage.

This proposal makes child care, care for a sick parent, and health insurance for those who are without it more affordable. These are the right things to do.

I think it is important to recognize that we can cherish our values and promote them by reducing taxes just as easily and sometimes better than through increased public spending.

This proposal has room for a $45 billion drug benefit under Medicare, the same amount of public spending required of the President's proposal, and still we would have $180 billion for additional discretionary spending over the next 10 years.

There has been a lot of talk and a good deal of disagreement about the appropriate level for discretionary spending increases. I must say, with all due respect, I cannot agree with my colleagues in the majority because I find the assumptions and accounting upon which their proposal is based are suspect at best. They ask us to believe they can hold to spending caps over the next 10 years that they have already admitted they cannot abide by in this very year. That simply is not possible. Yesterday I listened to one of my colleagues on the Senate Banking Committee have an amazing colloquy with the Chairman of the Federal Reserve Board in which he essentially said, Mr. Chairman, the reason I am supporting tax reductions is that I cannot keep from spending irresponsibly. He looked at the Chairman of the Federal Reserve and almost asked him: Mr. Chairman, stop me before I spend again.

Colleagues, we have been elected to this body to make tough choices and set priorities. I believe we can and

should. The prescription of the majority is one for increased debt and deficit. This is a path I choose not to travel. At the same time, I cannot find myself in agreement with those who show charts and list figures basically arguing for an inflationary increase for Federal spending as far as the eye can see, basically putting Federal spending on autopilot. I do not know of any working family in my State who has been guaranteed inflationary increases in their family income for 10 years. Why should we treat the Federal Government any better than ordinary citizens? Of course we should not.

I asked the Chairman of the Federal Reserve yesterday about productivity increases. We are seeing amazing productivity increases in the private economy. Shouldn't the Government be asked to become more efficient and productive as well, thereby decreasing the need for annual increases in spending? Of course we need to set priorities and make difficult decisions, allowing us to live within our means, just as families across my State and country are asked to live within their means.

This is a momentous debate. The consequences of our decisions will last for many years to come. I believe we have set the right balance of priorities, fiscal responsibility, honoring our values, doing right by future generations in a bipartisan way. I appeal to the President and my colleagues for support for this measure.

I yield the floor.

Mr. ROTH. Mr. President, I yield 5 minutes to Senator LIEBERMAN.

Mr. LIEBERMAN. Mr. President, I rise to oppose the amendment before the Senate introduced by my friends from Rhode Island and Louisiana. But in doing so, I rise to oppose all of the amendments that have been offered to cut taxes.

It is particularly difficult for me to rise and speak against this amendment offered by this centrist group. It contains some of my dearest friends and closest collaborators in the Senate. I have parted company with them only after much consternation and consideration. I do so because, if they will allow me to say so, I think the centrist course we would best follow in this case is to stay right in the middle of the road that has brought the American economy to the extraordinary point of growth and strength it occupies today, and that is the road of fiscal responsibility. It took a lot of hard work to get us to this plentiful place that we are enjoying today, with high growth, low unemployment, a surprisingly high stock market, and surprisingly low inflation.

I think the Federal Government helped to begin it all by creating the climate for sustained economic growth by exercising some real fiscal discipline. Then most of the prosperity has come, as it always does in America, from the private sector, from millions of businesses and individuals, innovating, cooperating, and profiting. Now, as a result, for the first time in a generation it looks as if the Federal Government may actually go into surplus—if we let it.

Oscar Wilde once wrote, ''I can resist everything except temptation.'' I fear the same may well be said of this Congress as it giddily proceeds to spend a surplus that no one knows is really there, that would take our Nation back into deficit and endanger the critical economic gains we have made over the past several years.

So I ask, why not stay the course that has raised the standard of living of millions of American families? Why not wait for at least another year to see if the surplus projections are real, if the economy will continue to grow, if Congress is prepared to exercise the required spending discipline? That is the question Senator LEVIN and I will ask later on a motion to strike the entire tax cut before us, which would mean we would wait a year. It is the question that Senator HOLLINGS will ask in an amendment we will offer later which would recommit this tax cut to committee.

I must say, as all of us here, I suppose my reflex is to propose tax cuts, not to oppose them. I was very active in support of the tax cuts we passed—just 2 years ago. I think sometimes we forget that in this debate. Just 2 years ago, I cosponsored the cut in the capital gains tax and supported so many of the incentives that the chairman of the Finance Committee offered to increase savings in our country. I would welcome the opportunity to vote for a balanced, thoughtfully crafted tax reduction package such as the one the Senators from Rhode Island and Louisiana have offered today if I were convinced we could afford it, if I were convinced the money was there to support the tax cut, or, in the alternative, if I thought, as Chairman Greenspan has suggested, that the economy needed it, needed to be stimulated.

But the more I have looked at these protections of a $1 trillion surplus over the next decade, the more it looks to me like a Potemkin surplus—not a real one, a facade with nothing behind it because it is based on projections of 2.4-percent growth over the next 10 years, which may happen but would extend what is already the longest peacetime expansion of our economy in history. It is possible, but I would not bank on it, or at least I would not spend in tax cuts the profits of such unprecedented projected growth until I knew they were in the bank.

Of course, both baselines, OMB's and CBO's, assume cuts in spending that are massive and unsustainable. These are cuts that few in either House would ever support and, in fact, are not supporting right now, as Congress simply exceeds the budget almost every day, exceeds the caps through transparent accounting gimmicks, calling excess spending emergency spending and double counting when necessary.

In other words, we do not have to wonder whether Congress over the next decade will be able to hold the spending line on which the surplus, which would fund these tax cuts, is contingent because Congress is already proving today that it cannot so control itself. The result is that by passing a major tax cut, paid for by a surplus that probably will not be there, we would likely incur sizable deficits for years to come.

The PRESIDING OFFICER. The 5 minutes of the Senator have expired.

Mr. LIEBERMAN. I ask the Senator from Delaware if I might have 2 more minutes off the bill.

Mr. ROTH. I yield 2 more minutes to the Senator.

Mr. LIEBERMAN. I thank the Senator.

On top of that, of course, we would leave little or no money available for building the solvency of Medicare and Social Security, for supporting our national security—defense—and we would thus raise the specter of a major tax increase down the line to compensate for our profligacy right now.

It seems quite clear from what Alan Greenspan is saying, if we cut taxes now, the Fed will increase interest rates soon thereafter, which would put a drag on the economy, slow down business investment, and probably lower the stock market, and it would hit average working Americans literally where they live, driving up the cost of their mortgages, car payments, credit card bills, and student loans to the point where it would dwarf any tax benefit most Americans would receive from this bill.

In other words, we would be robbing Paul to pay—Paul, while simultaneously robbing our economy of the dynamism we have labored so hard to create. And to what purpose? None that I have heard, except to return to the American people a surplus that is not going to be there.

What we need now, I argue, is a little more of the fiscal discipline and responsibility that helped bring this economy to the point of great growth it is at now.

I thank the Senator from Delaware, and I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I yield 5 minutes to the distinguished Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Ms. SNOWE. I thank the Senator. Mr. President, I congratulate Senators BREAUX, CHAFEE, JEFFORDS, and KERREY for reigniting the centrists on

an issue that certainly is important to the American people.

It is interesting that we are here today confronted with a major issue, and it is not surprising that various Members of this Senate, the House, and the President have different positions on an issue of such significance. What we have tried to do with the package that has been offered by Senator BREAUX and Senator CHAFEE is to bridge the gap between what the President has offered, what the House has offered, and the package that has been offered by Senator ROTH and the Senate Finance Committee. We are trying to bring the differences together to preserve the viability of a tax cut for the American people.

Lyndon Johnson once said: The good news is, I see the light at the end of the tunnel. The bad news is, it is the light of an oncoming train.

That is the prospect we are facing in Congress with the tax cut proposal because all the positions are different and everyone is taking a very polarized position on this very important issue.

I hope our package will be one that can bridge the differences from all sides. That is why we have tried to stake out this position so that we can have a bipartisan proposal that will avoid that train wreck.

Over the last few days, we have heard comments from the administration and from Members of this body saying there is no room for compromise; there is zero room for a consensus. I think that kind of intransigence is unacceptable because ultimately it will result in no tax cut at all, and that is not in the best interest of the American people. We should not reject out of hand the possibility of developing a consensus on this issue, and that is what this proposal is all about.

This proposal is certainly similar to ones that have been offered on the floor by the Senate Finance Committee and by Senator MOYNIHAN. So it is not a question of substance because if you look at the various components of the tax cut package, they certainly exist in all of them.

It is a matter of size, and that is why we decided that instead of the $792 billion package offered by the Senate Finance Committee or the President's package of $300 billion, we would come in the middle with $500 billion. That represents a consensus upon which I think we can all agree. That represents less than 40 percent of the $1.1 trillion projected on-budget surplus over the next 10 years, less than 40 percent.

It comes in the middle between the President's package and the Finance Committee's package. I think that it is eminently sensible, it is prudent, and we have to err on the side of economic caution when it comes to how much we are going to spend of the projected surpluses over the next 10 years because those surpluses are just that, they are projections. Some have referred to them as the hypothetical jackpot.

We have to be particularly cautious about how much we intend to spend over the next 10 years from projected surpluses. We want to save the additional $300 billion so we can look at Medicare, so we can look at prescription drug plans, so we can look at Social Security, and all the other issues contained within discretionary spending that we think happen to be a priority, or we can create a surplus reserve.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Ms. SNOWE. I hope, Mr. President, that Members of this body will give very careful consideration to the compromise proposal we are offering because it keeps open the door of the tax cut for the American people.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I inquire as to whether the distinguished chairman has additional time. We can rotate.

Mr. ROTH. I yield back the remainder of my time.

Mr. BREAUX. I yield 5 minutes to my distinguished colleague, Senator LANDRIEU.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I thank the Chair. Mr. President, I rise to support my senior colleague from Louisiana and thank him and Senator CHAFEE for bringing us together and for bringing this measure before the Senate and before the American people, a measure that, in my mind, is a very good starting point for where we need to be and on what we need to be focused.

It does a couple of things of which I am very proud and a couple of things for which I believe I ran for the Senate to try to do. One, it is very fiscally responsible. It pays down a significant portion of the publicly held debt and gives tremendous benefits to the market and to our economy because of that savings approach.

It also sets aside a prudent amount of money, and under the leadership of my senior Senator, it enables us to not only throw more money at Medicare, which we need to do for prescription drugs, but it provides a floor or a framework for us to really put in some systemic reforms if we could come to an agreement to strengthen a program that is depended on by almost everyone in our Nation.

It also gives us a starting point and a proposal to reduce taxes, not for the very rich, not for those who have already benefited from this booming economy, but it gives us an opportunity, through strategic tax cuts, to make it possible for more people to enjoy this new historic economic boom that we are experiencing.

It does this in very strategic ways, and I will hit on a few in a moment. Before I begin that point, I want to say that I have the greatest respect for the Senators from Connecticut and particularly my good friend, Senator JOE LIEBERMAN, who just spoke. There is hardly a time I ever disagree with him on an issue of this magnitude, but I have also looked at the projections underlying the bipartisan plan of Senator BREAUX and Senator CHAFEE.

I have learned through that review that over the last 50 years, the average rate of growth has been 3.3 percent. This plan is based on a very conservative projection, I believe, of a 2.4-percent growth. I do not concede the point that these projections are off. I will concede that on the other side, in terms of the spending projections, we are tight. But we have never, as Senator BAYH pointed out, spent the inflationary standard.

There is room to pay down our debt, provide for reform of Medicare, provide a new and very much needed prescription drug benefit, leave room for some reasonable, responsible new spending for programs, and give some strategic relief to hard-working American families, families that are struggling every day to put their children through school, families who are struggling to keep an elderly person at home with the added expense so they do not have to live alone or live in a nursing home that perhaps is not appropriate for them.

There are many important parts of this bipartisan plan that help average, hard-working families begin to be a part of this new economy.

One of the things I want to mention that is actually interesting but not a part of this plan, and I hope as it is massaged and improved and perfected over the next weeks there can be some strategic tax relief to encourage low-income families to begin saving, just as we have the Roth IRA plan and the traditional IRA plan. Those have really helped a lot of middle-income Americans.

But today there are many Americans who live in Louisiana who do not make enough money to set aside $2,000 a year. So there is a possibility, through this tax proposal, that we could structure some tax relief to enable these lower-income, hard-working Americans, to begin savings accounts that can promote their wealth, promote their economic fortune, and help them to participate in the new economy.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Ms. LANDRIEU. If I could have 30 seconds to wrap up.

So besides the program I have just described, there is family tax relief, savings and investments, education—tax relief for small businesses; their No. 1 request to us is for some tax relief so they can continue to afford insurance for themselves and small businesses throughout this country. There

are many others—tax credits for the renovation of historic homes, and some other things that create jobs, stir investment, and give people the tools they need to participate in this new economy.

I thank my senior Senator. I am proud to be a part of this bipartisan effort. I ask unanimous consent to be added as a cosponsor of the amendment.

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

Mr. BREAUX. Mr. President, as a great political philosopher once said: You have to know when to hold them and know when to fold them; you have to know when to walk away and you have to know when to run.

I do not think this is the time to run or to walk away, but neither do I think that either of the two parties at this time is supportive of the concept that has been offered by our centrist coalition.

However, while I think that time does not arrive yet today, I think some time before the year's end both sides will come to reach an agreement that what we have offered on the floor is the right approach and one which will allow us to get something done with regard to this type of a tax cut and reservation of funds to do what we need to do as a government.

I hereby ask that my amendment at the desk be withdrawn.

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

The amendment (No. 1442) was withdrawn.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I stress the admiration of this Senator, and I think many, for the case that the Senator from Louisiana and the Senator from Rhode Island have made and their colleagues in the centrist coalition.

I note the trenchant counsel of that philosopher from Bourbon Street: When to hold them, when to fold them. I say, it is very clear that their time will come again, sooner perhaps than we know.

With that, I yield 10 minutes to the Senator from Massachusetts.

Mr. CHAFEE addressed the Chair.

Mr. MOYNIHAN. Forgive me, sir. I withhold that. I think the Senator from Rhode Island wishes to speak.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Just briefly, I congratulate my colleague, Senator BREAUX, from Louisiana, for his presentation and organization of this whole effort that we have had. I believe there is going to come a time—not tomorrow, not the day after but before long—in which this proposal, which he and I and so many others have worked on, is going to be accepted by this body. I certainly hope so.

I thank Senator MOYNIHAN for the kind comments he made about the efforts we have made.

I thank the Chair.

Mr. MOYNIHAN. Again, I emphasize that this was a bipartisan effort, with Senator CHAFEE on the Republican side. And I say to him, semper fi.

On that note, I yield to Senator JOHN KERRY.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I thank the distinguished ranking member.

Mr. President, I appreciate the hard work and the thinking that went into the so-called centrist approach. I would like to associate myself with that thinking and with the reasonableness that I think guides most of their actions.

But may I say, respectfully, that something is in the air in Washington that I think is clouding people's thinking a little bit, about where we are on this whole tax bill.

I am all for giving a tax cut when you have the money to give as a tax cut. But everybody here understands some plain truths. Notwithstanding those plain truths, the Senate has in front of it a $792 billion tax cut.

A moment ago we were talking about a $500 billion tax cut. The fact is that most of the analysis that is reasonable, dispassionate—and certainly not pie-in-the-sky sort of dreaming about the future—suggests we have nothing near a $1 trillion, let alone $3 trillion, surplus.

Everyone here has accepted the fact that $2 trillion is going to go to pay down the debt and protect Social Security, and, indeed, a little bit for Medicare, hopefully. But that set aside, whatever prospect there is for a surplus is outside of that $2 trillion. The problem is that the hard reality already tells us an entirely different story from that which Senators are acting on in voting on the size of the tax cut on which we are voting.

We are already breaking the caps. There are appropriations bills that everybody knows are being marked up in a fictitious manner with an understanding that come September or October there is going to be an agreement to change the caps because you cannot meet the appropriations bills without changing the caps.

We are already $30 billion-some over the caps. We are doing it with the fiction of emergency spending. We are calling the census an emergency spending.

Everybody knows these games are being played right now. Nevertheless, the Senate is poised to act on this fictitious surplus.

I do not know one Senator who has gone back to their constituents and said: We're going to cut veterans' benefits. We're going to cut highways. We're going to cut border guards. We're going to cut drug fighting. We're going to cut the Coast Guard. Nobody is saying we are going to cut these things. But the absolute inescapable reality of this budget is that unless you increase the spending of discretionary by something reflecting inflation, you are going to cut.

I heard the Senator from Indiana say: What is it that says we're going to go out into the future increasing these budget accounts by inflation? The fact is, we have done it every year. We do it. That is what happens. It gets more expensive.

The Government isn't somehow exempt from the inflation figures and factors to which the rest of the economy is subject. Prices go up. Costs of contracts for the Government go up. Fuel costs go up. Insurance—whatever it is. The fact is, we already know what is happening to medical costs in the country. Yet everyone knows we are not sufficiently laying out the amount of money that it is going to cost the Government to do its business. Not withstanding that, we are poised to carve out, to fix in concrete a measure of give-back that predicates that if you go down that road and you freeze Government at the level that the figures are based on, you are going to have a 38-percent cut, or so, in all of the discretionary budget.

Tell me the year in which we have not increased defense spending. Tell me the year, particularly, that the majority party has not set out, as a goal, to increase defense spending. But they did not even figure that into the level of spending that we have here.

This is the reality. If you keep the current accounts at their current level, plus inflation—and no one here has said to America they are going to reduce those accounts all across the board by X percentage—you are going to spend an additional $595 billion. So you have to subtract that $595 billion from the so-called $1 trillion that has been set aside from the $3 trillion because we are protecting Social Security with $2 trillion.

That leaves about $400 billion. But every year we have had an average of $80 billion of emergencies. Are people suggesting there are going to be no emergencies next year, even though every year we have had a budget there has been an emergency expenditure? Just taking the average of $80 billion, you will have an absolute, predictable additional $31 billion in Social Security Administration costs. Those aren't counted into the Republican bill. You will have absolutely $178 billion of additional interest rates because of the money you are not paying down on the debt. You will have to pay that interest. That is not calculated. That is an additional $178 billion. That leaves us conceivably with this little red block, not a trillion dollars, but this little red

block, which might amount to $112 billion or so, depending on what we do for prescription drugs, for Medicare, and a lot of other issues facing America.

The real choice in front of the Senate is considerably different than the fiction we are being fed. I heard the distinguished ranking member yesterday talk about the reality that we lived through in the 1980s, the creation of fiscal crisis as a means of achieving ideological and political goals. I respectfully suggest that what we are looking at is a form of Stockman 2. That is what is going on. This is Stockman 2. We are going to come in with a tax cut that has no money, that isn't predictable, and we are going to create a new crisis in our Government, where we are going to face a whole set of choices that a lot of people here will love because we know they hate those particular expenditures. But they are expenditures that time and again, year in and year out, our fellow citizens have said they want us to make. And time and again, the Congress, when it has had that great clash with the President, has capitulated and made them.

So this is a remarkable new kind of thinking, where if one big mistake is a mistake, we are going to come in and say we will make it a lesser mistake, but it is still somehow better thinking. So instead of $791 billion, some people would argue we ought to do 500 or 300. The fact is, all of those figures are out of sync with the reality of what we have in front of us.

We don't even show a real budget surplus until the year 2006. In the year 2006, assuming that you have spending plus some little measure of inflation, the way we have traditionally, you have only $29 billion of surplus by the year 2006. That is the hard reality.

I hear my colleagues come to the floor and say: We have the highest measure of taxation against our gross domestic product that we have ever had. What they don't tell you is the reason it is so high is because so many people are cashing in on their capital gains. We lowered the capital gains tax. They don't tell you the capital gains tax isn't even counted in the measure of the gross domestic product. So you have a completely artificial set of numbers, when they come in and tell you the tax rate is up.

That is the way it is supposed to work. That is why we have a progressive tax structure. When the economy does brilliantly, you are supposed to get a little more money into the Government so that you have the ability to do the things that are important for the long-term of our country.

Recently, I had the pleasure of meeting with a number of high-tech presidents. And to a person, these people, who are fueling the engine of our productivity growth in America and creating the high value-added jobs, will tell you they need an America that has a citizenry that is educated and capable, that depends on investment. You don't measure the debt of this country by the figures that show up on debt. You measure the debt of this country by the people who can't access those high value-added jobs, who don't have child care and the ability to live with clean water and clean air and so forth.

Mr. President, I think we are measuring things backwards, wrong. I think we are on a very dangerous track which will have long-term implications for the full measure of the citizens of our country. I express that concern as we come, sometime, to a vote on this issue.

Mr. MOYNIHAN. Mr. President, Senator BINGAMAN has an amendment he will offer.

AMENDMENT NO. 1462

(Purpose: To express the sense of the Senate regarding investment in education)

Mr. BINGAMAN. I appreciate the courtesy.

Mr. President, there is an amendment that I believe has been filed. I send it to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative assistant read as follows.

The Senator from New Mexico [Mr. BINGAMAN] proposes an amendment numbered 1462.

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:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. SENSE OF THE SENATE REGARDING INVESTMENT IN EDUCATION.

(a) FINDINGS.—The Senate finds the following:

(1) The Republican tax plan requires cuts in discretionary spending of $775,000,000,000 over the next 10 years.

(2) If defense programs are funded at the level requested by the President, funding for domestic programs, including those providing funds for public schools, will have to be cut by at least 38 percent by 2009.

(3) Such cuts in funding for public schools would deny—

(A) access to critical early education services to 430,000 of the 835,000 young children who would otherwise be served by Head Start in fiscal year 2009;

(B) services to 5,900,000 children under the program for disadvantaged children under title I of the Elementary and Secondary Education Act of 1965, almost ½ of those who would otherwise be served;

(C) access to Reading Excellence programs to 480,000 children, making those children less likely to reach the goal of being able to read by the end of the third grade; and

(D) the opportunity to learn in smaller classes in the earlier grades to 1,000,000 children.

(4) If discretionary cuts are applied across the board, funding under the Individuals With Disabilities Education Act (IDEA) would be cut by $3,400,000,000 by the year 2009, resulting in a reduction in the Federal share of funding, rather than the increase in funding requested by school boards and administrators across the Nation.

(5) If the Federal share under IDEA is increased from its current level of 10 percent, then other education programs would experience even deeper reductions, denying more children access to services.

(6) The Pell grant, which benefits nearly 4,000,000 students, would have the maximum grant level reduced to $2175, from the current level of $3850.

(7) Such a level in Pell grants would be the lowest level since 1987, and would deny low and middle income students critical financial aid, increasing the cost of attending college.

(8) Nearly 500,000 students would be denied the opportunity to work their way through college with the help of the work-study program.

(9) Nearly 500,000 disadvantaged students would be denied extra help in preparing for college through the TRIO and Gear-up programs.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that $132 million should be shifted from tax breaks that disproportionately benefit upper income taxpayers to sustain our investment in public education and prepare children for the 21st Century, including our investment in programs such as IDEA special education, Pell grant, and Head Start, and to fully fund the class size initiative.

Mr. BINGAMAN. Mr. President, this amendment has a very simple purpose. The purpose is to protect the current investment that we are making in education.

The amendment seeks to decrease the tax breaks that disproportionately benefit upper-income taxpayers in order to sustain the current level of funding for education with an increase, a small increase for inflation. If the Republican tax bill we are considering is accepted as written, Congress must cut discretionary spending by more than $775 billion over the next 10 years. When we say discretionary spending, of course, we are talking about domestic discretionary spending, which includes education, but we are also talking about national defense, what we spend on our military.

If we say the portion of discretionary spending that is spent on our military is likely to be funded at the level requested by the Joint Chiefs of Staff, which is very likely—in fact, we usually do better than the Joint Chiefs' request—then domestic programs have to be cut 38 percent. By those ''domestic programs,'' in this amendment I am talking about education. If these cuts are spread across the board, it would result in very substantial reductions in current educational programs.

Let me show to my colleagues a chart that tries to make the point. I think it makes it pretty well.

It shows with this red line, starting in the year 2000 and going to the year 2009, we are spending nearly $34 billion on education in the Federal budget. That includes what we spend on education through the Education Department but also Head Start. We have included Head Start because we consider

that a program that assists greatly in preparing students for school. So we are spending a little below $34 billion this year.

If you take the Republican plan, as I understand it, and take the logical assumption that we are going to have the kind of cut in domestic programs we have to have in order to get enough room for this size tax cut, then you see that go from $34 billion down to a little over $19 billion by the year 2009.

An education freeze, of course, would keep it right at 34 billion, but that would not make any provision for inflation. What we are doing in this amendment is saying that the Senate should go on record as requesting that the tax cut be reduced by $132 billion so that we have room not only to maintain Federal funding for education where it is today but also to allow it to increase as inflation increases.

The Senator from Massachusetts made a very good point a few minutes ago: The cost of buying services, of paying utility bills, of doing everything goes up for the government as it does for everyone else. It certainly goes up for the schools.

Now, we have not built into this amendment, I should point out, any provision for the fact that we are going to have tens and hundreds of thousands of new children coming into our school system in the next 10 years, and we are not proposing increases in education funding to account for that. We should be, quite frankly, but we are not. We are also not proposing increases for any new education programs. I have been hearing Mr. Greenspan's testimony, as I am sure all of my colleagues have, and he says: Start no new spending and cut no taxes. That is his basic position, to let the surpluses run and let's get our fiscal house in order.

I don't agree with that position. I believe there are some areas in our Federal budget where we should increase spending. Education is the first priority, as I see it. But if we were to take the Republican plan as it is proposed, it would mean that 430,000 of the 835,000 children who would otherwise be served by the Head Start program would lose services by the time we get to the year 2009. It would mean that more than 5.9 million of the 14.6 million children who live in high-poverty communities would lose essential education services under title I. The title I program is the largest education program we fund here in Washington. It would mean that 480,000 of the 1 million students who currently are served by the Reading Excellence Program would lose the opportunity to learn and to have that additional help by the time they complete the third grade. It also means that the chance of increasing the Federal share of the cost of the Individuals With Disabilities Education Act, IDEA—the line item that we try to fund each year—the stated goal of many in this body has been that we should at least go to 40 percent of what it costs to implement IDEA. But that would be clearly impossible under what I understand the Republican tax bill is to provide. Instead, we would be forced to cut special education by $3.4 billion by the time we get to the 10th year of the Tax Code.

Pell grants, which currently benefit nearly 4 million students—if we assume we are going to continue to provide a grant to 4 million students, then you have to slash that from $3,850 per year, which is today's level, down to $2,175 by the year 2009. Nearly 500,000 disadvantaged students who need extra guidance and support through the TRIO Program and the GEAR UP Program would also lose that extra help.

In my home State, these statistics could be brought down to a very concrete level. One example would be Head Start. We have about 8,000 young people in our Head Start Program in my State today, which is about half of what we should have; that is, half of those who are eligible. We would have about 3,000 fewer if this tax bill were agreed to.

I hope very much that we can get a strong vote of support. I believe the American people do not want to see a tax cut adopted at the expense of continued support for education as we go into this new century. Everyone realizes that our future depends upon how well we can prepare young people for the opportunities they will have in their lives. It is not responsible for us to be proposing tax cuts that are going to prevent us from at least maintaining the level of effort we have today in education. That is the difference. That is what we are trying to fix in this amendment. I hope very much that we will have a strong vote in favor of it.

Before I yield the floor to my colleagues to speak in favor, I hope, of this amendment, let me also say a couple of words about another motion I am going to propose and which will be voted on when we get into the long list of motions. It is a motion to do something which is very modest, as this amendment is very modest. This only involves $132 billion. We have been talking about trillions for the last 2 days. This other motion would be to have the bill go back to the Finance Committee with instructions to report back with an amendment providing that an additional $100 billion be applied to debt reduction. That is a small thing to ask. I think of it more as a tithe than anything else.

If we are talking about nearly $800 billion in tax reduction over the 10 years, we ought to say let's go back and at least take $100 billion of that, which is surplus that we can anticipate, and commit that to debt reduction. That will be another item that I believe is very meritorious. I think all Senators should support it. I think it is the responsible thing to do. I do it because, in my State, whereas there is disagreement about new spending programs and whether we should fund those, and where there is disagreement about a lot of other items we are debating, there is a strong consensus that we need to make a downpayment on debt reduction as part of this reconciliation bill. This reconciliation bill is a blueprint for where we intend to go in the next 10 years.

I hope the blueprint we finally adopt shows that we intend to maintain funding for education, at least at current levels. I will be arguing each year I serve in the Senate that we should be increasing funding for education, not cutting. We should at least maintain the current level. I also hope we will adopt a roadmap for the next 10 years that contemplates substantial debt reduction. And I will propose this other motion, which we will vote on later in the debate, on that subject.

I see I have some colleagues who wish to speak. I know the Senator from Maryland does. Let me yield her 10 minutes to speak on this, or the bill, whichever she prefers.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. I thank the Chair, and I thank the Senator from New Mexico.

Mr. REID. Will the Senator yield for a unanimous consent request?

Ms. MIKULSKI. Yes.

Mr. REID. Mr. President, it has been cleared, as I understand it, on the Republican side and over here that all votes will occur when all time has been used on whatever amendments have been offered up to that time.

Mr. ROTH. Mr. President, it was brought up to me, but we haven't had a chance to get it cleared.

Mr. REID. Mr President, perhaps we will offer the request in a few minutes.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, later today Senator JOHN KERRY, Senator ROCKEFELLER and I will make a motion which protects our senior citizens in the wake of the Balanced Budget Act of 1997. I would like to talk about this but I also rise to support the amendment offered by the Senator from New Mexico, Senator BINGAMAN. As usual, his amendment is well thought out. It brings intellectual rigor, sound public policy, and responsible fiscal policy to this debate, and really meets a compelling human need.

How I wish the rest of this debate reflected the Bingaman amendment, because I believe we have embarked upon a debate on these tax cuts which are, indeed, reckless. I believe the other party is practicing very reckless economics. First of all, we don't really have a surplus; we have a promissory note of a surplus. No. 2, we are looking at an area where we are not sure what

the projections will be, and we need to be prudent. Therefore, we should use the taxpayers' dollars to meet compelling human needs, national security, and stay the course in terms of our research and development.

While we are in the midst of debating bloated tax cuts, we have marines who are on food stamps. I don't see how we can meet our national security commitment, do a tax cut, and have marines on food stamps. The marines say ''semper fi''—''always faithful.'' They are faithful to the United States and we have to be always faithful to the Marine Corps and to the military. Right over there in Quantico, they are getting food stamps and they run consignment shops. That is not right.

The Senator from New Mexico offers this excellent amendment that says: Stay the course on education.

When I travel in my own State, people don't come up to me and say: I have a marriage penalty. They say: I am married, I have children, and I want them to have the same kind of good education I did. Barb, make sure we have sound public schools, well-trained teachers, and structured afterschool activities. That is what the Bingaman amendment does—it lets reserve funds stay the course for our children.

While we are looking at Senator BINGAMAN's amendment, there is another compelling human need that needs to be addressed. We have to reserve certain funds to correct the draconian effects of the Balanced Budget Act of 1997 on Medicare. The motion that I am cosponsoring will provide $20 billion to fix many of the problems in Medicare reimbursement. My colleagues might recall that in 1997 we passed a Balanced Budget Act. We were going to save money on Medicare. But we went too far in our cuts. HCFA went too far in its regulations. Guess where we find ourselves? In my own home State, 34 home health care agencies have closed. I have 10 public home health agencies, primarily in rural counties, some who travel on snowmobiles to treat home-bound patients, and eight have closed because of the budget cuts. There is a terrible problem, and we need to go back and correct the draconian cuts of the Balanced Budget Act of 1997.

We also have a situation where we have skilled nursing facilities that are teeter-tottering on closing. Some might say: Oh, that is a profit-making industry. Stella Morris isn't profit making. Hebrew Home isn't profit making. But I will tell you they will now have to find funds through private, philanthropic dollars even though the Government should be providing funds.

We have people in my own home State who are being turned away from nursing homes because they are so sick, they have such complicated illnesses, that the nursing home can't take them because of the skimpy, spartan reimbursement policies that are the result of the Balanced Budget Act of 1997.

Some of those spartan reimbursements went to Medicare HMOs. I always thought that Medicare HMOs for seniors were a risky proposition because our old-timers are sick. They need complicated prescription drugs. I thought that these HMOs that were essentially making a profit may have some problems. However, these HMOs also provide seniors with extra health benefits that they cannot get in regular Medicare, oftentimes for no extra money.

Now, I will tell you that the nonprofit HMO in my own State—Blue Cross Blue Shield—is pulling out of 17 rural counties in my State, as of 3 weeks ago in 17 counties, and 18,000 people will lose their Medicare + Choice HMO. Why? Because Blue Cross Blue Shield is losing $5 million, and they can't afford to provide services.

Dear colleagues, I ask you to reexamine the premise under which we are operating.

No. 1, the surplus is not yet available. It is a promissory note. Let us move with prudence. Let us meet compelling human needs. Let us meet our national security responsibility and stay the course in research and development.

Let's support the Bingaman amendment on education. Let's deal with the issues that came from the Balanced Budget Act of 1997. Let's make sure our marines aren't on food stamps.

Let's make sure that those on food stamps and their children have access to public education so that in the next generation they won't have to be on food stamps.

Then we truly have been responsible. We are then getting our country ready for the millennium.

I would like to say one final word in closing. I thank the Senator from New Mexico for his strong advocacy for veterans, and particularly for veterans with disabilities. The Senator knows that we have an 18-month backlog. He has spoken to me about this.

In his State, they have billboards complaining about the VA backlog.

I bring to the Senator's attention that in VA–HUD appropriations, we have under this budget allocation a 10-percent cut. We will not be able to deal with that backlog.

In fact, while we are opening tax loopholes, we might even be closing veteran hospitals.

I yield the floor.

I thank the Senator.

Mr. BINGAMAN. Mr. President, I thank the Senator from Maryland for her very insightful words and her kind comments about me but also for her leadership on these key issues.

PRIVILEGE OF THE FLOOR

I ask unanimous consent that Kathryn Olsen Senator and Gabe Mandujano of my staff be granted floor privileges during the pendency of this bill.

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

Mr. BINGAMAN. Mr. President, I yield 10 minutes to the Senator from Rhode Island, Senator REED.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Thank you, Mr. President. I thank the Senator from New Mexico for yielding the time but also for his farsightedness. He recognizes, as the American people recognize, that the key to our future is investing in education. His amendment would precisely do that. It would sustain our education investment at least at the rate of inflation.

We are here debating what to do with a surplus. This debate is a direct result of some very difficult choices we made starting in 1993 and continuing for the last several years. We now have before us a supposed $3 trillion surplus. But we all recognize and agree that $2 trillion of that is the Social Security account. We are in various ways recognizing that we don't want to disturb those accounts. So we are really talking about roughly $1 trillion, or $965 billion.

As the Senator from Massachusetts so eloquently pointed out and so accurately pointed out, within that surplus we have already made significant commitments.

One of the problems with the proposals that have been made by the Republicans—the almost $800 billion tax cut, or the $500 billion tax cut—is that the assumptions they are using have to be seriously questioned. They are theoretical assumptions, first, that we will enjoy the same kind of economic growth over the next 10 years that we have enjoyed recently.

As Chairman Greenspan pointed out in his appearance both before the Senate Banking Committee and the comparable committee in the other body, the business cycle has not been repealed. We will run into, particularly over a 10-year time span, situations in which projections do not provide the resources that we think of today.

But the second assumption and the one that is of critical importance to Senator BINGAMAN's amendment is the unrealistic assumption that we will continue these caps on discretionary spending as we have proposed in the 1997 balanced budget amendment.

These discretionary caps are already constraining what we do. In fact, we have already violated these caps. As the Senator from Massachusetts suggested, we will probably in October somehow formally or informally avoid these caps.

But the premise of this supposed trillion-dollar surplus is that we will live within these caps. You can see from Senator BINGAMAN's presentation that

if we do not do our investment, education will collapse. We will find ourselves underinvesting in education as we have in so many other programs.

The reality is, as was suggested before, that if we, in fact, simply fund the President's proposal by the year 2009, we will be spending 38 percent in domestic discretionary spending. There is no way that we can do that. Frankly, the political reality is that there is no way we will do that.

We have to recognize that we will be investing in these programs. We have to recognize, as Senator BINGAMAN has said, that one of our first priorities is to continue to invest in education.

Looking at these Republican proposals, I am reminded of what happened in the early 1980s. George Bush, when he was campaigning against President Reagan, described his economics as ''voodoo economics.'' It turned out to be that way. The supply side theories of cutting taxes will stimulate the economy, pay for themselves, and lead to surpluses proved dangerously in error during the 1980s.

Perhaps what we are talking about today when we look at these Republican proposals is ''de ja voodoo economics.'' The theory is that we will return to the same kind of deficits, the same kind of economic instability that plagued us through the late 1980s and into the early 1990s until we did take some difficult votes in 1993.

What Senator BINGAMAN is saying is let's recognize the reality. Let's recognize that we have to fund educational programs at least at the level of inflation. If we do that, we will have to invest at least about $132 billion.

That is what we should be doing. If we don't do that, we are going to lose out tremendously in the title I programs—a Federal program that provides assistance and support for low-income students. Frankly, we understand the crisis in urban and rural education that this money is so effective in dealing with. Without it, urban systems and rural systems would be situated even worse. Without it, we would be fostering and contributing to two separate and terribly unequal societies. We have to keep our commitment to these young people.

We would also lose opportunities to reform education, for professional development programs, for opportunities to have smaller class sizes, for opportunities to go ahead and fix crumbling school buildings throughout the country. We would do something that all Members say we would never want to do, and that is renege once again on our commitment to special education.

I don't know how many times I have been on the floor listening particularly to my colleagues on the other side who have been talking about how we have to put more money into IDEA, the Individuals with Disability Education Act, how we have imposed programs on localities promising robust spending, and we have never delivered. If we have not delivered on IDEA yet, if these tax proposals pass, we will never have a chance to deliver on our contribution to local school systems.

When we move to the area of higher education and Pell grants, work-study programs, the new LEAP program, which is an outgrowth of the State Student Center Grant Program, all of these provide opportunities for Americans to educate themselves beyond high school. We all recognize that might be the most critical issue we face as a nation—educating our citizens to enable them to assume challenging roles in the next century.

Yet we dramatically cut these programs, denying opportunities to thousands and thousands of Americans. We say to them again: This is not the land of opportunity; this is the land of advantage and affluence. Anyone lucky enough to pay for college with their own resources can go but don't look to the Government to provide the kind of help provided in the last several years.

All of these cuts lead Members to ask a very simple question for the working families of Rhode Island, for the working families of New Mexico, for the working families across this country, when they lose the Pell grants or see the urban school systems getting less and less support and local property taxes going up: are they better off with whatever tax cut they receive than these proposed programs? I think not.

One other aspect of the Republican proposal is a terribly distorted benefit that goes to the very wealthy at the expense of middle- and low-income America. Our constituents know education is the most important aspect facing our society. They want Congress to continue to support families. They want precisely what the Bingaman education amendment does. I believe if we listen to those people who sent us here, they will say vote for this amendment. They will say reject this deja voodoo economics that is underlying the proposals by the majority party. In fact, I hope we respond to that clarion call from our constituents.

I commend and thank the Senator from New Mexico for his efforts and for his time.

I yield the floor.

Mr. WELLSTONE. Mr. President, I want to speak briefly about my support for Senator BINGAMAN's amendment, which urges restoration of a portion of the Republican cuts in several key education programs. There is nothing more important to me than doing the absolute best I can—and encouraging my colleagues on both sides of the aisle to do the same—to push, push as hard as we possibly can to re-order our spending priorities so that they better reflect the real concerns and circumstances of the lives of those whom we represent who are trying to raise and educate their kids, or send them to college.

Our goal should to be approve a tax plan that will send a clear, unmistakable message that this Congress cares about education, that this Congress wants to ensure sure that children come to school prepared to learn and are given every possible opportunity to grow, to succeed, to excel. It is time to end photo op politics. It is easy for all of us to get our pictures taken with young children at schools, but the question is, have we done enough? The answer: we have not. I believe my colleagues' proposal, modest as it is, moves us in the right direction. I know there are technical reasons why we couldn't actually directly transfer funding for this year in the amendment—an approach which I wanted to take—but at least this amendment sends the right signal regarding a reordering of our priorities.

I consider this a matter of national security issue, a national priority. Making sure that the young are ready to learn is good for our democracy, or economy, and our national defense. it is our responsibility to make sure that teachers are qualified and equipped with the right tools, and that the opportunities for learning will be there in the afternoons long after the last class has been dismissed. I cannot say forcefully enough: this must be accomplished not at the expense or detriment of our children but to their collective advantage.

I'm behind the proposal to shift these excessive tax breaks to a plan that would fully fund the initiative to hire 100,000 qualified teachers to reduce class sizes. It's no mystery that smaller class sizes translate into greater opportunities for children to get more individualized attention.

We've heard that the size of the Republican tax bill is such that it will require significant cuts in crucial education programs. We've heard that if defense is funded at the level requested by the president, we should anticipate at 38 percent ($180 billion) cut in domestic discretionary spending. That is the worst possible news for the millions of people who rely on vital initiatives like Title I, Head Start, and the Reading Excellence program. Absolutely ludicrous.

For instance, under this proposal: Nearly 6 million disadvantaged children would lose Title I services that help them meet basic academic needs; 270,000 summer jobs and training opportunities would be eliminated for low-income young people; 375,000 children would be denied Head Start services that help them come to school ready-to-learn; and 549,000 children would be cut from the Reading Excellence program, denying them the extra help they need to read well by the 4th grade.

Mr. President, allow me to share some examples from my own experience. Minnesota, like most states, receives only a portion of the Title I money it desperately needs as it is. Our current allocation is about $88 million. If fully funded, we would receive approximately a quarter-billion dollars and over a hundred million additional dollars for concentration grants, according to the Minnesota Department of Children, Families and Learning. Well, I suppose that's a start. A cut of even half a percent on a program like Title I would be disastrous. But I can see it coming.

One-fourth of Minnesota's Title I dollars goes to only two cities, either to Minneapolis or St. Paul, because both cities have high concentrations of poverty. How can we expect to eliminate the learning gaps among our children when so many others are left without opportunities or options?

Right now elementary and secondary education receive on average about eight percent of its funding from the federal government. It is imperative that we take bold steps to pass a tax measure that will, at the absolute least, serve to move us closer to providing the resources so badly needed in so many areas of education. But it seems clear we will not do that here.

Another area that I believe is a vital component of our national infrastructure is our schools. That is why I am an original cosponsor of Senator Robb's school modernization effort that we will hear more about later. I think it too is a step in the right direction and I honestly believe it's another sure way to say to our kids, ''You matter. Your schools matter. Your future matters.'' In Minnesota alone, there is a one-point-five billion dollar unmet need for school construction. Our average school is over 50 years old. Eighty-five percent of Minnesota schools report a need to upgrade or rebuild their building just to achieve ''good'' overall condition. Sixty-six percent report at least one unsatisfactory environmental factor like air quality, ventilation, acoustics, heating, or lighting.

My staff and I have visited nearly a hundred schools over the past eight months and we've heard stories of pathetic conditions throughout the state. I know many of you have heard these stories in your own states. In my state, for example, Two Harbors High School, which is on the north shore of Lake Superior is representative. Two Harbors is a thriving community, but each day its students must enter a facility that can't meet some of their most basic educational needs. Three separate studies were conducted to assess Two Harbors' facilities. The studies identified twenty-seven critical needs that are characteristic of so many of our schools. The original facility is sixty years old. The facility does not comply with the Americans with Disabilities Act. There are no teacher offices. The school does not permit the separation of middle level and senor high school level students. The list is extensive. I know we've heard it all before—the crumbling schools, the lousy physical environments, and the resulting distractions that once again detract from our children's ability to learn. The question is ''When are we going to wake up and actually do something about it?''

Mr. President, I could go on but the time for talk is long past. The time for pondering our next move is over. The time to move and to move deftly is at hand. My colleagues' proposal urges a major transfer of funding that goes straight to the heart of where our priorities ought to be. It calls for a real investment in real people, people who truly deserve it. Smaller class sizes. Access to quality education at an early age. A fairer share for individuals with disabilities. Help for low and middle income students who deserve every opportunity to attend college.

These are some of the most fundamental elements in a strong education system that values all its children, leaving none of them behind. What is the Republican alternative? Denying our children access to the very things that would prepare them for healthy, happy, productive lives in the 21st century. I urge my colleagues to support this amendment.

Mr. KENNEDY. Mr. President, we should be doing all we can to help improve public schools to ensure a brighter future for children and the nation. We should help communities improve teacher training and teacher recruitment; reduce class sizes, especially in the early grades; expand after-school programs; build new schools, and modernize crumbling and overcrowded schools; provide up-to-date-technologies in every classroom; and make college more accessible and affordable to all families across the country.

But, the Republicans insist on an excessive tax cut at the expense of education and children. We should be making a strong investment in education—not undermining education.

The Republican budget denies 5.9 million children in high-poverty communities the extra support they need to meet basic academic standards through the Title I program, including 81,547 children in Massachusetts. It denies 480,000 children the assistance they need to learn to read well by the 4th grade through the Reading Excellence Act. It denies more than a million children the opportunity to learn in smaller classes where they will get the individual attention they need to succeed in school. It denies 430,000 children the Head Start services that help them come to school ready to learn. It denies 215,000 students the after-school and summer school programs they need to stay off the streets and out of trouble. It denies 500,000 disadvantaged students the extra guidance and support they need to prepare for college through the TRIO and GEAR-UP programs. It cuts IDEA by $3.4 billion, resulting in a reduction in the federal share of the funding, rather than the increase requested by school boards and administrators across the country.

The Republican assault on education doesn't stop with young children—it affects college students, too. It makes college less affordable for nearly 4 million low- and middle-income students—by slashing the maximum Pell grant to $2,175, the lowest level since 1987. It denies 500,000 students the opportunity to work their way through college.

Education for the nation's children must be a higher priority than tax breaks for the rich. The American people tell us that improving public schools is one of their top priorities. They support reducing class sizes. They support after-school programs to help children learn, and to reduce juvenile crime. They agree that every classroom should have a well-qualified teacher. They believe technology should be part of the classroom. They believe that all children should have the opportunity to meet high standards of achievement. They want us to make college more accessible and affordable.

Instead of offering new tax breaks for the wealthy, Congress should be addressing the priority education needs of children and families across the country—and help all children get a good education.

Overcrowded classrooms undermine discipline and decrease student morale. Students in small classes in the early grades make more rapid progress than students in larger classes. The benefits are greatest for low-achieving, minority, and low-income children. Smaller classes also enable teachers to identify and work effectively with students who have learning disabilities, and reduce the need for special education in later grades.

The nation's students deserve modern schools with world-class teachers. But too many students in too many schools in too many communities across the country fail to achieve that standard. The latest international survey of math and science achievement confirms the urgent need to raise standards of performance for schools, teachers, and students alike. It is shameful that America's twelfth graders ranked among the lowest of the 22 nations participating in the international survey of math and science.

The teacher shortage has forced many school districts to hire uncertified teachers, or ask certified teachers to teach outside their area of expertise. Each year, more than 50,000 under-prepared teachers enter the classroom. One in four new teachers does not meet state certification requirements. Twelve percent of new

teachers have had no teacher training at all. Students in inner-city schools have only a 50% chance of being taught by a qualified science or math teacher. In Massachusetts, 30% of teachers in high-poverty schools do not even have a minor degree in their field.

Another high priority is to meet the need for more after-school activities. Each day, 5 million children, many as young as 8 or 9 years old, are left home alone after school. Juvenile delinquency peaks in the hours between 3 p.m. and 8 p.m. Children left unsupervised are more likely to be involved in anti-social activities and destructive patterns of behavior.

We need to do more—not less—to meet workers' needs for additional job training opportunities, and to meet families' needs for affordable college education. The nation's workers require strong skills to compete in the new global economy. According to the Bureau of Labor Statistics, 42 percent of all jobs created between 1996–2006 will require education beyond high school.

Education is the key to future earning power. A college graduate earns almost twice as much as a high school graduate earns, and close to three times what a high school dropout earns.

Those who complete a post-secondary vocational degree or certificate are more likely to be employed than those who do not pursue post-secondary education. But the average student debt is skyrocketing. In 1995–96, the average debt for undergraduates who borrowed was almost $10,000, an increase of 24 percent just since 1992–93. For graduates of four-year schools, the average debt was $12,000. In the 1990s, students have borrowed more in student loans than in the three preceding decades combined.

The time is now to do all we can to improve education across the country.

The time is now to meet our commitment to help communities reduce class size, so that students get the individual attention they need.

The time is now to expand after-school opportunities, so that constructive alternatives are available to students.

The time is now to provide greater resources to modernize and expand schools to meet the urgent need for up-to-date facilities.

The time is now to expand support for IDEA, so that more children with disabilities receive a high-quality education.

The time is now to provide better training for current and new teachers, so that they are well-prepared to teach to high standards.

The time is now to increase funding for critical programs to raise academic standards for all children.

The time is now to make college and job training more accessible and affordable for all students.

I urge my colleagues to support Senator BINGAMAN's Sense of the Senate commitment to support increased funding for education. Now is the time to do what it takes to give every child a good education.

Mr. ROTH. I yield to the Senator from Arkansas.

Mr. HUTCHINSON. Mr. President, I rise in strong opposition to the Bingaman amendment. As I read the amendment, it suggests we shift $132 billion from tax breaks that disproportionately benefit upper-income taxpayers to sustain our investment in public education and prepare children for the 21st century, including our investment programs such as IDEA, special education, Pell grant, Head Start, and to fully fund the class size initiative.

I will comment on every aspect of that particular statement. This amendment presents a false choice. It suggests to my colleagues and to the American people Members either have to be for tax relief for the American people or to be for public education, but Members can't be for both. If Members really support public education, then they will want to shift $132 billion out of the suggested tax relief and put it into various aspects of public education. That is a false choice.

It proves one thing conclusively, the concern many Members have had as we hear the arguments on the other side as they repeatedly say: We shouldn't give tax relief to the American people because we need to pay down the national debt.

We have suggested it won't ever go to pay down the national debt but any left will immediately be used for more spending. Before the ink is even dry from the passage of this tax relief bill, the proposals are coming forth in a torrent as to how we should spend the $792 billion proposed tax relief package for the American people.

If we do not pass the $792 billion tax relief, that money will not go to paying down the national debt. It will, as already suggested in the speeches on the other side in the last few minutes, immediately go into more spending.

IDEA funding is an important issue for school districts across the Nation. It is important in Arkansas but not an issue to be addressed by reducing the amount of hard-earned dollars that are returned to American taxpayers.

In addition, the Class Size Reduction Program is only in its first year. It has not even been authorized. It was first included in last year's omnibus appropriations bill and is being considered during this year's reauthorization of the Elementary and Secondary Education Act. That is where it should be considered. We should not be setting aside funds for a program that has never been authorized and has, quite frankly, done very little right now in reducing class size across the country.

The Class Size Reduction Program already forces too many regulations on to school districts. Many States have already implemented class size reduction programs at a level of 19 or 20 students per year. The Federal class size program mandates a ratio of 18 students for every teacher. This forces States to slightly alter their State plan to receive any Federal funding. Many school districts in my home State have chosen not to participate in the Class Size Reduction Program because of the excessive regulations that govern the use of funds. Any school district that does not receive enough funds to hire a new teacher must form a consortium in order to do so.

Given the fact in my home State of Arkansas there are 311 school districts, 167 school districts, 54 percent will be forced to form a consortium even to hire a single teacher because their allocations are less than $20,000. Some school districts, such as Randolph County, report they cannot form a consortium and they share a teacher within the consortium because of geographic reasons.

Class size reduction has not proven to be effective unless class size is significantly reduced to 12 or 13 students, which is not even envisioned in the President's Class Size Reduction Program.

Class size has been reduced significantly over the past 30 years, from 27.4 students per classroom in 1955 to 17 students per classroom in 1997, but the interesting thing is, as we have seen this dramatic decrease in average class size across the country, we have not seen a corresponding increase in academic achievement and standardized tests across the country.

The State of Arkansas will receive about 1.15 new teachers per school district, or half a teacher per elementary school. This program has not been authorized, and to suggest we will take well-deserved tax relief from the American people and put it into a program not yet authorized I think fails to make a lot of sense.

Once again this year we are authorizing the Elementary and Secondary Education Act. We have spent months conducting hearings to learn about Federal elementary and secondary education policy. We will continue to work on ESEA throughout the year. I believe that is the appropriate place for class size reduction and many of these other education issues to be addressed properly.

Before we set aside Federal funds that should be rightly returned to the taxpayers, we should consider whether we even want this program authorized and appropriated in this year's legislation. This is the wrong way to do it.

As I think about the need for IDEA, I support increased funding for IDEA. We have done a terrible job in appropriately funding IDEA. But if we think about what is being suggested, taking it from tax relief for the American people, it is the wrong way to go. In the $3

trillion surplus, $13 to $14 billion can be found to fully fund IDEA without taking it away from tax relief for the American people. IDEA is currently funded at $4.3 billion, which is about 10 percent of the cost of educating special education students. Therefore, about $17 billion would be needed to meet the federally-authorized commitment of 40 percent. This works out to an appropriation of an additional $13 billion to fully fund IDEA. I suggest to my colleagues, that $13 billion can certainly be found in the projected $3 trillion surplus for this obligation over the next 10 years.

This is a wrongheaded amendment, and it is the wrong place to do this. But it certainly proves that this $792 billion will not go to debt reduction. It will go to extensive additional spending programs.

I could not vote for this proposed amendment of the distinguished Senator from New Mexico, apart from the $132 billion that it suggests we take away from tax relief, because it improperly characterizes the Republican tax relief package by saying it disproportionately benefits upper-income taxpayers. I suggest this is one of the great myths being perpetrated about Senator ROTH's tax relief package that has been produced by the Finance Committee.

This proposal will reduce the lowest personal income tax rate, the lowest rate, from 15 percent to 14 percent, beginning in 2001 and then would gradually expand the bracket so more people would pay that lowest rate. It would benefit 70 million Americans; 55 percent of Americans would benefit from that provision alone. That is not a tax break for the wealthy, and I wish my honest and true colleagues on the other side would quit characterizing it as such. This amendment should not be voted for because it says it ''disproportionately benefits the wealthy,'' and it does not.

In the State of Arkansas there will be 683,000 people, 61 percent of the taxpayers in Arkansas, who will receive tax relief from this single provision, apart from the marriage penalty, apart from the estate tax relief. The single provision of lowering that rate from 15 percent to 14 percent and expanding the bracket will benefit 61 percent of the poorest people in Arkansas.

So, in all honesty, let's tell the American people the truth. This is not a tax break for the wealthy. It is a tax break for hard-working Americans who are paying far more than they should be in taxes.

Under the Clinton administration, taxes have risen to the highest level in peacetime, a level of 21 percent of GDP—21 percent. In my home State of Arkansas, that amount translates into $7,352 in taxes per capita in 1998. I plead with my colleagues, let us not agree to this amendment. Let us not begin to dilute that which is already far too little relief for hard-working Americans who have a difficult enough time making ends meet each month.

Oh, we can talk about wonderful Federal programs to benefit people, and they do. But if we start down that road, there is no stopping point. Let's take more of the $800 billion tax cut and let's spend it on this program and this program and this program because, after all, don't we know best here in Washington? And we do not.

At the root and at the core of the debate going on in the Senate is more than just a debate over a tax package. It is more than a debate over how much relief we can provide the American people. It is a debate over philosophy. It is a debate whether your faith is in Government and your faith is in Washington and your faith is in more taxes and central control, or whether your faith is in the people of this country. We will do well to put our faith in the people and return that which belongs to them in passing the Roth tax cut bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUTCHINSON. I thank the chairman for yielding me time.

Mr. BINGAMAN. Mr. President, I yield 10 minutes to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I rise also in support of the amendment of the Senator from New Mexico. It is a smart amendment. It invests in the future of our country by making certain that, at a time when our schools all across the Nation do not have the resources necessary to prepare students for the future, we will do so as a matter of priority.

I must say I was struck by the Senator from Arkansas a moment ago. He said this benefits not the wealthy but, rather, it benefits 61 percent of the people in his State. He was only pointing to one component of the program; that is, the lowering of the tax bracket from I think 15 percent to 14 percent. That is about a $150 billion part of the $791 billion.

But when you add in the other parts of the $791 billion, here is exactly what happens. In the whole tax package the Republicans are giving, the lowest 20 percent of income earners in America will get $22, the second 20 percent will get $120, the middle 20 percent will get $276, and the top 1 percent gets $22,964. The next 4 percent gets $3,400, and the next 15 percent gets $1,500. You have to be in the upper-income brackets to get the larger amount.

The Republicans will always come to the floor and say, Gee, Democrat Senator, did you just wake up to the fact that that is how it works? If you earn more money, you get more money? If you are a bigger taxpayer, you get more money back?

I understand that. I understand basic mathematics. But basic fairness, basic decency, dictates if you are really trying to help the lower-income person, you set the figures of the tax break so the person with the smaller income gets the bigger amount.

Why is it that the lowest 20 percent doesn't get $100 and the top 1 percent gets maybe $1,000 back? It is because that is the way they rigged the bill. That is the difference in approach and philosophy. It is a difference that fundamentally divides us.

Let me speak for a moment, if I may, to an issue in one of the amendments that will be coming up very shortly, but we will not have time to do full measure on it, and that is the question of where we are with respect to Medicare. There is an amendment Senators ROCKEFELLER, MIKULSKI, I, and others have introduced to ask the Finance Committee to go back and set aside $20 billion, about 3 percent of the total size of the tax cut, in order to guarantee that we will undo the damage the Balanced Budget Act is currently doing to America's health care system. Today, despite the fact that we have a remarkable economy, there are 43 million individuals in our Nation who do not have health insurance—1 out of every 6 Americans. Experts anticipate that is going to increase by 1.5 million per year.

For the uninsured, academic health centers, the teaching hospitals of our country, have created an enormous safety net. Teaching hospitals have stood by to ensure there is care available to everyone in our country when it is absolutely needed. Today, at a time when teaching hospitals are more important than ever before, the combination of cost containment measures imposed by managed care and the effects of the Balanced Budget Act in reducing Medicare payments has literally made the future of our Nation's academic medical centers unclear.

I would like my colleagues to think about the impact of what is happening today because of the reduction of Medicare reimbursements. At the Medical College of Georgia in Augusta, the training facility for the State university system's medical school, officials are now raising room fees by an average of 28 percent and they are increasing the cost of lab tests and other services by 10 percent.

In Tennessee, Vanderbilt University recently decided it can no longer accept Medicare patients from outside the State.

In March, Massachusetts General Hospital eliminated 130 positions and raised prices.

In New York City, which has the Nation's largest concentration of teaching hospitals, city hospitals have cut their staffs by 10 percent since 1993.

In California, Medicare cuts are largely to blame for the loss of over

1,250 jobs at the USFF, Stanford Health Care Network.

In May, the University of Pennsylvania health system announced it was going to lay off 450 people, 9 percent of its total health care workforce. Detroit's hospitals have eliminated 4,500 jobs since January, but as my colleagues will tell you, the problems associated with the Balanced Budget Act are not unique to hospitals. In Massachusetts, as of mid-June, 20 home health care agencies have closed since late 1997.

The administration may be busy sort of brushing off some of this as the simple corrections of market inefficiencies, but I could not disagree more, and I think many of my colleagues would disagree with that.

I do not direct my colleagues' attention to statistics to debate the bottom line for health care providers. This has never been a debate about the interest of hospitals or nursing homes. It is a debate about the fact that if we do not act, we will further reduce the access to quality care so critical for our Nation's elderly, our Nation's poor, and our Nation's rural communities. It means something to real people. In Massachusetts alone, in South Shore, in the last 2 years the South Shore Hospital has had to lay off close to 50 of their visiting nurses. They have had to close their satellite offices, and their budget is more than 40 percent less than they require just to meet the needs of elderly and disabled patients. Who suffers as a result of that?

Let me share with you a real elderly couple, a man and a woman with heart disease, lung disease, asthma, and hypertension. The wife of this gentleman has heart disease. They are 89 and 90 years old, and one of their greatest hopes has been to live together in the home they saved for years to buy, living as independently as they can in old age. They have been able to do it with the help of a visiting nurse from the South Shore Hospital. But now that is gone. Now, because the services are being cut because the Medicare reimbursements are so low, the impact is that those people can no longer continue to do it.

I recently received a letter from another constituent named Harlan Smith. He says the following:

> Dear Senator KERRY: My 80-year-old father was discharged from my hospital to his home Friday afternoon, and we are meeting with home health care nurses and physical therapists today to plan a strategy for my 80-year-old mother and us to manage him at home. This is ironic since the cuts from the Balanced Budget Act have caused my hospital to cut services to the point where my mother and family now have to hire the required help privately.

They cannot afford it.

These days, that story is repeated in countless communities across the country. When the Balanced Budget Act of 1997 passed, the Congressional Budget Office projected the 335 provisions of the law were going to cut Medicare payments by $103 billion over 5 years. But today, CBO estimates that Medicare spending is going to drop $205 billion—a 100-percent increase above what the expectations were supposed to be.

The projected net on-budget surplus for fiscal years 1998 through 2002 is $100 billion. You are seeing the surplus we will have in the country is basically going to come out of the hides of elderly infirm patients, people who cannot afford it, hospitals that are being forced to close, and medical care that is being reduced.

When the Balanced Budget Act passed, total Medicare spending inflation was expected to drop from almost 10 percent in 1997 to approximately 5 percent in the outyears. But in April, the Treasury Department reported that total Medicare spending in the first half of the year had fallen by over 2 percent.

In 1999 alone, the BBA was projected to cut Medicare spending by less than $16 billion. Instead, we anticipate Medicare spending is going to fall by $38 billion in 1999—$22 billion more than was expected. Medicare hospital spending is plummeting, and the quality of care is plummeting with it.

When the Balanced Budget Act passed, CBO had projected a 2.5-percent increase in part A spending, hospital insurance, for 1999. But actually, spending fell almost 5 percent during the first half of the year, and the impact on hospitals is clear.

Total hospital Medicare margins are expected to decline from 4.3 percent in 1997 to only 0.1 percent this year. We have a fundamental crisis. I say to my colleagues on the other side of the aisle, as we are busy giving back this tax money, we need to consider the impact on our hospitals, on health care, on home health care, and rural communities. I beg my colleagues to try to find the money that is going to save us from the loss of the crown jewels of the American health care system—our teaching hospitals.

Mr. ROTH. Mr. President, I yield 15 minutes off the bill to the distinguished Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

FLAT TAX

Mr. SPECTER. I thank the Chairman.

Mr. President, I have sought recognition to talk about my flat tax amendment which will be voted on by the Senate either this evening or tomorrow.

The most dramatic way to show what the flat tax is, is to hold up a postcard which is an income tax return on the flat tax. This postcard will take 15 minutes to fill out. Here is an enlargement of the flat tax which lists the identity of the taxpayer, the total compensation, personal allowance, number of dependents, two deductions allowed, mortgage interest up to $100,000, charitable contributions up to $2,500, and then a flat 20-percent tax. It will take 15 minutes on tax simplification to fill out this return.

Contrast that, if you will, with the fact that we have a Tax Code with 7.5 million words; a Pledge of Allegiance which has 31 words; the Gettysburg Address which has 267 words; the Declaration of Independence, about 1,300 words; the Bible with 1,773,000 words; and the U.S. Tax Code with 7.5 million words with the pending legislation, which I have in my hand, which is another thick book of 443 pages to be added.

In offering an amendment on the flat tax, I have no illusion about its passing because the train is in operation to have a tax cut. The flat tax would be a total substitute on a comprehensive tax bill which would do great things for America.

First of all, the flat tax would eliminate double taxation so there would be no tax on estates. They have already been taxed; all the money is going into the estate. There would be no tax on dividends; that has all been taxed before it gets into earned surplus. There would be no tax on capital gains; that has already been taxed.

This is a win-win situation for America because it lowers the tax burden on the taxpayers in the lower brackets. For example in the 1998 tax year, the standard deduction is $4,250 for a single taxpayer, $6,250 for a head of household and $7,100 for a married couple filing jointly, while the personal exemption for individuals and dependents is $2,700. Thus, under the current tax code, a family of four which does not itemize deductions would pay taxes on all income over $17,900—that is personal exemptions of $10,800 and a standard deduction of $7,100. By contrast, under my flat tax bill, that same family would receive a personal exemption of $27,500, and would pay tax on only income over that amount.

A family of four with $35,000 in income would owe $2,569 in taxes under current law, but would only owe $1,500 under this flat tax—that is a savings of $1,065. A family of four with $50,000 would have a saving of $752.

Why is this possible? It is possible because the tax loopholes enable write-offs to save some $393 billion a year. What is eliminated under the flat tax are the loopholes, the deductions in this complicated code which can be deciphered, interpreted, and found really only by the $500-an-hour lawyers. That money is lost to the taxpayers. $120 billion would be saved by the elimination of fraud because of the simplicity of the Tax Code, the taxpayer being able to find out exactly what they owe.

This bill is modeled after legislation organized and written by two very distinguished professors of law from Stanford University, Professor Hall and Professor Rabushka. Their model was first introduced in the Congress in the fall of 1994 by Majority Leader Richard Armey. I introduced the flat tax bill—the first one in the Senate—on March 2, 1995, Senate bill 488. I reintroduced the bill in the 105th Congress, and reintroduced the bill in this Congress on April 15, 1999—income tax day—in a bill denominated S. 822.

So the bill has been well thought out, has been well documented, as being revenue neutral by Professors Hall and Rabushka at 19 percent.

My bill has added two deductions—one for interest on home mortgages for borrowing up to $100,000 for middle-income Americans and a deduction for charitable contributions for up to $2,500. These two deductions have been obtained because of the practical impossibility of having a Tax Code which eliminates those two deductions which is really the mainstay of America. But aside from those two modest deductions, it is a flat tax.

One percent has been added on my bill to the Hall-Rabushka formula to accommodate $35 billion in losses due to the home interest deduction and $13 billion in tax losses due to the deduction on interest on charitable contributions. So we have a system which is tax neutral.

Another major advantage of the flat tax is that it would vastly increase productivity because people would no longer be looking to what they could save on tax loopholes. Instead, Americans would be devising their affairs on what would be most productive, because it would not do one any good to construct a tax loophole, diverting a lot of energy to try to save taxes, but, instead, the energies of productive Americans would be devoted to what is productive and what can be accomplished.

This model, under Hall-Rabushka, projects that these savings —which would be tremendously increased—would far outweigh for the individual taxpayer any of the benefits that they would receive at the present time.

Professors Hall and Rabushka project there would be an increase in the gross national product of some $2 trillion within 7 years, which would be an enormous boon to America.

As I say, this tax bill is well on the road. The train has left the station; and it is not to be derailed by any substitute measure. But I do ask my colleagues to seriously consider the flat tax and, if nothing more, to cast a protest vote against the existing Tax Code which has 75 million pages, and the current bill which would add 443 pages to that mountainous monstrosity.

The flat tax is enormously popular with the American people. The polls show that 61 percent of Americans favor a flat tax.

I can personally attest to the fact that in my open house town meetings, the reference to the flat tax and the display of this postcard tax return is the only applause item in my speech. You might attribute that to the dull balance of the speech, but the flat tax is an applause producer.

When people think about the time they spend on their tax returns, and the regulatory system, and the complexity of the tax returns, the fact that Americans spend 5.4 billion hours filling out tax returns, this is an enormously attractive matter.

I do not believe that the Senate has voted on a flat tax proposal yet. We Senators always hear that this group or that group is going to be watching a specific vote, and it is going to be a recorded vote on the scorecard. I suggest that a vote on the flat tax is going to be a vote on the big scorecard for America.

People do know what the flat tax is. They do have an idea about it. It is overwhelmingly popular. 61 percent of the public favors it; leaving only 39 percent, most of whom probably do not know about it. Anybody who knows about the flat tax, that they could get their tax return done on a postcard in 15 minutes, would be very proud to have his or her Senator vote in favor of this flat tax.

In essence, the flat tax would vastly simplify the code. It would eliminate most of the 117,000 IRS Internal Revenue Service employees, would save most of the $7 billion now spent on the Internal Revenue Service, and would be a very strong signal to the Finance Committee in the Senate to take up the flat tax seriously. That has not been done.

It would be a strong signal to the Ways and Means Committee of the House of Representatives to take a good look at the flat tax.

Because Americans will see that they could fill out their tax return on a postcard, save the laborious hours and the complications and all those letters from the IRA saying, you owe $19.14 cents—which taxpayers like myself would rather pay but you can't do that; you have to go back through all of your records—the release in productivity, the elimination of the capital gains tax, the estate tax, the tax on dividends, all of which has been paid.

Mr. President, I have sought recognition to offer my flat tax legislation as an amendment to S. 1429, the Tax Reconciliation bill. I had reintroduced this legislation on April 15th, 1999 to provide for a flat 20 percent tax on individuals and businesses. In the 104th Congress, I was the first Senator to introduce flat tax legislation and the first Member of Congress to set forth a deficit-neutral plan for dramatically reforming our nation's tax code and replacing it with a flatter, fairer plan designed to stimulate economic growth. My flat tax legislation was also the first plan to retain limited deductions for home mortgage interest and charitable contributions.

As I traveled around the country and held town hall meetings across Pennsylvania and other states, the public support for fundamental tax reform was overwhelming. I would point out in those speeches that I never leave home without two key documents: (1) my copy of the Constitution; and (2) a copy of my 10-line flat tax postcard. I soon realized that I needed more than just one copy of my flat tax postcard—many people wanted their own postcard so that they could see what life in a flat tax world would be like, where tax returns only take 15 minutes to fill out and individual taxpayers are no longer burdened with double taxation on their dividends, interest, capital gains and estates.

Support for the flat tax is growing as more and more Americans embrace the simplicity, fairness and growth potential of flat tax reform. An April 17, 1995, edition of Newsweek cited a poll showing that 61 percent of Americans favor a flat tax over the current tax code. Significantly, a majority of the respondents who favor the flat tax preferred my flat tax plan with limited deductions for home mortgage interest and charitable contributions. Well before he entered the 1996 Republican presidential primary, publisher Steve Forbes opined in a March 27, 1995, Forbes editorial about the tremendous appeal and potency of my flat tax plan.

Congress was not immune to public demand for reform. Jack Kemp was appointed to head up the National Commission on Economic Growth and Tax Reform and the Commission soon came out with its report recognizing the value of a fairer, flatter tax code. Mr. Forbes soon introduced a flat tax plan of his own, and my fellow candidates in the 1996 Republican presidential primary began to embrace similar versions of either a flat tax or a consumption-based tax system.

Unfortunately, the politics of that Presidential campaign denied the flat tax a fair hearing and momentum stalled. On October 27, 1995, I introduced a Sense of the Senate Resolution calling on my colleagues to expedite Congressional adoption of a flat tax. The Resolution, which was introduced as an amendment to pending legislation, was not adopted.

I reintroduced this legislation in the 105th Congress with slight modifications to reflect inflation-adjusted increases in the personal allowances and dependent allowances. While my flat tax proposal was favorably received at town hall meetings in Pennsylvania, Congress failed to move forward on any tax reform during the 105th Congress. I tried repeatedly to raise the issue with

leadership and the Finance Committee to no avail. I think the American people want this debate to move forward and I think the issue of tax reform is ripe for consideration.

In this period of opportunity as we commence the 106th Session of Congress, I am optimistic that public support for tax reform will enable us to move forward and adopt this critically important and necessary legislation.

My flat tax legislation will fundamentally revise the present tax code, with its myriad rates, deductions, and instructions. This legislation would institute a simple, flat 20% tax rate for all individuals and businesses. It will allow all taxpayers to file their April 15 tax returns on a simple 10-line postcard. This proposal is based on three key principles which are critical to an effective and equitable taxation system: simplicity, fairness and economic growth.

Over the years and prior to my legislative efforts on behalf of flat tax reform, I have devoted considerable time and attention to analyzing our nation's tax code and the policies which underlie it. I began the study of the complexities of the tax code 40 years ago as a law student at Yale University. I included some tax law as part of my practice in my early years as an attorney in Philadelphia. In the spring of 1962, I published a law review article in the Villanova Law Review, ''Pension and Profit Sharing Plans: Coverage and Operation for Closely Held Corporations and Professional Associations,'' 7 Villanova L. Rev. 335, which in part focused on the inequity in making tax-exempt retirement benefits available to some kinds of businesses but not others. It was apparent then, as it is now, that the very complexities of the Internal Revenue Code could be used to give unfair advantage to some.

Before I introduced my flat tax bill early in the 104th Congress, I had discussions with Congressman RICHARD ARMEY, the House Majority Leader, about his flat tax proposal. In fact, I testified with House Majority Leader RICHARD ARMEY before the Senate Finance and House Ways & Means Committees, as well as the Joint Economic Committee and the House Small Business Committee on the tremendous benefits of flat tax reform. Since then, and both before and after introducing my original flat tax bill, my staff and I have studied the flat tax at some length, and have engaged in a host of discussions with economists and tax experts, including the staff of the Joint Committee on Taxation, to evaluate the economic impact and viability of a flat tax. Based on those discussions, and on the revenue estimates supplied to us, I have concluded that a simple flat tax at a rate of 20 percent on all business and personal income can be enacted without reducing federal revenues.

A flat tax will help reduce the size of government and allow ordinary citizens to have more influence over how their money is spent because they will spend it—not the government. By creating strong incentives for savings and investment, the flat tax will have the beneficial result of making available larger pools of capital for expansion of the private sector of the economy—rather than more tax money for big government. This will mean more jobs and, just as important, more higher-paying jobs.

As a matter of federal tax policy, there has been considerable controversy over whether tax breaks should be used to stimulate particular kinds of economic activity, or whether tax policy should be neutral, leaving people to do what they consider best from a purely economic point of view. Our current tax code attempts to use tax policy to direct economic activity. Yet actions under that code have demonstrated that so-called tax breaks are inevitably used as the basis for tax shelters which have no real relation to solid economic purposes, or to the activities which the tax laws were meant to promote. Even when the government responds to particular tax shelters with new and often complex revisions of the regulations, clever tax experts are able to stay one or two steps ahead of the IRS bureaucrats by changing the structure of their business transactions and then claiming some legal distinctions between the taxpayer's new approach and the revised IRS regulations and precedents.

Under the massive complexity of the current IRS Code, the battle between $500-an-hour tax lawyers and IRS bureaucrats to open and close loopholes is a battle the government can never win. Under the flat tax bill I offer today, there are no loopholes, and tax avoidance through clever manipulations will become a thing of the past.

The basic model for this legislation comes from a plan created by Professors Robert Hall and Alvin Rabushka of the Hoover Institute at Stanford University. Their plan envisioned a flat tax with no deductions whatever. After considerable reflection, I decided to include in the legislation limited deductions for home mortgage interest for up to $100,000 in borrowing and charitable contributions up to $2,500. While these modifications undercut the pure principle of the flat tax by continuing the use of tax policy to promote home buying and charitable contributions, I believe that those two deductions are so deeply ingrained in the financial planning of American families that they should be retained as a matter of fairness and public policy—and also political practicality. With those two deductions maintained, passage of a modified flat tax will be difficult, but without them, probably impossible.

In my judgment, an indispensable prerequisite to enactment of a modified flat tax is revenue neutrality. Professor Hall advised that the revenue neutrality of the Hall-Rabushka proposal, which uses a 19% rate, is based on a well documented model founded on reliable governmental statistics. My legislation raises that rate from 19% to 20% to accommodate retaining limited home mortgage interest and charitable deductions. A preliminary estimate in the 104th Congress by the Committee on Joint Taxation places the annual cost of the home interest deduction at $35 billion, and the cost of the charitable deduction at $13 billion. While the revenue calculation is complicated because the Hall-Rabushka proposal encompasses significant revisions to business taxes as well as personal income taxes, there is a sound basis for concluding that the 1 percent increase in rate would pay for the two deductions. Revenue estimates for tax code revisions are difficult to obtain and are, at best, judgment calls based on projections from fact situations with a myriad of assumed variables. It is possible that some modification may be needed at a later date to guarantee revenue neutrality.

This legislation offered today is quite similar to the bill introduced in the House by Congressman ARMEY and in the Senate late in 1995 by Senator RICHARD SHELBY, which were both in turn modeled after the Hall-Rabushka proposal. The flat tax offers great potential for enormous economic growth, in keeping with principles articulated so well by Jack Kemp. This proposal taxes business revenues fully at their source, so that there is no personal taxation on interest, dividends, capital gains, gifts or estates. Restructured in this way, the tax code can become a powerful incentive for savings and investment—which translates into economic growth and expansion, more and better jobs, and raising the standard of living for all Americans.

In the 104th Congress, we took some important steps toward reducing the size and cost of government, and this work is ongoing and vitally important. But the work of downsizing government is only one side of the coin; what we must do at the same time, and with as much energy and care, is to grow the private sector. As we reform the welfare programs and government bureaucracies of past administrations, we must replace those programs with a prosperity that extends to all segments of American society through private investment and job creation—which can have the additional benefit of producing even lower taxes for Americans as economic expansion adds to federal revenues. Just as Americans need a tax code that is fair and simple, they also are entitled to tax laws designed to foster rather than retard economic growth. The bill I offer today embodies those principles.

My plan, like the Armey-Shelby proposal, is based on the Hall-Rabushka

analysis. But my flat tax differs from the Armey-Shelby plan in four key respects: First, my bill contains a 20 percent flat tax rate. Second, this bill would retain modified deductions for mortgage interest and charitable contributions (which will require a 1 percent higher tax rate than otherwise). Third, my bill would maintain the automatic withholding of taxes from an individual's paycheck. Lastly, my bill is designed to be revenue neutral, and thus will not undermine our vital efforts to balance the nation's budget.

The key advantages of this flat tax plan are three-fold: First, it will dramatically simplify the payment of taxes. Second, it will remove much of the IRS regulatory morass now imposed on individual and corporate taxpayers, and allow those taxpayers to devote more of their energies to productive pursuits. Third, since it is a plan which rewards savings and investment, the flat tax will spur economic growth in all sectors of the economy as more money flows into investments and savings accounts, and as interest rates drop.

Under this tax plan, individuals would be taxed at a flat rate of 20 percent on all income they earn from wages, pensions and salaries. Individuals would not be taxed on any capital gains, interest on savings, or dividends—since those items will have already been taxed as part of the flat tax on business revenue. The flat tax will also eliminate all but two of the deductions and exemptions currently contained within the tax code. Instead, taxpayers will be entitled to ''personal allowances'' for themselves and their children. The personal allowances are: $10,000 for a single taxpayer; $15,000 for a single head of household; $17,500 for a married couple filing jointly; and $5,000 per child or dependent. These personal allowances would be adjusted annually for inflation after 1999.

In order to ensure that this flat tax does not unfairly impact low income families, the personal allowances contained in my proposal are much higher than the standard deduction and personal exemptions allowed under the current tax code. For example in the 1998 tax year, the standard deduction is $4,250 for a single taxpayer, $6,250 for a head of household and $7,100 for a married couple filing jointly, while the personal exemption for individuals and dependents is $2,700. Thus, under the current tax code, a family of four which does not itemize deductions would pay tax on all income over $17,900 (personal exemptions of $10,800 and a standard deduction of $7,100). By contrast, under my flat tax bill, that same family would receive a personal exemption of $27,500, and would pay tax only on income over that amount.

My legislation retains the provisions for the deductibility of charitable contributions up to a limit of $2,500 and home mortgage interest on up to $100,000 of borrowing. Retention of these key deductions will, I believe, enhance the political salability of this legislation and allow the debate on the flat tax to move forward. If a decision is made to eliminate these deductions, the revenue saved could be used to reduce the overall flat tax rate below 20 percent.

With respect to businesses, the flat tax would also be a flat rate of 20 percent. My legislation would eliminate the intricate scheme of complicated depreciation schedules, deductions, credits, and other complexities that go into business taxation in favor of a much-simplified system that taxes all business revenue less only wages, direct expenses and purchases—a system with much less potential for fraud, ''creative accounting'' and tax avoidance.

Businesses would be allowed to expense 100 percent of the cost of capital formation, including purchases of capital equipment, structures and land, and to do so in the year in which the investments are made. The business tax would apply to all money not reinvested in the company in the form of employment or capital formation—thus fully taxing revenue at the business level and making it inappropriate to re-tax the same monies when passed on to investors as dividends or capital gains.

Let me now turn to a more specific discussion of the advantages of the flat tax legislation I am reintroducing today.

The first major advantage to this flat tax is simplicity. According to the Tax Foundation, Americans spend approximately 5.3 billion hours each year filling out tax forms. Much of this time is spent burrowing through IRS laws and regulations which fill 17,000 pages and have grown from 744,000 words in 1955 to 5.6 million words in 1995.

Whenever the government gets involved in any aspect of our lives, it can convert the most simple goal or task into a tangled array of complexity, frustration and inefficiency. By way of example, most Americans have become familiar with the absurdities of the government's military procurement programs. If these programs have taught us anything, it is how a simple purchase order for a hammer or a toilet seat can mushroom into thousands of words of regulations and restrictions when the government gets involved. The Internal Revenue Service is certainly no exception. Indeed, it has become a distressingly common experience for taxpayers to receive computerized print-outs claiming that additional taxes are due, which require repeated exchanges of correspondence or personal visits before it is determined, as it so often is, that the taxpayer was right in the first place.

The plan offered today would eliminate these kinds of frustrations for millions of taxpayers. This flat tax would enable us to scrap the great majority of the IRS rules, regulations and instructions and delete most of the five million words in the Internal Revenue Code. Instead of tens of millions of hours of non-productive time spent in compliance with, or avoidance of, the tax code, taxpayers would spend only the small amount of time necessary to fill out a postcard-sized form. Both business and individual taxpayers would thus find valuable hours freed up to engage in productive business activity, or for more time with their families, instead of poring over tax tables, schedules and regulations.

The flat tax I have proposed can be calculated just by filling out a small postcard which would require a taxpayer only to answer a few easy questions. Filing a tax return would become a manageable chore, not a seemingly endless nightmare, for most taxpayers.

Along with the advantage of simplicity, enactment of this flat tax bill will help to remove the burden of costly and unnecessary government regulation, bureaucracy and red tape from our everyday lives. The heavy hand of government bureaucracy is particularly onerous in the case of the Internal Revenue Service, which has been able to extend its influence into so many aspects of our lives.

In 1995, the IRS employed 117,000 people, spread out over countless offices across the United States. Its budget was in excess of $7 billion, with over $4 billion spent merely on enforcement. By simplifying the tax code and eliminating most of the IRS' vast array of rules and regulations, the flat tax would enable us to cut a significant portion of the IRS budget, including the bulk of the funding now needed for enforcement and administration.

In addition, a flat tax would allow taxpayers to redirect their time, energies and money away from the yearly morass of tax compliance. According to the Tax Foundation, in 1996, the private sector spent over $150 billion complying with federal tax laws. According to a Tax Foundation study, adoption of flat tax reform would cut pre-filing compliance costs by over 90 percent.

Monies spent by businesses and investors in creating tax shelters and finding loopholes could be instead directed to productive and job-creating economic activity. With the adoption of a flat tax, the opportunities for fraud and cheating would also be vastly reduced, allowing the government to collect, according to some estimates, over $120 billion annually.

The third major advantage to a flat tax is that it will be a tremendous spur to economic growth. Harvard economist Dale Jorgenson estimates adoption of a flat tax like the one offered today would increase future national wealth by over $2 trillion, in present

value terms, over a seven year period. This translates into over $7,500 in increased wealth for every man, woman and child in America. This growth also means that there will be more jobs—it is estimated that the $2 trillion increase in wealth would lead to the creation of 6 million new jobs.

The economic principles are fairly straightforward. Our current tax system is inefficient; it is biased toward too little savings and too much consumption. The flat tax creates substantial incentives for savings and investment by eliminating taxation on interest, dividends and capital gains—and tax policies which promote capital formation and investment are the best vehicle for creation of new and high paying jobs, and for a greater prosperity for all Americans.

It is well recognized that to promote future economic growth, we need not only to eliminate the federal government's reliance on deficits and borrowed money, but to restore and expand the base of private savings and investment that has been the real engine driving American prosperity throughout our history. These concepts are related—the federal budget deficit soaks up much of what we have saved, leaving less for businesses to borrow for investments.

It is the sum total of savings by all aspects of the U.S. economy that represents the pool of all capital available for investment—in training, education, research, machinery, physical plant, etc.—and that constitutes the real seed of future prosperity. The statistics here are daunting. In the 1960s, the net U.S. national savings rate was 8.2 percent, but it has fallen to a dismal 1.5 percent. Americans save at only one-tenth the rate of the Japanese, and only one-fifth the rate of the Germans. This is unacceptable and we must do something to reverse the trend.

An analysis of the components of U.S. savings patterns shows that although the federal budget deficit is the largest cause of ''dissavings,'' both personal and business savings rates have declined significantly over the past three decades. Thus, to recreate the pool of capital stock that is critical to future U.S. growth and prosperity, we have to do more than just get rid of the deficit. We have to very materially raise our levels of private savings and investment. And we have to do so in a way that will not cause additional deficits.

The less money people save, the less money is available for business investment and growth. The current tax system discourages savings and investment, because it taxes the interest we earn from our savings accounts, the dividends we make from investing in the stock market, and the capital gains we make from successful investments in our homes and the financial markets. Indeed, under the current law these rewards for saving and investment are not only taxed, they are overtaxed—since gains due solely to inflation, which represent no real increase in value, are taxed as if they were profits to the taxpayer.

With the limited exceptions of retirement plans and tax free municipal bonds, our current tax code does virtually nothing to encourage personal savings and investment, or to reward it over consumption. This bill will change this system, and address this problem. The proposed legislation reverses the current skewed incentives by promoting savings and investment by individuals and by businesses. Individuals would be able to invest and save their money tax-free and reap the benefits of the accumulated value of those investments without paying a capital gains tax upon the sale of these investments. Businesses would also invest more as the flat tax allowed them to expense fully all sums invested in new equipment and technology in the year the expense was incurred, rather than dragging out the tax benefits for these investments through complicated depreciation schedules. With greater investment and a larger pool of savings available, interest rates and the costs of investment would also drop, spurring even greater economic growth.

Critics of the flat tax have argued that we cannot afford the revenue losses associated with the tremendous savings and investment incentives the bill affords to businesses and individuals. Those critics are wrong. Not only is this bill carefully crafted to be revenue neutral, but historically we have seen that when taxes are cut, revenues actually increase, as more taxpayers work harder for a larger share of their take-home pay, and investors are more willing to take risks in pursuit of rewards that will not get eaten up in taxes.

As one example, under President Kennedy when individual tax rates were lowered, investment incentives including the investment tax credit were created and then expanded and depreciation rates were accelerated. Yet, between 1962 and 1967, gross annual federal tax receipts grew from $99.7 billion to $148 billion—an increase of nearly 50 percent. More recently after President Reagan's tax cuts in the early 1980's, government tax revenues rose from just under $600 billion in 1981 to nearly $1 trillion in 1989. In fact, the Reagan tax cut program helped to bring about one of the longest peacetime expansion of the U.S. economy in history. There is every reason to believe that the flat tax proposed here can do the same—and by maintaining revenue neutrality in this flat tax proposal, as we have, we can avoid any increases in annual deficits and the national debt.

In addition to increasing federal revenues by fostering economic growth, the flat tax can also add to federal revenues without increasing taxes by closing tax loopholes. The Congressional Research Service estimates that for fiscal year 1995, individuals sheltered more than $393 billion in tax revenue in legal loopholes, and corporations sheltered an additional $60 billion. There may well be additional monies hidden in quasi-legal or even illegal ''tax shelters.'' Under a flat tax system, all tax shelters will disappear and all income will be subject to taxation.

The growth case for a flat tax is compelling. It is even more compelling in the case of a tax revision that is simple and demonstrably fair.

By substantially increasing the personal allowances for taxpayers and their dependents, this flat tax proposal ensures that poorer taxpayers will pay no tax and that taxes will not be regressive for lower and middle income taxpayers. At the same time, by closing the hundreds of tax loopholes which are currently used by wealthier taxpayers to shelter their income and avoid taxes, this flat tax bill will also ensure that all Americans pay their fair share.

The flat tax legislation that I am offering will retain the element of progressivity that Americans view as essential to fairness in an income tax system. Because of the lower end income exclusions, and the capped deductions for home mortgage interest and charitable contributions, the effective tax rates under my bill will range from 0% for families with incomes under about $30,000 to roughly 20% for the highest income groups.

My proposed legislation demonstrably retains the fairness that must be an essential component of the American tax system.

The proposal that I make today is dramatic, but so are its advantages: a taxation system that is simple, fair and designed to maximize prosperity for all Americans. A summary of the key advantages are:

Simplicity: A 10-line postcard filing would replace the myriad forms and attachments currently required, thus saving Americans up to 5.3 billion hours they currently spend every year in tax compliance.

Cuts government: The flat tax would eliminate the lion's share of IRS rules, regulations and requirements, which have grown from 744,000 words in 1955 to 5.6 million words and 12,000 pages currently. It would also allow us to slash the mammoth IRS bureaucracy of 117,000 employees.

Promotes economic growth: Economists estimate a growth of over $2 trillion in national wealth over seven years, representing an increase of approximately $7,500 in personal wealth for every man, woman and child in America. This growth would also lead to the creation of 6 million new jobs.

Increases efficiency: Investment decisions would be made on the basis of

productivity rather than simply for tax avoidance, thus leading to even greater economic expansion.

Reduces interest rates: Economic forecasts indicate that interest rates would fall substantially, by as much as two points, as the flat tax removes many of the current disincentives to savings.

Lowers compliance costs: Americans would be able to save up to $224 billion they currently spend every year in tax compliance.

Decreases fraud: as tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud, which now amounts to over $120 billion in uncollected revenue annually.

Reduces IRS costs: Simplification of the tax code will allow us to save significantly on the $7 billion annual budget currently allocated to the Internal Revenue Service.

Professors Hall and Rabushka have projected that within seven years of enactment, this type of a flat tax would produce a 6 percent increase in output from increased total work in the U.S. economy and increased capital formation. The economic growth would mean a $7,500 increase in the personal income of all Americans.

No one likes to pay taxes. But Americans will be much more willing to pay their taxes under a system that they believe is fair, a system that they can understand, and a system that they recognize promotes rather than prevents growth and prosperity. The legislation I introduce today will afford Americans such a tax system.

Mr. President, I ask unanimous consent that the charts and exhibits be printed in the RECORD.

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

1999 INDIVIDUAL TAX RETURN

FORM 1—INDIVIDUAL WAGE TAX—1999

Your first name and initial (if joint return, also give spouse's name and initial): _____

Your social security number: _____

Home address (number and street including apartment number or rural route): _____

Spouse's social security number: _____

City, town, or post office, state, and ZIP code: _____

1. Wages, salary, pension and retirement benefits ..... 1____
2. Personal allowance (enter only one):
   —$17,500 for married filing jointly
   —$10,000 for single
   —$15,000 for single head of household ..... 2____
3. Number of dependents, not including spouse, multiplied by $5,000 ..... 3____
4. Mortgage interest on debt up to $100,000 for owner-occupied home ... 4____
5. Cash or equivalent charitable contributions (up to $2,500) ..... 5____
6. Total allowances and dedications (lines 2, 3, 4 and 5) ..... 6____
7. Taxable compensation (line 1 less line 6, if positive; otherwise zero) ... 7____
8. Tax (20% of line 7) ..... 8____
9. Tax withheld by employer ..... 9____
10. Tax or refund due (difference between lines 8 and 9) ..... 10____

ANNUAL TAXES UNDER 20% FLAT TAX FOR MARRIED COUPLE WITH TWO CHILDREN FILING JOINTLY

Income	Income mortgage [1]	Deductible mtg interest	Charitable contributions [1]	Personal allowance (w/children)	Taxable income	Marginal tax rate (percent)	Taxes owed
<27,500	.....	.....	.....	.....	.....	0	None
30,000	60,000	5,400	600	27,500	0	0	None
40,000	80,000	7,200	800	27,500	4,500	2.3	900
50,000	100,000	9,000	1,000	27,500	12,500	5.0	2,500
60,000	120,000	9,000	1,200	27,500	22,300	7.4	4,460
70,000	140,000	9,000	1,400	27,500	31,200	9.2	6,420
80,000	160,000	9,000	1,600	27,500	41,900	10.5	8,380
90,000	180,000	9,000	1,800	27,500	51,700	11.5	10,340
100,000	200,000	9,000	2,000	27,500	61,500	12.3	12,300
125,000	250,000	9,000	2,500	27,500	86,000	13.8	17,200
150,000	300,000	9,000	2,500	27,500	111,000	14.8	22,200
200,000	400,000	9,000	2,500	27,500	161,000	16.1	32,200
250,000	500,000	9,000	2,500	27,500	211,000	16.8	42,200
500,000	1,000,000	9,000	2,500	27,500	461,000	18.4	92,200
1,000,000	2,000,000	9,000	2,500	27,500	961,000	19.2	192,200

[1] Assumes home mortgage of twice annual income at a rate of 9% and charitable contributions up to 2% of annual income.

ADVANTAGES OF THE 20 PERCENT FLAT TAX

(By Senator Arlen Specter)

Simplicity: A 10-line postcard filing would replace the myriad forms and attachments currently required, thus saving Americans up to 5.3 billion hours they currently spend every year in tax compliance.

Cuts government: The flat tax would eliminate the lion's share of IRS rules, regulations and requirements, which have grown from 744,000 words in 1955 to 5.6 million words and 12,000 pages currently. It would also allow us to slash the mammoth IRS bureaucracy of 117,000 employees.

Promotes economic growth: Economists estimate a growth of over $2 trillion in national wealth over seven years, representing an increase of approximately $7,500 in personal wealth for every man, woman and child in America. This growth would also lead to the creation of 6 million new jobs.

Increases efficiency: Investment decisions would be made on the basis of productivity rather than simply for tax avoidance, thus leading to even greater economic expansion.

Reduces interest rates: Economic forecasts indicate that interest rates would fall substantially, by as much as two points, as the flat tax removes many of the current disincentives to savings.

Lowers compliance costs: Americans would be able to save up to $593 billion they currently spend every year in tax compliance.

Decreases fraud: As tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud, which now amounts to over $120 billion in uncollected revenue annually.

Reduces IRS costs: Simplification of the tax code will allow us to save significantly on the $7 billion annual budget currently allocated to the Internal Revenue Service.

INVESTMENT TAX CREDIT FOR THE BIOTECH INDUSTRY

Mr. SPECTER. In the balance of my allotted time, I will speak briefly about another amendment which will be voted on, probably tomorrow. That is an investment tax credit for the biotechnology equipment industry.

In my capacity as chairman of the Senate Subcommittee on Health and Human Services, my distinguished ranking member, Senator HARKIN, and I have the job of allocating funds for the National Institutes of Health. They are the crown jewel of the Federal Government—perhaps the only jewel of the Federal Government.

We are facing an extraordinarily difficult time in allocating funding because of the allocation for the subcommittee which is far under what is necessary to provide the $2 billion which we allocated in increase last year.

In consulting with the biotechnology industry, the one item which could bridge the gap would be a 10 percent investment tax credit which would stimulate Biotech and would do a tremendous amount for the health of Americans.

In the course of the past few months, stem cells have been discovered by Biotech which is a veritable fountain of youth, holding a promise for a cure for cancer, Alzheimer's, Parkinson's, and other maladies.

So I urge my colleagues to take a close look at the investment tax credit for the Biotech industry when it comes up.

I thank the Chair and thank the chairman for yielding me this time from the bill and yield the floor.

Mr. REID. Mr. President, if the manager of the bill will yield for a brief statement, as soon as the leaders arrive, I wonder if the next speaker would mind being interrupted. We have a unanimous consent request we would like to enter and not delay the leader any more than necessary. The leader should be coming here soon.

Mr. ROTH. That is satisfactory. I yield 12 minutes to Senator INHOFE.

Mr. INHOFE. I thank the Senator.

Mr. President, I, like many of my colleagues, have been listening intently to all of the debate. I certainly understand that the Senator from New Mexico is very sincere when he talks about many of these programs that need funding.

I do think that something has been completely lost in the debate that has been taking place on the floor. It is this assumption that if we are going to pass a tax reduction, it is going to automatically reduce revenues. I think this is one of the fallacies that defies all history, and it is one that needs to be talked about at this time.

I can remember when President Clinton was first elected in 1992. One of the first appointments he made was his chief financial adviser, Laura Tyson, who was quoted to have said—I believe this is an exact quote; certainly the intent is the same—that there is no relationship between the level of taxation the Nation pays and the amount of economic performance. I think this is ludicrous. I think it defies all logic. If you carried that to its logical conclusion, you would say let's raise all marginal rates to 100 percent, and everyone is going to work as hard as they would have otherwise. Certainly this is not what history has shown us.

One of the interesting things that is so overlooked by many liberals and others nowadays is that you can increase revenues by decreasing taxes. You have to realize that for every 1-percent increase in economic activity, that generates new revenues of $24 billion.

This was really discovered by accident back in the 1920s. Back in the 1920s, under two administrations, Warren Harding and Calvin Coolidge, there was a guy named Andrew Mellon, who was the Secretary of the Treasury under both administrations. It wasn't his understanding at that time that he would be able to increase revenues by reducing taxes, but this was right after World War I. In World War I, we had tax rates that were just unconscionably high—73 percent. So they said, all right, the war is over now. Let's reduce our tax rates, and they reduced them in three steps during a 9-year period from 73 percent to 25 percent.

This chart shows the income tax rate at the time right after the war and how they reduced it from 73 percent down to 25 percent. Look what happens as the income started rising. It came up from about $700,000 to over a billion dollars. It was almost doubled during that period of time. I think this speaks for itself. It shocked a lot of people. This wasn't some smart economist saying this is the way to increase revenue. They weren't even trying to increase revenue. But that is what happened.

Then again in the 1960s, of course, this was not a Republican administration. This was the administration of President Kennedy, and he made the statement, drawing upon the experience of the 1920s, that we have to have more revenues to take care of the obligations that we have incurred in Government. He said we need more revenues, and the best way to increase revenues is to reduce taxes.

I say to the Senator from New York, this was not a Republican saying this. This is someone whom he knew very well, President Kennedy, back in the 1960s.

So he came along with his tax rate. At that time the highest rate had been up at 91 percent, as you see on the chart represented by the green line. He reduced them over that period of time down to 70 percent.

Now, if you make that kind of a reduction in the tax rate and you see what has happened during that period of time, during the 1960s, it did exactly what the President said it was going to do in anticipating what was going to happen to the revenues. President Kennedy knew that, and I think many of the people at that time felt this was something that twice in history had been proven to be the case.

Then, of course, along came the 1980s. I can remember in the 1980s because I was around at that time. I remember when Ronald Reagan—keep in mind this was at a time when we had deficits, not surpluses as we have today. He was advocating a sweeping tax relief reduction of about $1.6 trillion. I happen to have known personally, as many of my colleagues did at that time, Speaker Tip O'Neill. Speaker O'Neill at that time was not considered to be one of the stalwarts of the conservative movement, but Tip O'Neill said: No, I think that is too much. I think to be fiscally responsible, we should reduce taxes only by $1.3 trillion.

Now, keep in mind, this is Tip O'Neill, a Democrat, advocating the reduction of taxes by $1.3 trillion. Now we are talking about merely reducing them by some $790 billion.

Mr. President, to repeat, we learned lessons quite by accident during the Harding and Coolidge administrations back in the twenties. The lessons were that you can actually increase revenues by decreasing taxes. We learned in the 1960s when President Kennedy did the same thing; we dramatically increased revenues by decreasing taxes. This is the most revealing one because there has never been a 10-year period in the history of this country where we have had more tax reductions in marginal rates than we did in the 1980s.

On this chart, the green line is the income tax revenues, starting in 1980, going up here and showing that they increase by two-thirds at a time when the reductions in the rates were actually cut by two-thirds.

I think it needs to be pointed out that there is not a direct relationship between the level of taxation and the amount of revenue. In fact, the relationship is just the opposite. I think those who are saying we don't want to reduce taxes are really saying we don't want to reduce revenues. I can understand that. Some people believe Government should have more spending power and more control of our everyday lives. That is what defines a liberal versus a conservative. I think we are trying to do something to really have dramatic cuts to enhance the economy. Perhaps one of the benefits of that would be, as history has shown, to increase revenues.

There is one thing you can do if you want to cut down the size of Government, and that is to cut some of these programs. It has been my experience—having worked at the local level, State level, and now in both Houses of Congress—that once a problem exists out there, you form a Government agency to deal with the problem. The problem goes away, but the agency goes on. In a great speech made in 1965 which was called ''A Rendezvous With Destiny,'' Ronald Reagan said:

> There is nothing closer to immortality on the face of this earth than a Government agency once formed.

I believe we need to look at this and realize what has been happening, where we are going from here, and what effect the tax cuts we are advocating are going to actually have on the economy.

Another way of looking at it is, in 1993, Bill Clinton actually passed, with the support of Congress, the largest single tax increase in contemporary history—in the whole history of this country. He raised taxes in that one increase by $241 billion over a 5-year period. In 1995, 2 years later, President Clinton said:

> People in this room are still mad at me about the budget because you think I raised taxes too much. It might surprise you to know that I think they raised them too much, too.

I think anybody at that time who was opposed to that largest tax increase in the history of this Nation should realize that a way to rectify that is to reverse and repeal some of the taxes that were increased at that time. We have looked at different taxes that should be reduced. I agree with the Senator from Texas that we should reduce the marriage penalty. It doesn't make any sense in our society to reward people who live together out of wedlock. It doesn't make any sense at all, and it creates some of the other problems that we are so concerned about.

I am very concerned about the marginal rate tax, and I think we can probably have the effect of increasing revenues by reducing marginal rates.

Thirdly—and this will be in one of the amendments that we vote on, I guess, tomorrow; I hoped it would be tonight, but it will be tomorrow—is the death tax. I suggest to you that I had

occasion to be out in western Oklahoma talking about the farm crisis and about all the things that are happening, I know, in other States and in Oklahoma. I am sure they have the same problems out in New Mexico. When you talk about repealing the estate tax or the death tax, all of a sudden they quit worrying about crop insurance and these programs because that is the thing they believe is most critical to the small businessman and woman and farmer in America. If there is one thing we can do, in all fairness, it would be to vote favorably on that when the appropriate time comes.

I yield the floor.

Mr. LOTT. Mr. President, we have a unanimous consent agreement that I think will be constructive in getting our work completed. It has been discussed thoroughly with the Democratic leadership, and I know it is going to take some more time tonight and also an effort tomorrow, but I think that all things considered, it is the best way to proceed.

I ask unanimous consent that the vote with respect to the pending amendment No. 1462 occur tomorrow morning beginning at 9 a.m, with 15 minutes for concluding remarks to be equally divided beginning at 8:30 a.m. on Friday.

I further ask unanimous consent that the vote with respect to the Hutchison amendment on the marriage penalty occur immediately following the above-described vote and there also be 15 minutes for concluding remarks to be equally divided beginning at 8:45.

I also ask consent that following the conclusion of debate this evening, no further debate time be in order other than the concluding time as outlined above.

I further ask unanimous consent that following the two described votes above, the Senate begin the voting sequence with debate on any amendment or motion properly filed in the consent agreement of July 29 limited to 2 minutes equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. ROTH. Mr. President, I object.

Mr. LOTT. Mr. President, may I inquire, what is the problem?

So we can clarify this, I think just a temporary misunderstanding, I suggest the absence of a quorum.

Mr. DOMENICI. Could I ask a question before you do that?

Mr. LOTT. I ask to withhold the suggestion of a quorum call.

Mr. DOMENICI. Might I ask a parliamentary inquiry? How much time remains on the 20 hours allowed by law?

The PRESIDING OFFICER. Two hours 42 minutes.

Mr. DOMENICI. I thank the Chair.

Mr. LOTT. 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. LOTT. 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.

Mr. LOTT. Mr. President, I renew my unanimous consent request as earlier stated.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. Mr. President, in light of this agreement, there will be no further votes this evening. The first two votes of tomorrow will begin at 9 a.m. A number of votes will occur following those two votes. I hope Senators will work with the managers and work with the whips on both sides of the aisle. Senator NICKLES is here and prepared to work with Senators to discuss the seriousness of their amendments. The ''Tasmanian junior'' here, HARRY REID, is going to be working on the Democratic side. Talk with the whips. It is not a very seemly way to do business to have repeated votes in the so-called vote-arama. A reasonable number is understandable and can be explained sufficiently. Senators will be asked not to leave the Chamber in the morning because once we start on the series of votes, votes will occur every 10 to 15 minutes, so we can get at least four done in an hour.

Mr. REID. Will the Senator yield?

Mr. LOTT. Yes.

Mr. REID. I say to the leader and Members of the Senate, the staff will be working all night trying to clear all of these amendments. In addition, there is no rule that says if you call up your amendment, you have to have a recorded vote. We can have voice votes on some amendments. Also, on something such as this, people have to determine whether they want to offer the amendment that has been filed. Just because it was filed doesn't mean you have to offer it.

Mr. LOTT. You do have options: they can be accepted or taken by voice vote or some insist on a recorded vote.

As I see things, tomorrow we can finish up at 2 or 3 o'clock, or we can be here at 5 o'clock tomorrow afternoon. I hope Senators will weigh carefully the need for their particular amendment. As far as amendments that have not been thoroughly debated in committee, it is awfully hard to change the Tax Code in that way. We will try to accommodate Senators as best we can.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, I yield 8 minutes to the Senator from New York.

Mr. SCHUMER. Mr. President, I thank the Senator from New Mexico. I rise in support of his amendment. First, I thank him for his leadership on educational issues before introducing this amendment. I would like to speak for a couple of minutes and talk about another educational amendment that will be before us tonight or tomorrow.

First, on the amendment of the Senator from New Mexico, I have generally considered myself a balanced budget type of person and Democrat. I backed up the President a few years ago when we had a split in our party in the House as to whether to enact a balanced budget, and I am glad I did. I am glad I did. That means that one has to be careful about spending.

But if there is one place as we move into the 21st century that we should be spending more—not just throwing money at the problem, being careful, setting standards, but spending more money—it is the area of education.

As we move into an ideas economy, an ideas-based economy, the most important resource our country has is the minds of our young people. It is more important than the wealth of the mine, or the fertility of the fields, or even the output of the factory, because more and more and more wealth is created, jobs are created, and happiness is created by how well educated we are by the ideas that our people have.

To enact the budget plan posed by the other side, as the chart of the Senator from New Mexico shows, and cut education funding or to even simply freeze education funding, in my judgment, would be a mistake. This resolution, which urges this Senate and this Congress and this country to spend somewhat more on education, again wisely—I would not spend much more on education without imposing standards on teachers and standards on promotion, which makes a great deal of sense—I support wholeheartedly.

There is another amendment in the area of education which I am introducing along with Senator SNOWE of Maine, Senator BAYH of Indiana, Senator SMITH of Oregon, Senator WYDEN of Oregon, and Senator KOHL of Wisconsin. It is a bipartisan amendment. We hope this amendment doesn't became a football in the various views of reconciliation that we have. But it is an amendment that is very simple. It is an amendment to make up to $12,000 of college tuition tax deductible and to provide tax credit to help those saddled with student loans.

We have introduced this amendment for two real purposes. The first purpose relates to individual families.

We are talking about tax cuts. But when I talk to my constituents in New York, and when I hear about constituents from around the country, what is the average person worried about? It is not the exact amount of taxes that they pay as much as it is the big financial nugget they have to deal with—buying a home in early family life, paying for the kids' college in middle

life, and paying for health care in later life.

Tonight, as we all go to sleep, there will be millions of Americans worrying about how they are going to pay for their kids' college education. Tuition has gone up far more than the rate of inflation. In fact, if you look at the prices of everything since 1980, tuition has gone up more than anything else—even more than health care. I believe the number is 250 percent between 1980 and 1995 for middle-income families—families that do not really need much other help, families that might make $50,000, or $60,000, or $70,000 a year. It seems almost unfair, after they struggle to pay that tuition bill, for Uncle Sam to take his cut. This bill says that won't happen. This bill says that for anyone at the 28-percent bracket or lower. So the numbers will go up fairly high—$90,000—for a single head of household, and $105,000 for a two-family head of household. You can deduct your tuition.

We rarely give relief to those in the middle class. Too often many people in the middle class—the majority of Americans—think most of what we do helps the very poor or the very rich. But this proposal is aimed right at what bothers them, and with good reason. It is going to be tremendously helpful to millions and millions of Americans who right now think they are not getting much out of the tax proposal on either side of the aisle.

There is a second reason to do this; that is, for the good of the country. As we move into an ideas economy—as I mentioned in my remarks about the amendment of the Senator from New Mexico—education is the key. The better educated we are, the better we do as a country. In fact, I worry when you look at some of the rankings in terms of education when compared to other Western countries.

But every time a well-prepared, intelligent student isn't able to go to the college of his or her choice because of that tuition bill, not only does that individual lose, not only does their family lose but America loses. Every time we don't use and fulfill the potential of a young mind, not only does that person lose, not only does his or her family lose but America loses.

It seems to me, as we move into the 21st century in an ideas-based economy, it is almost imperative that we have as many students in as good a college as they can academically achieve. Right now that is not happening. But in this tax bill, if we were to make tuition deductible up to $12,000, it would have a tremendous impetus.

A couple of other points on the proposal, a bipartisan proposal, made by myself and Senators BAYH, KOHL, and WYDEN on this side of the aisle, and Senators SNOWE and SMITH on the other side of the aisle:

No. 1, it is completely offset. So we are not increasing the tax bill. We mainly do this by delaying certain things in the existing bill for a year.

No. 2, it does not cut off until, as I said, you move from the 28-percent bracket and above that. So 90, 95 percent, a huge percentage of America's families, would benefit—all but the extremely well-to-do.

No. 3, tuition is deductible up to $12,000 a year. That is full tuition for over 80 percent of all Americans. Even for those who are going to a more expensive school, it is a real help in terms of getting them there.

I urge my colleagues to please look at this amendment. It is bipartisan. It is not intended to be an amendment that scores political points. It is an amendment intended to better this country and help middle-class families struggling to send their children to college.

I urge its adoption by Members on both sides of the aisle.

I thank the Chair.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Thank you, Mr. President. I thank the chairman.

I say to Senator BINGAMAN that I would not rise in opposition to his amendment if it was not, as I view it, an implication that what I propose is going to hurt education.

Since that is the case, I must tell the Senator that I think he is wrong. So I will proceed, as I must, to tell him what we did with education and what we can do with education based upon the money that is left over after the tax cut is effective.

I do not know where the chart comes from that the Senator has up there. But I would assume it comes from somebody who assumes there is no money left over after the tax cut and, therefore, everything will be reduced, and over the next 10 years there will be no inflation added to any function. If that is the case, it is wrong.

But if Senators want to look at the budget resolution we prepared, we expect they will stand up and say no, there is not enough money in this budget for education.

What we did in that budget resolution, which is not binding—just like his resolution here is not binding; it does nothing for education—it is a wish list and cuts taxes. It reduces the tax cuts substantially. It would be nice if the Senator would tell us which $120 billion and some he would take out of the tax cut.

But having said that, let me first start by saying if you want to look at a budget resolution that passed the Senate which had $181 billion in money over a baseline that was frozen for the next decade on the discretionary side, and ask what did it provide for education—an assumption just like the assumptions of the Senator from New Mexico—I would like to tell you what it does.

In 1999, that function on education had $47 billion in it. By the year 2009, it has $60 billion in it. It specifically provided that education initiatives receive an added amount of $37 billion over 5 years, $101 billion over 10 years.

The Senator from New Mexico, my colleague and my friend, could ask, how are you sure that will happen? I am not. Neither am I certain that the Senator's sense-of-the-Senate resolution is anything but a wish list. How do we know it would happen? If we reduce taxes by the amount suggested, there is absolutely nothing to indicate there would be more added to education in the appropriations process. It is what the Senator thinks they should add; therefore, it is called a sense of the Senate.

Over the decade under the budget resolution adopted, and I am not certain it will be implemented because it is not binding, we actually vote every year on the appropriated accounts. So all Members know, the education function in that budget resolution has $570 billion, an average of $57 billion a year, while we are spending $47 billion this year.

I don't know where the other graphs came from that are talking about what we are doing to education. Those numbers are from the budget resolution.

Nobody knows at what level education will be funded on the discretionary side of the budget of the United States of America budget. They will not know any more if Senator BINGAMAN's sense of the Senate passes. They will say we should not cut taxes by $120 billion, because if we don't, we might put it in education.

Having said that, I merely want to look at the budget of the United States and the surplus that is created and then start with a freeze on everything, including education. And it may be the Senator is starting with a freeze and assuming it continues. How much is the surplus? It is $3.371 trillion. What do you do with it? We put $1.9 trillion in the trust fund for Social Security because it is there. We then say: Let's cut taxes in a gradual way over a decade at $792 billion. Then we ask how much is left over to spend on discretionary programs and Medicare. It turns out to be $505 billion.

I could not believe under any circumstance that the Congress of the United States, be it Republican, Democrat, or whatever, would take that $505 billion and spend it on education. I cannot believe that. There may be a difference of opinion as to where it is to be spent, but there is a whopping lot of money for high-priority items.

I don't know where the Senator got his numbers. If the numbers were legitimate, I would be supporting him. I believe we ought to establish a priority for education. If I thought we would

not have enough money for the education function to be appropriated by the appropriators, I might even be saying don't cut taxes that much, but I don't think that is the case. I don't think we need to do that. There will be money around for education. It will grow dramatically because it is a high-priority item, and there is $505 billion over a freeze to be allocated for discretionary programs, and somewhere around 70, 80, or 90 for a Medicare prescription drug reform fix.

I regret doing this, but I do not think I want New Mexicans to think what I propose will destroy education in the manner that this sense of the Senate implies. If it did not imply that, I would be for it and I would not be speaking.

Mr. BINGAMAN. Mr. President, I yield myself 4 minutes off of the amendment.

I want to respond to my colleague from New Mexico and indicate I do not in any way question his motives, and I certainly do not question his understanding of the budget. He is an expert in that. He has demonstrated that repeatedly since I have been in the Senate.

I do think there is a genuine misunderstanding or disagreement about what we are talking about in the size of this surplus. I hear my colleague say we have, over the next 10 years, $33.371 billion in surplus that we have to spend or we have to use for tax reductions. That is substantially more than the CBO indicated we had. They said we had $2.896 billion. There is a substantial difference there. Taking the figure I was given, $2.896 billion, I understand we are using by far the largest part of that for this proposed tax cut.

My colleague says that is not the case, that there is still $505 billion remaining for Medicare and discretionary programs. I am just not clear in my mind where that money comes from. The figures I have for the total of the surplus do not allow for that money to be available for discretionary programs and Medicare. The figures I have received lead me to conclude that there will be major cuts in discretionary programs if we are going to adopt a tax cut of this size. If there are cuts in discretionary programs, some of those, of course, will be defense.

I believe, based on the time I have spent in the Senate, we will not cut defense. I do not support the cuts in defense, and I do not believe my colleagues do either. I think we will fund defense and we will fund increases in defense in the next 10 years in many respects. That means the discretionary domestic spending such as education has to be cut even more. That is the concern that caused me to bring this amendment to the floor.

The point was made that I have just put together a sense of the Senate which is a wish list. That is in many ways true. I have said the Senate should go on record as not wanting to cut the current level of funding for education in this bill, and to the extent we need to reduce the tax cut in order to ensure we do not cut current levels of funding for education, then reduce the tax cut to that extent.

As I understand the figures, that means a $132 billion reduction in the tax cut. That is what I have urged Senators to support.

Mr. BINGAMAN. I yield 5 minutes to the Senator from Virginia.

Mr. ROBB. Mr. President, first of all let me thank my distinguished colleague from New Mexico for his continued leadership on virtually every aspect of education and our public responsibility in that particular area. I am pleased to join him on this amendment, and would say that I agree completely with my colleague from New Mexico about the need to make critical investments in our future. Not only does this tax bill fail to ensure the solvency of Social Security and Medicare, it provides an inadequate level of investment in education.

My own State of Virginia has long been proud of its history and support of education. You may recall it was a Virginian who is widely acknowledged as ''the father of free public schools in America.'' Thomas Jefferson's vision to provide a free public education to all citizens was designed to preserve a fledgling democracy. But at the dawn of a new millennium, a strong and vibrant system of public education has many other benefits as well.

Education breeds opportunity. And it is opportunity that knows no class, no gender, no race, no income level, no street address. Because when we invest in education, we invest in our people, we invest in the economic strength of our communities, and we invest in the international competitiveness of our Nation.

That is why I have always believed that all three levels of Government—local, state, and federal—should work together in the area of education. That is why I believe that the Federal Government can be a constructive partner in education. And that's why I believe this tax bill falls short of our responsibility to our nation's children and to our nation's future competitiveness. The stakes for our country, and all who live here, couldn't be greater.

Despite these stakes, the tax bill we debate today still falls short in its investment in education. In addition to the concerns expressed by my friend from New Mexico, I am particularly concerned about the inadequate level of school construction assistance provided in this bill.

Mr. President, we know that 14 million children attend schools in need of extensive repair or, in some cases, complete replacement. We know that 7 million attend schools with safety code violations. And we know there are thousands and thousands of trailers in use because of school overcrowding—over 3,000 in Virginia alone. Loudon County, Virginia, Mr. President will need to build 22 new schools to accommodate its enormous growth in student population. My home county of Fairfax, VA has capital needs of $1.2 billion over the next ten years.

But it isn't just a Virginia phenomenon; it's a national crisis.

And we have known about this crisis since 1995, when the GAO informed us that our national school repair needs total some $112 billion. We have known that we need to build and repair over 6,000 schools across the Nation. And yet we are considering a bill today which builds and renovates only 200 schools.

Mr. President, later in our debate, I will offer a motion to recommit the tax bill to the Finance Committee to force us to take another look at our priorities. I have recently introduced legislation which combines various bipartisan school construction proposals, and which I hope brings us one step closer to the compromise I know we can reach on this issue. I look forward to that debate, but for now I will simply say that Senator BINGAMAN is right: we need to pay more than lip service to our most critical societal investment—education. I thank the chair and I yield back any time remaining to the Senator from New Mexico.

Mr. BINGAMAN. Mr. President, how much time remains?

The PRESIDING OFFICER. There remains 5 minutes.

Mr. BINGAMAN. I yield the remainder of our time to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I thank my colleague from the class of 1982. You are looking at the entire class here, Senator BINGAMAN and me. The Senator and I are the remainder of the class of 1982. We thought we were a small class then, but we have gotten smaller and we have hung on tenaciously.

One of the things we agree on is the need to provide the kinds of services to our country that we are pledged to, not only morally but by law, by laws established over a period of many years, including such services as our commitments to the veterans who fought to keep this country free, for the schoolchildren who need to get a start in life and get on with their own opportunities.

What we see today in the discussion we have just had, frankly, comes as a surprise to me, a surprise because I serve on the Budget Committee as the senior Democrat. I looked at the figures. We worked together to try to establish a plausible base, a parameter within which to work. But what I have heard is we just discovered gold. We

found $500 billion just laying around. No one else knew it, but it was found.

Since arithmetic is a relatively pure science and everything has to add up, one scratches one's head and says: How did we find roughly $500 billion more? The distinguished chairman, a very wise Member of the Senate, an outstanding expert on the budget, found $500 billion that could be used to support the tax cut that is proposed at some $790 billion. Then there are interest costs on that.

What I come up with, what the numbers say, is that we wind up with a budget surplus of $32 billion—$32 billion. That is at the end of 10 years—$32 billion. The elderly, the baby boomers who are going to be retiring at that time, ought to rest easy because they have $32 billion that is going to go into helping Social Security stay a little more solvent—$32 billion that can be used for other purposes.

Mr. SARBANES. Will the Senator yield for a question?

Mr. LAUTENBERG. I will be happy to yield for a question.

Mr. SARBANES. I would like to ask the Senator about his chart about the GOP baseline, if I might.

Mr. LAUTENBERG. Please.

Mr. SARBANES. As I understand it, what the Republicans are now proposing represents a cut of over $1 trillion below—below what? Current spending levels?

Mr. LAUTENBERG. The baseline that was originally proposed by CBO was to have the caps in place until the year 2002, 3 years hence. Then it was assumed by the presentations that we have seen and that are here on the chart, that now the baseline will decline by virtue of no inflation allowable for those years after it—none, zero.

Mr. SARBANES. None whatever?

Mr. LAUTENBERG. That is right. If you do that, you take over $400 billion out of reality, out of the need to provide programs—$419 billion below CBO's capped baseline.

If you want to play with a figment of imagination, you can imagine maybe it will be less than that. Maybe we will be able to cut out the programs for veterans and the other programs that are necessary, just cut them and play pretend.

Mr. SARBANES. As I understand it, it would take a cut of about 40 to 50 percent in the program levels in order to reach that figure on the GOP baseline.

Mr. LAUTENBERG. The Senator is absolutely right. It would take a cut of 50 percent. So that is how we get there. It is a poor way to do business.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. THOMPSON. With the committee chairman's approval, I yield myself 10 minutes.

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

Mr. THOMPSON. Mr. President, on the amendment there are certain basic things we can all agree with about education. I think most of us realize the economic prosperity we have today has to do with our productivity. Our productivity, in turn, has to do in large part with the technological advances we have had, and that, in turn, is based upon a well-qualified workforce. The needs for that kind of workforce, that kind of background and training in the future, are going to be even greater because we are exploding with information in an information age for sure.

There is no question about that. Our economic stability and security in the long term in large part is going to depend on the education system we have. That, of course, does not necessarily equate to Federal spending on education. Unfortunately, for some years now we have seen that we have almost an inverse relationship between the amount of Federal money spent on education and the quality of education we seem to be getting. Nonetheless, we all agree there is a part of this effort that should fall on our shoulders. This amendment suggests our budget does not address this education problem sufficiently.

I think it has been a good discussion. I think it is one we ought to have. Every time I begin thinking we can have good discussion about this, I pick up something, such as the Daily Report for Executives of July 29 that is entitled, ''GOP Tax Plan Would Hurt Schools, President And Administration Aides Say.''

Clinton told representatives of Boys and Girls Nation at the White House that the Republican tax plan would eliminate funds to help 480,000 children learn to read.

On and on for other things. I know when I came to Washington, one of the main things I wanted to do was keep children from reading. We spend a lot of time, we stay up late at night, figuring out how we can keep kids from learning to read. The President is just verifying this with these young people.

I hope the President, as badly as he is misleading them, has more credibility with the young people of this Nation than I think he has.

Now we hear about cuts. We have been hearing about cuts of 30 percent, cuts of 40 percent, and now cuts of 50 percent. People must wonder what is going on. Senator DOMENICI says that is not accurate. He points out that although we have a baseline freeze after the spending caps are lifted, there is an additional $505 billion in our budget proposal that can be used for whatever discretionary spending this President and this Congress decide they want to spend it on.

How do we come up with these cuts? It is a Washington, DC, cut. A Washington, DC, cut is when you project out what you want spending to be, and then any spending that is less than that constitutes a cut. It is not a real cut. It is an increase, but it is less than what the projection would be.

If you are going by that kind of rationale, then the President is proposing cuts up to 26 percent, if you figure in his Social Security plan, because he does not really keep up with the projections that are being argued.

Go back to 1991 and project increases from 1991 up to today. Look and see what that is. It has been about 4.2 percent during that period of time. What the other side is doing is projecting that out ad infinitum. If we cut back any of those programs, even though the dollar is an increase, it is less than what they projected it ought to be, so that constitutes a cut.

The fact is, if we did what our colleagues on the other side suggest, we would lock in basically the projected increases we would have—inflation plus—we would lock those in, basically making them, I suppose, mandatory programs instead of discretionary programs. We would not do what Congress is supposed to do, and that is sit down and decide what our priorities are, what programs should be cut, and what programs should not be cut.

Obviously, many of us think some programs should be increased. We are hearing a lot now about our hospital programs, our children's hospitals, veterans, certainly military in some respects. Certainly, there are going to have to be some increases as we go along, but I think the primary point I want to make is that there are also going to have to be some decreases. There are going to have to be some cuts.

Those are the kinds of things we are going to have to decide. We cannot decide here in advance, because some projection is not reached, that we are going to cut a particular program to keep kids from reading—pick your own favorite program, the worst thing you can come up with, and say that particular program is going to be cut. That is not true. That is not accurate. That does not represent what the situation is.

Again, we have to decide what is going to be cut. We have to decide what is going to be increased, taking a baseline, taking a freeze, not including inflation, and adding $505 billion to it over 10 years.

Why do I say that some things ought to be cut? One of the things—I guess the primary thing—we are supposed to be doing in the Governmental Affairs Committee is seeing how our Government is operating. We spend an awful lot of time in oversight in that committee which I chair. We see agencies, Departments of Government, year after year come before us and they have been delineated by the GAO as prime objects of waste, fraud, and abuse. They are on

the list year after year, but we keep funding these programs. We keep increasing the funding for these programs, whether they are working or not. There are billions of dollars of scarce resources diverted from their intended purposes many times in waste, fraud, and abuse.

The President in his budget does not find one agency, that I can determine, that he believes could be operated more efficiently or in which money could be spent better. All of these programs deserve an increase by definition. They are Federal Government programs. They deserve an increase. If you want to reduce funding for a Department or an agency, then you can pick the program on the other side they say you are cutting.

The honest truth is that no one knows really how much the Federal Government loses annually cumulatively to waste, fraud, abuse, and error. One reason is that most agencies do not keep track of such losses. We try to keep track for them, as best we can.

Here are a few things we have learned: The Health Care Financing Administration made erroneous Medicare payments that siphoned off between 7 and 14 percent of the overall Medicare budget, $12 billion to $24 billion, depending on which year you are talking about. In 1997, it was $24 billion. In 1998, they improved; it was only $12 billion.

The Supplemental Security Income Program—cumulative overpayments of $3.3 billion, including newly detected overpayments of $1.2 billion just last year.

The Department of Housing and Urban Development made overpayments in its rent subsidy program of almost $1 billion.

The Department of Agriculture made overpayments in its Food Stamp Program that amounted to about $1 billion, or 5 percent of the total program.

I have others here. The Federal tax debt. We have Federal tax debt and nontax debt delinquencies, money owed to the Government, not collected, of $150 billion. I have other items. I mentioned the Medicare payments.

The Department of Energy: Through 1980 to 1996, the Department of Energy terminated before completion 31 major systems acquisition projects after expenditures of over $10 billion. They spent $10 billion and then terminated the projects; $10 billion was essentially wasted.

Defense contract overpayments: No one knows how much the Government overpays each year in contracts for goods and services. However, during the recent 5-year period, defense contractors returned $4.6 billion in overpayments to the Department of Defense.

Earned income tax credit, $4.4 billion.

I mentioned SSI.

Student loan defaults, $3.3 billion.

Food stamp overpayments, rent subsidy.

A total of $196 billion.

I yield myself another 5 minutes.

Mr. President, $196 billion, and that is just on the waste, fraud, and abuse side. This is what is going on with regard to our Government now and these agencies across our Government.

Look at the cross-cutting and the duplication, the hundreds of programs that are all designed to do the same thing. The left hand of Government does not know what the right hand is doing. No one is taking action to sort through this morass to find out which programs are working and are not. They keep being refunded every year at the full amount or an increased amount.

According to the GAO, in program area after program area, unfocused and uncoordinated cross-cutting programs waste scarce funds, confuse and frustrate taxpayers and other program customers, and limit overall program effectiveness.

Last year Congress tried to address the number of education programs. We are all for education. We are all for spending education money wisely. We have $505 billion of discretionary spending set aside, some of which we can spend on education. But we found out there were 39 Federal agencies running more than 760 education programs at a cost of $100 billion a year. Is that effective use of taxpayers' money?

One example is homelessness where 50 Federal programs, run by eight agencies, seek to provide services to homeless people. We have eight agencies—the Departments of Agriculture, Health and Human Services, Housing, Urban Development, Education, Labor, Veterans Affairs—and two independent agencies—FEMA and the Social Security Administration—all running these programs, overlapping, duplicating with $1.2 billion in obligated funds addressing the homeless. GAO found these programs provide many of the same services, such as housing, health care, job training, and transportation, and more than 20 programs operated by four different agencies, offsetting housing, such as emergency shelters, transitional housing, and other housing assistance.

In another report, the GAO identified 26 Federal grants at a cost of approximately $28 million that exist to help evaluate the effectiveness of various school-based violence programs. I know that is something that the Presiding Officer and I have talked about many times, as to how we get our arms around this. But $28 million to evaluate these violence programs in schools, to see which of them are doing any good? At least three Federal Departments—Education, Health and Human Services, and Justice —support school-based violence prevention research and programs.

However, GAO found that these individual Departments have not mounted a comprehensive strategy for addressing school violence. They are just all kind of out there doing their own thing—getting some money, coming to Congress, saying: My goodness, you can't cut back on this. You have to give us some money. We fund these various programs that are all out there doing their own things—uncoordinated—obviously, wasting a good deal of money.

It is not that you do not want the effort made; it is that you want to have the effort made with a little common sense and not take people's hard-earned money and throw it down a rat hole.

We have a fragmented Federal approach to ensure the safety and quality of the Nation's food. As many as 12 different agencies administer over 35 inefficient programs, putting the American public at greater danger of foodborne illnesses. But there have been virtually no decreases for nonmilitary discretionary programs in the President's budget.

This is supposed to be part of our job. That is why we passed the Performance and Results Act. These agencies are now supposed to come to us in Congress and tell us of the effectiveness of their programs. I assume that because we want that information, we want to do something with it, and what we want to do with that information is not use it to continue to fund these Departments that are wasting money and permitting fraud to be perpetrated upon us to the tune of billions and billions of dollars.

Some of these programs are mandatory spending programs. Some of them are discretionary spending programs. But it is all money that would have been in those Departments had it not been siphoned off, had it not been stolen, had it not been wasted. It would have been reflected in the budgetary requests when they came before us. The requests would be less, and we would be giving them less money if they were operating halfway the way they are supposed to.

My point is, again, this idea that our friends on the other side of the aisle have, that they want to have this projected rate of increase that we can't deviate from at all, is a notion that would go against every basic precept of efficiency and the proper functioning of Government.

I yield myself another 3 minutes.

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

Mr. THOMPSON. We need to, as we go along, take that $505 billion that our budget sets aside for these programs and have every one of them come up here and justify themselves. Some of them need increases. Some of them need cuts. In my opinion, some of them need total elimination, and I make no apologies for that.

But the idea that we are cutting this, and we are cutting that, and we are going to keep people from reading, the President of the United States telling these young boys and girls that we are going to cut 480,000 children from learning to read, that is kind of a new low. We do not know really what to do any more with this stuff. The first thing you do is get kind of angry, and then you are just kind of sad, shaking your head, that that sort of stuff is coming out of the White House.

So let's get back to the facts. Let's get back to reality. We can have a good debate as to how much money we ought to spend on these programs. That is what we ought to do. But let's not try to convince the American people that we have made a determination that somewhere in our budget we are cutting kids off from learning to read or that we are doing any of these other things—any of these other scare tactics that are always used by people who think that the American people are not quite as smart as they really are.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

Mr. ROTH. I yield 10 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I thank the Chair and thank the chairman for yielding me time.

I rise to talk about two amendments—not the Bingaman amendment—two amendments that I have added to the list of 100-some amendments. I hope that we can accept one of them. We are working very hard to get that done. I have agreed to enter into a colloquy with the chairman on another one. I would hope that we will work in conference.

THE AMERICAN COMMUNITY RENEWAL ACT

The amendment that I have agreed to enter into a colloquy with the Senator from Delaware on is the American Community Renewal Act. The American Community Renewal Act is part of the House bill. It was one of the centerpieces of the House bill and one that I very strongly support as chairman of the Renewal Alliance, which is a group of Senators and Congressmen who have been advocating nongovernmental solutions to the problems that face our inner cities and impoverished rural areas.

It is important for us, when we pass a tax bill that provides tax relief to taxpayers, as we should, that we look to those who do not pay taxes and see what we can do to help lift them into the sometimes beleaguered status of taxpayers.

It is important for us to be able to reach down into those communities that are struggling. I have many of them in my State. We work very hard in communities, from Philadelphia to smaller towns like Chester and McKeesport, and work with community groups, nonprofits that are out there trying to make a difference, working with the local officials in trying to provide economic opportunity, as well as cultural renewal for the communities that are in blight.

The American Community Renewal Act, I believe, is the right message for those communities, is the right direction, and that is through empowerment and through working with the local faith-based and local community development organizations, helping them pull themselves out of the difficult situations they find themselves in.

The American Community Renewal Act has two parts. No. 1, it provides for a charitable tax credit. This is a State-based tax credit. It allows for Federal block grant funds to be used by States to provide a tax credit to individual taxpayers who give money to nonprofits that spend over 75 percent of their money helping low-income individuals. So this is a way for the Government, instead of spending more money on Federal or State programs, to take the money that the Federal Government gives to run Federal programs and say: Let's give it directly, unaltered, untainted, directly to those organizations—many of them faith-based—that really are out there on the front line, compassionate organizations that are out there across the table from people who are in need, people who have problems.

They are not behind a bulletproof glass at a welfare office passing out checks if you have the right number on your card. These are people who are in the trenches who are making a difference, who are transforming lives every single day, and doing it not because they get paid to do it or because there is a Federal law they have to do it; they do it because they love their neighbor.

Those organizations have been lifted up recently by the Vice President, by Governor George Bush, and many others running for President. They are lifted up because they found that—you know what?—faith works. There is a very utilitarian reason to do this—it works best; it is cheapest—but that is not the best reason. The best reason to do this is because it transforms lives. It does not just give people a better job or get them off drugs. It transforms their spirit, which is the best thing needed in America's poorest communities.

What we do with the charitable tax credit is, I believe, the most transformational thing we can do in this tax bill.

The second part of the American Community Renewal Act targets not the soul but the economy. How do we create jobs so when we transform people they can get into productive work, not taking a bus out to the suburbs to work in a mall, but transform their own communities with home ownership and economic opportunity and entrepreneurial investment.

We provide for 100 renewal communities, targeted with progrowth incentives, tax benefits, regulatory relief, savings accounts, brownfield cleanups, a comprehensive approach to inner cities. And at least 20 percent of these communities have to be in rural areas. This is in the House bill. This is where the House stepped up and said, yes, we are for tax relief. We have overpaid, but we will not leave any American behind. We are going to reach down and make sure every American has the opportunity to be a taxpayer, to contribute to the economic future of this country.

A renewal community must do some things. It is not just a handout to the community. They have to commit to reduce local tax rates and reduce fees within the zones. So yes, we are going to provide some incentives, but they have to do the same. They have to partner with us. The States have to eliminate State and local sales taxes, waive local and State occupational licensing regulations and other barriers to entry for entrepreneurs in these poor communities where it is so hard.

It is a lot harder to put up a store front in an area where crime is high, where the services are not as good, than it to set up one in the suburbs. It is a lot more expensive. It is harder to get employees, harder to maintain security, harder to get people to come into your establishment. So they need some help. This is the kind of help we want to partner with. We will provide some incentives, the locals, the State. It is a partnership. Let's really work together to make this happen.

I fervently hope when we bring this bill out of conference that the American Community Renewal Act will be a part of that so we show, as I believe this bill does, show that we care about all Americans in providing relief, yes, tax relief, but relief from the difficult times that many Americans are going through in our inner cities and poor rural areas.

The second bill I am going to be talking about, which we have introduced and I hope we can get adopted, is a very simple provision.

Before I start, in this bill—I congratulate the chairman—is a raising of the low-income housing tax credit allocation. The current cap, $1.25 per capita per State, was established in 1986 and has never been raised. Due to inflation, credits under the current allocation have lost about 50 percent of their value. The chairman's bill raises the allocation to $1.75 per capita over a 5-year period. The low-income housing tax credit is the largest and, I think,

most efficient housing program because it marries public and private resources of production in rehab of affordable housing, rental housing that we have in America. It is a tremendous success.

My amendment to the chairman's bill is based on legislation which raises the cap and indexes it for inflation. This legislation already has 70 cosponsors in the Senate. The only piece left out of the chaiman's bill is an indexing of that per capita allocation from the year 2006 on. That costs a whopping $43 million, not a big ticket item. And frankly, we pay for it. In fact, as the chairman will be delighted, we more than pay for it in the amendment that we have. So there is extra money around for other things that may be done. We think this is a high priority.

We think, again, we have to provide affordable housing. This is a program that works. This is a program that has bipartisan support and something that can say to people, as we have in this bill already, say to people who may not be big taxpayers and get big tax relief that we are going to provide some relief in the form of better affordable housing, more affordable housing for those who may not be taxpayers now but hopefully, through the efforts here in reducing taxes, getting this economy—not getting it but continuing this economy to grow in the future, we will participate in that.

This is one of those step-ups, by providing quality, affordable private housing, rental housing, which has, again, been an incredibly successful program.

I hope, again, that we can include the amendment on the low-income housing tax credit in this bill and go to conference with that here in the Senate bill. Secondly, I implore the chairman that when we get to conference to include the American Community Renewal Act to make sure that every American has the opportunity to rise.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 10 minutes off the bill to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I thank my friend and colleague from Montana.

Mr. President, tomorrow I will be offering an amendment on behalf of myself and Senator FEINGOLD. This amendment is very simple. It directs the Finance Committee to change the bill so that it does not raid Social Security surpluses in any year to pay for tax breaks.

The motion stands for a very simple proposition. Social Security surpluses should be used for Social Security, not for broad-scale tax breaks that primarily benefit special interests and wealthy individuals, not for tax breaks that disproportionately benefit the wealthy, not for anything that would make it more difficult for baby boomers and other Americans to enjoy a secure retirement.

This ought not to be a controversial proposition. After all, both parties have been arguing along the same lines for most of this year. Democrats created a lockbox to prevent Social Security surpluses from being used for other purposes and to protect Medicare, and the Republicans vowed to support that concept. But actually, the lockbox proposal that was introduced by the Republicans has a huge loophole and does nothing for Medicare.

Medicare is perhaps the most important program that exists in this country. Medicare is for the elderly. Medicare is the one program that people have to have standing by in case an illness strikes, which is an occurrence that is not infrequent when one reaches 65 or retirement age. Medicare can prevent a catastrophic illness, but also can prevent a catastrophic financial problem. So we support extending Medicare for as long as we possibly can, and the projection now is that though Medicare would be insolvent in 2015, we see an opportunity to extend it to 2027.

There did seem to be broad agreement from both parties that Social Security surpluses should not be touched for any other purpose, that they should be used only to reduce publicly held debt. I was surprised, to put it mildly, to discover that the Republican tax bill before us actually spends Social Security surpluses. Deny it they might—and one need not be a mathematician; the arithmetic is pretty simple to see—but, in fact, the bill before us spends Social Security surpluses in each of the second 5 years after the bill's enactment. It starts in 2005.

This chart explains the problems. Consider, for example, what happens beginning in 2005 under this legislation. The non-Social Security surplus that year will be $88.6 billion. But this bill, the way it is laid out, would cost $89.9 billion. In other words, this bill would use $1.3 billion in Social Security surpluses that very year, 2005, not a long way away. But the damage doesn't stop there.

This legislation would increase debt, and that would lead to higher interest costs. In 2005 alone, these additional interest costs would eat up another $10.9 billion of Social Security surpluses. So the raid on Social Security that year would equal $12.3 billion. This is after the promise that Social Security is sacred: Touch not a hair on that Social Security reserve that we are saving for the elderly, which we promised them would be theirs. When we finally have a chance to guarantee its solvency, that promise, frankly, was an empty promise.

Look at the numbers. If you consider both the direct revenue losses and the additional interest costs, this bill would raid Social Security surpluses in each of the second 5 years after enactment. We are talking about 10 years from now. The raid in 2006 would take $5.7 billion. That would increase to $10.2 billion in 2007, to $24 billion in 2008, and $23.4 billion in the year 2009.

This is inconsistent with the Republicans' own lockbox. It would violate a principle that is meant to protect all Americans who are depending on Social Security for their retirement. These are people who spend their lives working hard, playing by the rules, contributing their FICA taxes to the Social Security trust fund. In fact, millions of seniors depend on Social Security just to make ends meet, no luxury included there. Many of these people have high medical expenses. It is a natural phenomenon. Thank goodness we are living longer, but in that living illnesses do occur. Some have trouble getting around; they are physically impaired. Many are really struggling. It is Social Security that keeps them out of poverty. For these people, saving Social Security is not just an abstract principle, a slogan; it is critical to their very existence.

That is important to remember. It is important to remember that the number of Social Security beneficiaries will grow by 37 percent between now and 2015. By 2014, Social Security taxes will no longer be sufficient to cover monthly expenses. So we need to prepare. At a minimum, that means not using Social Security surpluses for anything else.

I know how my friends on the Republican side will react to this. When confronted with these numbers, they will have to admit that this bill spends Social Security surpluses. But that is not really a problem, they will say, because years and years down the road Congress will somehow or other cut programs such as education and the environment to make up the difference.

That is an empty promise, an empty lockbox, it is completely unenforceable, and it has zero credibility. Consider how deep these cuts would have to be. Let's assume the Republican Congress funds defense programs only at the levels proposed by President Clinton. After 10 years, domestic needs—everything from education, to environmental protection, to the FBI—would have to be cut by roughly 40 percent. Is that credible? A 40-percent cut in student aid? A 40-percent cut in health research? A 40-percent cut in veterans' programs? That always gets to me because the promises made when they are recruiting, when people sign up, are that we will make sure you have medical care through the rest of your life—except they cut the funding.

There may be a few Republicans who would support cuts such as that. But there is no way cuts that size would ever win a majority. It would be foolish to assume otherwise.

My motion is simple. It tells the Finance Committee to go back and fix this bill so that it doesn't use Social Security surpluses in any year, bring it back to the Senate within 3 days, and then let's consider it. I don't think it is asking much. It is not going to hurt anybody if the Senate waits another 3 days before resuming work on this bill. But lots of people will be hurt if the Senate abandons its principles and uses Social Security surpluses for tax breaks that disproportionately benefit the wealthy and special interests. That would be a serious mistake.

I urge my colleagues to support this motion when it is in front of you. Let's fix this bill and protect Social Security surpluses. Let's keep the promise we made to the baby boomers, those who will be retiring, that Social Security will be extended as far as we are physically able to do so.

I yield the floor.

Mr. ROTH. Mr. President, I yield the remaining 6 minutes we have on the amendment to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, there won't be time tomorrow to say what I am saying tonight. That is why I came down. I congratulate the Senator from Delaware, Senator ROTH, and the Finance Committee for a fine job.

First of all, I am kind of infuriated, but I will keep my emotions down. The President of the United States has gone beyond what anybody would believe when today, in front of a bunch of young people, he as much as said the Republican plan will make sure you don't even learn how to read. That is disgraceful because the truth of the matter is, if the Congress wants to spend more money on education after this tax cut, there is plenty of money to do it. If the President is persuasive enough next year, he can get more money for education because there is more money to spend.

The second thing is not at that level for me, but Senator LAUTENBERG is just flat wrong. Do you know who was spending the Social Security surplus? The President was. In fact, he even sent to us his first proposal and said, only save 62 percent of it, spend the rest of it. He said, we will save it over 15 years, so don't worry year by year about putting it in the trust fund. We challenged him on that. He came back in his midsession review and said: Republicans, you are right: Let's put 100 percent in. So we put 100 percent in the lockbox, into security. So I don't understand what Senator LAUTENBERG is talking about.

Having said that, let me talk about this bill because it is a very masterful bill, considering where we are. First, there is no question that marriage, saving for retirement, and dying should not be taxable events as we enter the new century. If there is anything we have learned, it is that we need to enhance and praise marriage, not punish it. We need to encourage saving for retirement, and we should not tax the event of dying. Isn't it wonderful that we have fixed all of those to a great extent in this bill? What is the matter with that?

Mr. President, that is what you are going to be vetoing when you veto this bill.

Alternative minimum tax. That is, the alternative minimum tax should not turn the child care credit, education credit, HOPE education tax credit, and foster care credits into phantom tax relief, not worth the paper they were written on because an old alternative minimum tax, adopted during the oil boom, would make these credits unusable, so when you hear these funny words, ''Let's fix the alternative minimum tax,'' it is hundreds and hundreds of thousands of middle-income Americans who thought we gave them an education credit, who thought we gave them a child care credit, only to find that now the alternative minimum tax takes it away. That has been fixed.

Taxes are too high if measured by what is needed to fund the Government. They are too high if measured historically. The average family is paying twice what they paid in 1985. The tax burden is 54 percent heavier when measured from President Bill Clinton's first day in office to the end of 1999. He may take a lot of credit for other things, but that is a fact. Despite these record increases, the administration's 2000 budget proposes another $170 billion in new taxes. Unbelievable.

Broad-based tax relief. The Senate bill starts off with broad-based relief, lowering the bottom brackets for everyone in our families across America, and then in the bill, after lowering the rate to 14, they raise the brackets by $10,000. That means that millions more Americans will be paying the lowest possible rate.

This bill provides significant family relief, although not as much as my good friend from Texas would like on the marriage penalty.

I ask our seniors across America, as the President tries to frighten them into thinking we are harming them on Medicare and Social Security when that is not the truth, wouldn't you like it if your sons and daughters who are paying a marriage penalty because they are married are treated like other citizens instead of punished? I believe senior citizens would be very grateful for that for their children—the millions across America.

Child care: I think the seniors who they are trying to frighten to death because they want an issue and not a solution would be thrilled to know that Chairman BILL ROTH and his Finance Committee made it easier for their grandchildren to be taken care of under child care and the enormous costs that it imposes on a family. We have made it more accessible, and we have made more advantageous tax laws.

Their Tax Code is notorious for giving a tax break on the one hand and then taking it away on the other. That is the alternative minimum tax, and it works in that fashion. This bill that has been put before the Senate protects the child credit, and it protects education credits.

Mr. President, and fellow Senators, there is much more that can be said about it. I suggest that this bill will do more for millions of Americans.

Taxes are too high if measured by what is needed to fund government.

Taxes are too high if measured by historical benchmarks. The average family is paying twice what they paid in 1985.

The tax burden is 54 percent heavier when measured from President Clinton's first day in office to the end of 1999. Despite these record increases, the Administration's 2000 budget proposes another $170 billion in new taxes.

The Senate bill starts out with broad-based tax relief. Lowering the bottom bracket gives a tax cut to every taxpaying family. The bill lowers the rate to 14 percent. I would have liked to see it go even lower.

The bill also widens the lowest bracket so that more people can earn more money without being forced into the 28 percent bracket. This change will return 4 million Americans to the lowest bracket. It will return 151,000 New Mexicans to the lowest bracket and at the same time another 83,000 New Mexicans will see their taxes cut.

This bill also provides significant family tax relief.

Saying ''I do'' at the altar has meant paying on average $1,400 more on April 15. Marriage shouldn't be a taxable event. This bill corrects this inequity for 19 million American families.

As more and more women have entered the work force, one of the fastest growing family expenses is child care. In New Mexico, the annual cost can run from $3,133 to $5,200 per child. This bill increases the child care credit from 30 to 50 percent for families earning less than $30,000, and expands the eligibility for the credit to all families. With the credit increase and the eligibility expansion, as many as 68,000 New Mexico families will be eligible for either a bigger credit or first-time eligibility.

The tax code is notorious for giving a tax break with one hand and taking it way in the other. The Alternative Minimum Tax, AMT, works in this fashion. This bill protects the child care credit, education credits, day care and other norefundable tax credits from being rendered unusable by the AMT. When the AMT was created in 1986, 140,000 people had to pay it. But by 2008:

There will be 40.6 million Families eligible for dependent child credits but 24.8 million of those families would receive zero or less than the full credit as a result of the AMT.

There will be 49 million familes with nonrefundable credits—all credits except EITC—and 33.9 million of them will receive zero or less than the full credits as a result of the AMT.

There will be 16 million families eligible for HOPE and lifetime learning credits, but 11.3 million would receive zero or less than the full credits as a result of the AMT.

The bill recognizes that all family expenditures are not equal. This tax bill recognizes that education is important and provides $12 billion over ten years in tax relief. The bill includes education savings accounts to help 14.3 million families. Seventy percent of these education tax benefits goes to families with incomes less than $75,000. It makes employer provided education assistance permanent. In this ever changing technology-driven world, it is essential that workers pursue life long learning and complete graduate degrees. The bill also makes it easier and cheaper for school construction. There are more than 1,700 schools in New Mexico that I hope will be helped by this initiative.

In New Mexico there are 331,815 public school students. It would be wonderful if New Mexican—parents and grandparents started as soon as this bill is signed into law to open an account for each of these 331,815 children. There would be no better investment in America's future and these education accounts should help families meet that goal.

When it comes to health care, the Tax Code doesn't discriminate based upon who you are, but rather upon who you work for. Families shouldn't receive disparate tax treatment determined by who you work for. It isn't fair that one worker has health care purchased with pre-tax dollars; while the sole proprietor or the employee of a small business has to pay for health care with after-tax dollars.

This bill provides 100 percent deductibility for health insurance for the self-employed. It also provides an above-the-line deduction that will phase in from 25 percent to 100 percent for every taxpaying American family. There are 43.3 million uninsured people in America, plus 10.2 million who have access to health insurance but decline to participate because of the high cost. This is a big problem in New Mexico. There are 340,000 uninsured New Mexicans where someone in the family works.

The bill provides generational equity by providing a child care and a long term care credit. One in four families care for an elderly relative. This bill provides a tax credit and an extra exemption for the in home care giver.

Expensing is the most efficient way of reducing the cost of capital for new investment. The bill provides $5,000 worth of new efficiency for every small business by increasing the amount that can be written off in the year the investment is made. A tax policy that allows capital investments to be deductible in the year they are made maximizes productivity, economic growth and job creation. When a company doesn't have to calculate depreciation it saves 43 hours a year in tax preparation. If we adopted a system of expensing we could save 106 million hours a year in tax and recordkeeping. We would also lower the cost of capital by about one-third.

This bill takes significant steps to reduce the estate and gift tax . The bill would lower the top rate to 50 percent, double the gift tax exclusion and get rid of the generation skipping transfer tax which can impose taxes as high as 80 percent when a gift is left to a grandchild.

Milton Friedman said and I agree, ''The estate tax sends a bad message to savers, to wit: that it is o.k. to spend your money on wine, women and song, but don't try to save it for your kids. The moral absurdity of the tax is surpassed only by its economic irrationality.''

The death tax is also one of the most unpopular taxes. While most Americans will never pay it, 70 percent believe it is one of the most unfair taxes.

Its damage to the economy is worse than its unpopular reputation. The Tax Foundation found that today's estate tax rates (ranging from 18 to 55 percent) have the same disincentive effect on entrepreneurs as doubling the current income tax rates. NFIB called it the ''greatest burden on our nation's most successful small businesses.''

This bill makes a major stride. It makes the R&E credit permanent.

With a $3.2 trillion surplus, the only responsible, legitimate course of action is a tax cut.

Foolish are they who argue against tax cuts. They say to working families, ''I know what to do with your money better than you do. Give it to me so I can spend it for you.''

The tax burden is high. People work until May 11, of each year to pay their taxes. It is the highest tax burden since WWII. People pay more in taxes than they spend on food, shelter and education.

The Senate tax plan is an excellent plan that moves us toward lower, flatter, simplier taxes. It moves our tax system toward taxing income that is consumed and not income that is earned, saved and invested.

It's the same old debate: one party wants to give the money to programs; we want to give the money to people.

A government big enough to give you everything is a government that takes everything away with a big tax bite. I can't imagine anything more frightening to the average taxpayer than the sight of grand government schemer rushing towards a trillion dollar pile of extra tax payer dollars.

Republicans say it is the best of times for a tax cut; the Democrats say it is the worst. Everyone quotes Chairman Greenspan. When Greenspan is deciphered the oracle is that a tax cut is better than spending all the money.

If the surplus were a dollar 2 quarters would go for Social Security reform; one quarter for high priority spending —education, research, and defense.

With the first three quarters we can save social security, reform medicare, provide adequate funding for domestic and defense spending and pay down the national the debt.

The remaining quarter is for tax cuts.

The Taxpayer Refund Act before the Senate is the best of plans. It lowers rates. It encourages savings. It eliminates the worst of a bad tax code by eliminating the marriage penalty; killing the death tax and ending the Alternative Minimum tax to rescue the full benefit of the child care, foster care, education, and other needed tax credits for families who otherwise unavoidably would end up in the AMT.

If not tax cuts now, then when? The Democrats say—not ever.

I say, If not tax cuts now, then what? The President's plan answers: Spend it all. Grow government!

The Senate plan is synchronized to our business cycle and the condition of the economy. Congress' budget allocates 75 percent of the projected surpluses over the next 10 years for paying down the debt. This ensures our long-term fiscal virility.

Even with our tax cut, our surpluses will climb steadily as a share of GDP and our national debt will be paid off—falling dramatically from 40 percent of GDP this year to only 12 percent by 2009. our plan lowers the level of debt more than the President's plan, keeps government from growing out of control and gives the American people some of their hard earned money back in the form or a well-thought out tax cut.

The PRESIDING OFFICER. All time has expired.

Mr. DOMENICI. I yield the floor.

Mr. ROTH. Mr. President, I ask that we temporarily set aside the amendment before us.

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

Mr. ROTH. Mr. President, we are now opening up to the next amendment.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 1472

(Purpose: To provide for the relief of the marriage tax penalty beginning in the year 2001 and for other purposes)

Mrs. HUTCHISON. Mr. President, I call up amendment No. 1472.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from Texas (Mrs. HUTCHISON), for herself, Mr. ASHCROFT, and Mr. BROWNBACK, proposes an amendment numbered 1472.

Mrs. HUTCHISON. 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:

(1) On page 15, line 14, insert the following to paragraph (c):

(A) Twice the dollar amount in effect under subparagraph (C) in the case of—

(I) a joint return for married individuals not filing a combined return under 6013A, or

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

On page 15, line 14, insert the following new paragraph (d) and reorder the remaining paragraphs accordingly:

(d) PHASE-IN.—In the case of taxable years before January 1, 2004—

(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 2002

(ii) ''1.889 times'' in the case of the taxable year 2003.

(2) Alternative Minimum Tax: Modifications to Section 206:

On page 32, line 3—

Strike ''1998'' and insert ''2000.''

On page 32, line 14—

Strike ''2004'' and insert ''2006.''

(3) AGI Limitations on Contributions to the Roth IRA: Modification to Sections 302:

On page 38, line 18, strike ''2000'' and insert ''2002''

(4) Gift Tax Exclusion: Modification to Section 721:

On page 236, line 11, strike all of Section 721 and insert the following new section:

''SECTION 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503 (b) (relating to exclusions from gifts) is amended—

(1) by striking ''$10,000'' and inserting ''$20,000.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2004.''

(5) *Charitable Contributions for Individuals Who Do Not Itemize: Modifications to Section 808*

On page 262, strike lines 15 through 17 and insert the following new paragraph:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001 and ending before January 1, 2004.

(6) International Tax Provisions: Modifications to Sections 901 and 902:

On page 275, line 12, strike ''2003'' and insert ''2004''.

On page 278, line 13, strike ''2002'' and insert ''2004''.

Mrs. HUTCHISON. Mr. President, this amendment is cosponsored by Senator ASHCROFT of Missouri and Senator BROWNBACK of Kansas.

This is an amendment that, very simply, moves the marriage penalty provisions from taking effect in 2005 to giving an early effect starting in 2001. By beginning to phase in the doubling of the standard deduction, we give married couples relief from the marriage tax penalty that I have to say I think is the most unfair part of the Tax Code in the Internal Revenue Code that we have in our country.

It isn't that anybody ever meant to have a marriage tax penalty. Congress didn't enact one. But it was a consequence that was unintended and unexpected when there were changes in the brackets in the Tax Code. We are going to correct it with this amendment. We are going to do it earlier than is in the bill.

I think Senator ROTH and Senator MOYNIHAN did a terrific job. They had a very difficult time, particularly because they were quite responsible in saying we were not going to have tax cuts except as we have a surplus that comes from income tax deductions.

The first decision the Finance Committee made was to say: We are setting aside Social Security. We are not going to touch it.

If we were to spend the Social Security surplus, we could have a lot more tax cuts a lot faster. But they were right. They said: No, we are not going to do that. Social Security was off the table.

We have smaller tax cuts in the early years because we are dealing with income tax deductions that should go back to the people who earned it. They sent too much to Washington and we want to return it to them.

The question is, What is the most important of the tax cuts and the least we can give? Senator ASHCROFT, Senator BROWNBACK, and I believe the marriage tax penalty is the highest priority for relief.

We are offering this amendment by delaying a few of the other tax cuts until later. We don't change any of the tax cuts in this bill. We do not eliminate any of them. I support all of them. But we say the highest priority is the marriage tax penalty relief and everything else can be delayed a little bit to give hard-working American families that relief.

We are talking about a schoolteacher who makes $33,000 a year and a football coach who makes $41,000 a year. They are paying taxes, when they are single, in the 15-percent tax bracket. They get married. Guess what. They go into the 28-percent tax bracket at a time when they need their money the most.

We have almost doubled their tax bracket just because they have gotten married. Not only that, we don't even give them double the standard deduction. Instead of $4,300, and $4,300 when they were both single, they now together get $7,200. All we are going to do is phase in $8,600 in the standard deduction right up front. We are going to delay a few other things to let that happen.

In 2005, the real marriage tax penalty kicks in because that is the first time we have the money to let people file as singles when they are married. That is the best marriage tax penalty reduction of all because it eliminates it. That is simply what the amendment does.

I commend Senator ROTH for all of the effort he took to be responsible with this tax cut bill. This tax cut bill has across-the-board rate reductions that help every taxpayer in America, expands the tax brackets for middle-income taxpayers, and a number of positive pension provisions that are particularly helpful for women.

I spoke to Senator ROTH about the inequity for women in the workplace, because women have children and they have to lay off a few months. Some choose to lay off for six years until their children go to school. Some choose to lay off 18 years.

Women live longer. They are in and out of the workplace more—that is a fact—and they get penalized not only in their working years, but they get penalized in their retirement years. That is not fair.

This bill attempts to give them catchup provisions for their pensions. It is a great part of this bill. I support it totally.

We also have increases in charitable giving. This is a provision of mine that was put in this bill by Senator ROTH. It allows a person to roll over IRA contributions to charities without tax consequences. If a person has saved and done the right thing and sees that they are not going to need their IRA money, they can give it to charity without tax consequences. That is in this bill.

We are helping farmers with risk accounts in this bill, so that farmers will be able to plan and put aside money tax free until they need it in bad times. Heaven knows, the farmers of this country have seen bad times. We have $12 billion in education tax relief.

Mr. President, this is a good bill. It is a balanced bill. It has marriage tax penalty relief, but it is in 2005. That is my only real concern about the fairness of this bill.

Senator ASHCROFT, Senator BROWNBACK, and I want to phase in some of the other tax cuts a little bit further down the road and say to the 40 million American married couples who are being penalized because they are married, we believe it is the highest priority to give relief. That is what we are saying in our amendment.

How much time remains?

The PRESIDING OFFICER (Mr. ENZI). Thirty-four and a half minutes.

Mrs. HUTCHISON. Senator BROWNBACK has been a leader in this effort. We have been fighting for this for a long time. I am very pleased he is with us on this amendment. We made some tough choices, but we think it is the right priority to send.

I yield 12 minutes to Senator BROWNBACK.

Mr. BROWNBACK. I thank the Senator from Texas. She has been the leader on this issue. I am delighted to be working with her on such an important issue. I also thank the chairman of the committee for recognizing the importance of eliminating the marriage penalty. We moved this up; this is the highest priority.

I want to tell Members why I think it is the highest priority in the words of people who have been interviewed and who have paid the marriage penalties. In the Wichita Eagle on Sunday, Kyle and Lynn Schudy stated they rediscovered the cost of true love this April, April 15. Their total cost of true love came to $1,823. That is how much the extra income tax was for this Prairie Village couple in their early thirties. That is what they paid last year because they are married and filed jointly instead of single and living together. They found that was the cost of true love.

I don't know that we can make a much better case for eliminating the marriage penalty than the voices across America who have stated what they are paying in this marriage penalty.

Listen to this from Tennessee:

My wife and I got married on January 1, 1997. We were going to have a Christmas wedding last year but after talking to my accountant, who saw that instead of both of us getting money back on our taxes we would have to pay in. So we postponed it. Now after getting married we have to have more taken out of our checks just to break even and not get a refund. We got penalized for getting married and that is not right.

I don't know that it can be any clearer than what some of these families have said.

From Maryland, Mark Patterson:

My wife and I decided to have a family and get married. All we were concerned about was the love we had for each other.

That sounds like a pretty good start.

After 8 years of marriage and two children we found all we worry about now is how to come up with enough money to put a roof over our head, eat and have good day care for our children. I am sick about the huge chunks of money taken out of every pay check by Uncle Sam just because we are married.

Mr. SESSIONS. Will the Senator yield for a question?

Mr. BROWNBACK. If he will state his marriage penalty, I yield.

Mr. SESSIONS. I received a communication from an individual who was divorced in January and found out, had they divorced in December, they would have saved almost $2,000 in taxes.

My question to the Senator: Does that mean the Federal Government is subsidizing divorce?

Mr. BROWNBACK. Some would draw that conclusion.

Clearly, we are taxing marriage. We are taxing the fundamental institution around which we build values. That is not right, as the people in the letters from across America state.

Here is another letter from Ohio:

No person who legitimately supports family values could be against this bill of eliminating the marriage penalty. The marriage penalty is but another example of how in the past 40 years the Federal Government has enacted policies that have broken down the fundamental institutions that were the strength of this country from the start.

A woman writes:

My boy friend, Darryl and I have been living together for quite some time. We would very much like to get married. We both work at Ford Electronics in Crothersville, IN, and make less than $10 an hour, but work over time when available and Darryl does farming on the side. I cannot tell you how disgusted we both are over this tax issue. If we get married not only would I forfeit my $900 refund check, we would be writing a check for $2,800.

This was figured by an accountant at H&R Block at New Castle. There is nothing right about this after we continually hear the government preach to us about family values. Nothing new about the hypocrites in Washington. Why not do away with the current tax system?

These are voices from across America.

This is from Houston, TX:

If we are really interested in putting children first, why would this country penalize the very situation [marriage] where kids do best? When parents are truly committed to each other through their marriage vows, their children's outcomes are enhanced.

Yet we tax it and penalize it to the average of $1,400 per married couple of the 21 million American married couples who pay this tax.

I am sure this evolved and nobody maliciously said we will tax married couples. The fact remains, we tax marriage, and it must stop. We have the chance now to actually do that.

Another point I want to make about this: The institution of marriage in America is in serious trouble.

I ask unanimous consent to have printed in the RECORD the Washington Post article of July 2 of this year titled ''For Better or Worse, Marriage Hits a Low.''

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

[From the Washington Post, July 2, 1999]

FOR BETTER OR WORSE, MARRIAGE HITS A LOW

(By Michael A. Fletcher)

Americans are less likely to marry than ever before, according to a new study, and fewer people who do marry report being ''very happy'' in their marriages.

The report, released yesterday by Rutgers University's National Marriage Project and touted as a benchmark compilation of statistics and surveys, found that the nation's marriage rate has dipped by 43 percent in the past four decades—from 87.5 marriages per 1,000 unmarried women in 1960 to 49.7 marriages in 1996—leaving it at its lowest point in recorded history.

The percentage of married people who reported being ''very happy'' in their marriages fell from 53.5 in 1973–76 to 37.8 in 1996.

The historically low marriage rate, coupled with a soaring divorce rate, has dramatically altered attitudes toward one of society's most fundamental institutions. Although Americans still cherish the ideal of marriage, increasing numbers of young adults, particularly young women, are pessimistic about finding a lasting marriage partner and are far more accepting than in the past of alternatives to marriage, including single parenthood and living together with a partner outside of marriage, according to the report.

''Young people today want successful marriages, but they are increasingly anxious and pessimistic about their chances for achieving that goal,'' said Barbara Dafoe Whitehead, co-director of the National Marriage Project.

Funded by Rutgers in conjunction with several private foundations, the project is a research institute that tracks social indicators related to marriage—an area of study its directors contend is frequently overlooked.

''Nobody is focusing on marriage,'' said David Popenoe, the project's other co-director. ''It is not in the national debate.''

Rather than directly examining Americans' attitudes toward marriage, researchers have tended to focus on the flip side of the coin, tracking social trends such as the increases in divorce, out-of-wedlock births and single-parent households over the past two decades. In the immediate post-World War II generation, 80 percent of children grew up in a family with two biological parents. That number has dipped to 60 percent.

Before declining slightly in recent years, the divorce rate had soared more than 30 percent since 1970. Today, nearly half of U.S. marriages are projected to end in divorce or permanent separation.

These changes have ignited a national grass-roots movement to discourage divorce and promote marriage. Many states are reexamining their no-fault divorce laws, and at least two states, Louisiana and Arizona, have instituted ''covenant marriages,'' which require marriage counseling if a relationship falters and narrowly restrict grounds for divorce. ''Marriage education,'' a term that entered the national lexicon less than a decade ago, has become a growing concern.

Last year in Florida, legislators passed a law requiring marriage education skills to be taught in high schools. In addition, adults preparing for marriage in Florida receive a substantial discount on their marriage licenses if they choose to take a marriage education course.

''People are so distressed about the state of marriage in America,'' said Diane Sollee, founder of the Coalition for Marriage, Family and Couples Education. Her District-based group is hosting a conference in Arlington this week that is being attended by 1,000 people seeking marriage education training.

''We think about marriage counseling in terms of therapy,'' she added, ''But we realize that we can teach skills to people to make their marriages strong. What distinguishes marriages that go the distance from those that end in divorce isn't whether couples disagree, but certain behaviors between them.''

The National Marriage Project report blames the declining marriage rate on people postponing marriage until later in life and on more couples deciding to live together outside of marriage. According to the report, nearly half of people ages 25 to 40 have at some point set up a joint household with a member of the opposite sex outside of marriage.

As a result, the report's authors argued, marriage is no longer the presumed route from adolescence to adulthood and has lost much of its significance as a rite of passage. Moreover, marriage is far less likely to be associated with first sexual experiences, particularly for women, the report said. Whereas 90 percent of women born between 1933 and 1942 were either virgins when they married or had premarital sex only with their eventual husbands, now more than half of girls

have sexual intercourse by age 17, and on average they are sexually active for about eight years before getting married.

These changes in marriage patterns have contributed to new attitudes toward the institution. Although the percentage of teenagers who said that having a good marriage and family life was ''extremely important'' to them has increased modestly in the past two decades, the percentage who said they expected to stay married to the same person for life has decreased slightly. More dramatically, the percentage of teenage girls who said having a child out of wedlock is a ''worthwhile lifestyle'' increased from 33 percent to 53 percent in the past two decades.

Whereas the report's findings led its authors to conclude that ''the institution of marriage is in serious trouble,'' other researchers who track marriage trends said there also was reason for optimism. For one, they note that demographers predict that 85 percent of young people will marry at some point in their lives, a substantial figure, even though it is smaller than the 94 percent that pertained in 1960.

''There is some evidence that marriage is in trouble,'' said Kristin Moore, senior scholar for Child Trends, a nonprofit research organization that tracks trends in family and child well-being. ''But there is also much evidence that marriage remains highly valued.''

Mr. BROWNBACK. It says:

Americans are less likely to marry than ever before, according to a new study, and fewer people who do marry report being ''very happy'' in their marriages.

This report, released yesterday by Rutger University's National Marriage Project and touted as a benchmark compilation of statistics and surveys, found that the nation's marriage rate has dipped by 43 percent in the past four decades. . . .

We have a chart of the result from the Rutger study. In 1960, per 1,000 women age 15 and over, between 85 and 90 percent per year were getting married, and now it is below 50 percent, a 43-percent fall-off in people getting married.

The writers of the study stated this about the institution of marriage, the foundational unit upon which we build family values and pass them on to the next generation:

Key social indicators suggest a substantial weakening of the institution of marriage.

This is serious. I daresay that probably in this next Presidential campaign, ''family values'' may be the two words said most often as we worry, fret, and are concerned about what is happening to our children and our society and in this culture.

Can anybody in this room, in this august body, therefore say it is OK to tax the fundamental institution that helps most in building family values, that we tax the U.S. institution of marriage, that we make 21 million American couples annually pay on average to the tune of $1,400 just for the privilege of being married when we are so worried about the values in the country? How can we vote against this?

I am delighted the chairman has put this in the bill. I am happy we are trying, and I hope we will be successful, in moving this up earlier, so once and for all we can stop taxing the institution of marriage. We have to stop doing that.

When marriage as an institution breaks down, children suffer. The past few decades have seen a huge increase in out-of-wedlock births and divorce, a combination which has substantially undermined the well-being of children in virtually all areas, all places of life.

Some people can struggle heroically and help build up the families, and certainly nobody is here to castigate others. We are saying this is a tax that is wrong. It is wrong for virtually every reason. It taxes a fundamental family-value-building institution. It penalizes people whom we should be rewarding. Study after study has shown children do best when they grow up in a stable home, raised by two parents who are committed to each other.

Newlyweds face enough challenges without paying punitive damages in the form of the marriage tax. The last thing the Federal Government should do is penalize the institution that is the foundational unit of passing on to the next generation morals and family values, and yet we do it. We have done it for a number of years.

We must give the people back a tax cut. I will support the overall effort to give back in tax cuts the nearly $800 billion. I think we should do that. But clearly our top priority in this effort must be eliminating this bad—this worst tax that we have, worst for its effect on the institution of marriage. We must give the American people the growth rebate they deserve and return this overpayment. The first tax we must cut is this marriage penalty tax. It is going to be expensive. It is important. It is expensive to couples who pay this tax all the time, on average $1,400 per year per couple.

With that, I have a number of other things to share, but I think it is simply time we do away with this tax. I am delighted to join the Senator from Texas and the Senator from Missouri in their efforts, in our efforts to do this. I applaud the chairman for building this into the tax cut. I am hopeful we can do this earlier. I would like us to even do income splitting. We are not going to be able to do it today. With that, I yield back to the Senator from Texas.

Mrs. HUTCHISON. Mr. President, I say to the Senator from Kansas that we can do income splitting down the road as well because, in fact, it is very important that we give every married couple the best shake we can give them; that treats them totally fair. Whether they are a two-income-earner couple or a one-income-earner couple, we want them to have the same treatment that they would have under any other circumstance.

So I do support income splitting. I think after we get the money accumulated in the surplus we will be able to give them much more relief, real relief, in fact elimination of the penalty. That is the goal of all of us.

I yield 12 minutes also to Senator ASHCROFT. Senator ASHCROFT has been fighting along with Senator BROWNBACK and myself, side by side, on this issue. Ever since he came to the Senate it has been one of his highest priorities. I am so appreciative that he has been the stalwart soldier on the marriage tax penalty that he has because I think we are going to win this victory in the end.

I yield 12 minutes to Senator ASHCROFT.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I thank the Senator from Texas for her leadership in this respect. She has understood the challenge, the special challenge that comes to families as a result of this pernicious discrimination in our Tax Code. She has fought long and hard for its removal. I am honored to be a participant as a cosponsor of this amendment with her and Senator BROWNBACK.

I also thank the chairman of the Finance Committee, Senator ROTH, who understood the fundamental value that is expressed in neutralizing the tax policy toward families. I say ''neutralizing.'' I really mean that, in the sense that we have been at war with families in our Tax Code. Mr. President, 21 million American couples, 42 million Americans, are spending an average of $1,400 per year more, each couple, because of the marriage penalty. It makes it tough for that couple to make choices that they ought to be able to make to benefit their families. So I thank the chairman of the Finance Committee, Senator ROTH, for placing this in the bill, for seeing to it that this category of remediation, this effort to repair an injury to the very fabric of America's culture, is included in this tax measure.

We would not be here this evening with the capacity to say we want to accelerate that remedy, that we want to provide this antidote to a malady which has been afflicting the American culture, we could not move it up in the bill had it not been there in the first place. I commend him.

I would like to just take us, for a minute, back to some very substantial fundamentals about America. I think the first of those fundamentals is that this is a culture where the most important things are not in Government. The most important things are not in the institutions of Government, not in the corporate responsibility of Government. The most important things are with individuals. This is a society that honors great freedom and expects great responsibility.

America has prospered. America is distinguished from, different from, differentiated from, we are different from

other countries, other cultures. We have gone farther, we have soared father, for that reason. We expect individuals to do things for themselves; not to be reliant, always, on Government, but, where possible, to build the sense of independence, responsibility, judgment, self-reliance that makes Americans unique in the community we call the world.

When you believe the future of America is dependent upon that spirit, you have to ask yourself what are we going to fund in America? Are we going to fund the bureaucracy and the institution or are we going to fund the family and individuals? Are we going to give families the opportunity to take care of themselves or are we going to give all the resources to the sort of second best alternative?

I do not think there is a Member of this Chamber who would say it is ever better to have a vast Government program than it is to have a good family. I just do not think we have anyone who believes that because we know the family is the best Department of Education, it is the best Department of Health, it is the best teacher of responsibility and character, which is as important as anything else. It is where it really must happen.

Yet our Tax Code has been sweeping the resources away from this essential institution of the culture, the family, into the coffers of the Government, and plan B, the second priority, the sort of safety net, has gotten all the resources. We have left in an anemic place the family, which ought to be doing the front-line defense. It would be similar to giving all the guns and weapons to the rear guard and not having the guys on the front line with any bullets. It is time to load the resources into the families, at least to give them a fair shake. It is just a fundamental part of America. We believe families are important. If we really get our job done in the families of America, Government will not really have much responsibility and much problem.

If we destroy the families of America, there is no amount of Government that will solve our problems.

So here we have a choice. Are we going to endow families with the resources they create, they earn? Are we going to let them keep some of those resources or, when they form these durable, lasting, persistent bonds and a relationship that teaches people how to rely on each other, to live with each other, how to be individually responsible and self-reliant, are we going to take that institution and continue to punish it? Or are we going to wake up and say: Hello, it is time for us to say about families we are going to let the families have some of the resources which they earn and they should keep.

I do not think it is a hard question. It is pretty simple. The proverbial rocket scientist is not needed here. It is an anomaly of our tax law. It is unfair to say the Congress at some point went forward to try to hurt families. But in this topsy-turvy tax environment that has grown by just a snippet here and a little piece there and a few hundred thousand words there—this Tax Code was, what, 750,000 words in 1955 and it is 5 million words now. You would have a hard time reading it if you started at birth and read as fast as Evelyn Woods to get through the thing before the end of your life.

So we have a situation where this code has grown up and it discriminates against families. It hurts families, and we have a great opportunity now, thanks to the chairman of the committee who placed this concept of remediating this pathology right here in this bill.

I predict Members on both sides of the aisle are going to say: We want to vote in favor of marriages; it is time to correct this inadvertent, but very damaging, prejudice against marriage in the Tax Code.

That is where we ought to be. No one in this Chamber believes that Government is more important than families. No one believes that our front line, in terms of developing this culture, is so unimportant that we ought to load all the resources to the guys at the back of the operation. We ought to put some of our ammunition in the hands of the front line.

Let's let families, let's let parents, who make these kinds of lasting commitments to each other and to their children, build an America tomorrow which has all the promise of the America you and I inherited.

I will add that it is not a great tradition in America to discriminate against marriage. This has happened in the Tax Code as our tax bite on the American family has accelerated with the growth of social programs. It was not until the sixties that we had anything of a marriage penalty, and it began to get worse and worse until now, as I have indicated, $29 billion a year is what Government takes from families as it robs 21 million families of about $1,400 per couple, and it sweeps that money away from the families into the Government, into the bureaucracy, into the plan B, the second best, yes, important safety net. Yes, we need it, but let's not deprive the first line of this culture's conditions for greatness—the families—let's not deprive them of the resources they ought to have.

I thank Senator ROTH, chairman of the Finance Committee, for placing this concept in the bill. I thank Senator HUTCHISON from Texas for having been alert to this since before I came to the Senate. She was working hard in this respect. I am always delighted to be a part of any measure with Senator BROWNBACK whose sensitivity to the values and the need for character in this culture is unsurpassed.

I do not think Government should be dictating our culture and pounding in values, but, on the other hand, our Government should not be at war with our values, and it is time for us to call a peace conference around the kitchen table of America and say to husbands and wives: You have a very important job to do, and we want you to have the resources to do that job. We must eliminate the marriage penalty, and this bill, with the Hutchison-Brownback-Ashcroft amendment, can get that down.

I reserve the remainder of the time and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I am happy to yield 5 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, I congratulate the Senator from Texas for her amendment. It is a good amendment. It does deal with an inequity in the code clearly, simply. I congratulate her, too, because she is taking the course that we in the Democratic alternative took in trying to address this problem when we proposed to raise the standard deduction as well to address essentially the marriage tax penalty.

It is interesting; there is a marriage tax penalty today, but there is also a marriage tax bonus. Basically, the rule of thumb is 70–30. That is, if there is more than a 70–30 percent differential between the income of each spouse, then there is a marriage bonus; that is, you get a tax bonus for marriages as opposed to a penalty.

The penalty situation arises roughly when the 70–30 starts to narrow down, is less of a differential, and when both spouses are earning a similar income. That is what we are addressing here, the penalty side, because more couples have both spouses working. It is interesting to note, there is a bonus for getting married today if the differential is roughly between 70–30.

The amendment the Senator from Texas is offering goes part way to eliminate the marriage tax penalty. Our Democratic alternative actually went a lot further. She raises the standard deduction by about $1,400, and the Democratic alternative raised the standard deduction for married couples by about $4,300.

In addition, in our proposal we began to eliminate the marriage tax penalty for itemizers; that is, for couples who itemize. The amendment before us deals only with couples who use the standard deduction. There are some couples who still itemize in the Tax Code, and it is our hope that we could address, eliminate, as you would, the marriage tax penalty not only for couples who use the standard deduction but also for couples who itemize.

Also, we in the Democratic alternative raised the standard deduction not only for married couples but also for singles. We thought the standard

deduction should go up quite a bit higher than it now is for singles.

The long and short of it is, this amendment goes part way in raising the standard deduction. We proposed to go a lot further in raising the standard deduction, but the net effect is to help begin to eliminate the marriage tax penalty by raising the standard deduction for married couples. It is our hope that maybe a little bit later the Senator from Texas would, since she sees the wisdom in our proposal, go a little further and agree to other provisions that we in the Democratic alternative have suggested.

I do not think this really is a matter that requires a lot of debate. I believe most Senators agree this is a good amendment. It begins to eliminate the penalty married couples pay. It is our suggestion we also address the marriage tax penalty for couples who itemize because that would begin to complete the elimination of the marriage tax penalty. Again, I hope that occurs at some reasonable future date.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself such time as I may use.

First of all, I congratulate the distinguished Senator from Texas for her leadership in this most important matter. I know that as I return to my State of Delaware and talk to people there, it is a matter of real unhappiness and dissatisfaction that there is this marriage penalty. Obviously, for that reason, it is very desirable that we correct it as quickly as possible.

Mrs. HUTCHISON. Will the Senator yield?

Mr. ROTH. I will be happy to yield.

Mrs. HUTCHISON. I appreciate the fact that the committee made a priority of the marriage tax penalty. The real marriage tax relief is in the bill in the year 2005 in the responsible timeframe. That was actually the first year you could do it because you cannot phase that in. I appreciate the effort that was made.

My amendment just doubles the standard deduction earlier. The Senator from Delaware has been working with me on the floor, as has Senator BAUCUS. I very much appreciate their helping me work through this so that we are going to have the early relief on the standard deduction now in the year 2001, starting the phase-in to 2005 when we are going to give the real relief, which the chairman had in the bill originally. I give him the credit for that, and I appreciate his remarks very much.

Mr. ROTH. I appreciate the remarks of the Senator from Texas.

One of the frustrating things of putting a bill together, although I have to admit it is a very interesting challenge that I much enjoy, is the fact that there are so many things I believe should be done for the American family. It is frustrating that there are limitations as to what we can do. I agree with the distinguished Senator that nothing is more important than eliminating this marriage penalty. Obviously, the sooner we can do it, the better off we are. I thank her for her leadership.

For the information of all Senators, I do want to make clear that my concern with the pending amendment had been that it would put us out of compliance with our reconciliation instructions. I was also concerned that the earlier version of the amendment would have relied heavily on delaying the AMT relief. And this delay would hit middle-income Americans very hard.

But now we understand, of course, that the Senator from Texas will offer a modification to the filed amendment which will alleviate this offset problem. For that I am very grateful. With these changes, I just say, I look forward to working with the Senator from Texas on having this amendment enacted.

Mr. President, I yield the floor.

Would the Senator like some more time?

Mrs. HUTCHISON. Mr. President, I would just like to reserve the remainder of my time for the modification when it is ready, which I understand will be in the next 15 to 30 minutes.

So I yield now and will reclaim that time when we have the corrected amendment.

Mr. ROTH. 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. BAUCUS. 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. ROTH. Mr. President, I yield 5 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I think there is another dimension to this tax bill which I think is important for us to address. It is not only tax reduction in the amount of the reduction and not only the composition of the reduction, it is also whether we are making this Tax Code even more complex.

If there is anything we hear from our people at home, it is that this Tax Code is much too complex; it is just a mess. I see the Presiding Officer, who has deep experience in this, is nodding his head in agreement. We all know that he is right.

Regrettably, when Congress passes tax legislation, we tend not to pay much attention to whether this adds further complexity to the code. We rarely pay any attention to that.

Frankly, I take some pride in that I pushed for the provision of the law last year that directs the IRS, in conjunction with the Joint Tax Committee, to come up with a complexity analysis of new provisions that the Congress enacts. We did not get this analysis until after the Finance Committee reported out its bill, but we did get it, finally.

I have with me a letter from Charles Rossotti, the Commissioner of the IRS, to Ms. Lindy Paull, who is the Chief of Staff of the Joint Committee on Taxation, which is a brief analysis of the additional complexity that the bill before us would cost.

Just by way of example, we are here today trying to correct a problem by providing relief for the marriage tax penalty. This marriage tax penalty is where a couple pays a higher net tax when both couples earn about the same amount of money. The underlying bill before us today attempts to address that problem, but in a way which is very complex.

The amendment offered by the Senator from Texas is a much more crude way to deal with alleviating the marriage tax penalty by raising the standard deduction by a significant amount, an approach that we took in our Democratic alternative bill, too, where we would raise the standard deduction even more. But to give you an example of the additional complexity that this bill would cause in trying to resolve the marriage tax penalty, let me just state the following items which I hope we will get worked out as this bill progresses.

Essentially, taxpayers would have to fill out two forms or the 1040 would have to have more columns and many more items, because essentially couples would have to fill out their 1040 in many ways twice—one as if married, and then separate, as if joint filers, attempting to determine which is less in that tax, and so forth.

Then there is the question of allocation of personal exemptions: When you file separately, who gets the personal exemptions, the additional personal exemption for children, and so forth, and who doesn't.

Then there is the question of large medical payments, the medical deduction, which, as the Presiding Officer knows better than anybody else in the Chamber, is about 700 percent of adjusted gross income. And then the question is, How is that allocated—one spouse or do both spouses get it or whatnot?

There is a lot of additional complexity that couples would face under the underlying bill. All of this is not glamorous stuff. It doesn't get headlines. It is not in the evening news. It is my hope that as we undertake the work in this body, as well as in the other body, to reduce taxes, and we try to do it in a fair way, we also do it in a way that is less complex, not more complex.

As this bill stands tonight, with respect to the marriage tax penalty relief, it is going to be much more complex for taxpayers, for individual taxpayers, whether they file separately, particularly for married taxpayers trying to determine how to deal with the solution we have so far drafted with respect to the marriage tax penalty.

I ask unanimous consent to have printed in the RECORD a letter and a short document from Commissioner Rossotti to the Joint Tax Committee which begins to outline some of the additional complexities this bill will cause.

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

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, DC, July 22, 1999.

MS. LINDY L. PAULL,
Chief of Staff, Joint Committee on Taxation, Washington, DC.

DEAR MS. PAULL: Attached are the Internal Revenue Service's (IRS) comments on the eight provisions from the Senate Committee on Finance markup of the ''Taxpayer Refund Act of 1999'' that you identified for complexity analysis in your letter of July 20, 1999. The comments are based on the Joint Committee on Taxation staff description (JCX–46–99) of the provisions and, in the case of marriage penalty relief, the statutory language for a similar item provided in H.R. 2656, introduced by Mr. Weller in the 105th Congress.

Due to the short turnaround time, our comments are provisional and subject to change upon a more complete and in-depth analysis of the provisions.

Sincerely,

CHARLES O. ROSSOTTI.

Attachment

IRS COMMENTS ON EIGHT TAX PROVISIONS OF THE TAX REFUND ACT OF 1999 IDENTIFIED FOR COMPLEXITY ANALYSIS

REDUCE 15 PERCENT INCOME TAX RATE TO 14 PERCENT BEGINNING IN 2001

The tax rate change mandated by this provision would be incorporated in the tax tables and tax rate schedules during IRS' annual update of these items. The provision would require changes to the tax rates shown in the 2001 instructions for Forms 1040, 1040A, 1040EZ, 1040NR, 1040NR–EZ, and 1041, and on Forms 1040–ES, W–4V, and 8814 for 2001. No new forms would be required. Programming changes would be required to reflect the 14 percent rate.

INCREASE WIDTH OF 14 PERCENT BRACKET BY $2,000 BEGINNING IN 2005

The increase in the width of the 14 percent bracket would be incorporated in the tax tables and tax rate scheduling during IRS' annual update of these items. The provision would require changes to the rates shown in the 2005 instructions for Forms 1040, 1040A, 1040EZ, 1040NR, 1040NR–EZ, and 1041, and on the Forms 1040–ES for 2005. No new forms would be required. Programming changes would be required to reflect the expanded 14 percent bracket.

MARRIAGE PENALTY RELIEF FOR JOINT FILERS BEGINNING IN 2005

FORMS

The following form changes would be necessary to implement this provision. The changes noted for Form 1040EZ could affect the scannability of the form.

1. A new line and check box would be added to the 2005 Forms 1040, 1040A, and 1040EZ for married taxpayers to indicate they are filing single returns on a combined form.

2. Three new schedules would be developed (for 1040 filers, 1040 filers, and 1040EZ filers) with columns for each spouse to separately report the information required to determine his or her total income, adjusted gross income (AGI), taxable income, and tax before nonrefundable credits. This information is shown on the following lines of the 1999 forms: Form 1040, lines 7 through 40; Form 1040A, lines 7 through 25; and Form 1040EZ, lines 1 through 6, and line 10. The new schedules would also show the couple's combined AGI and combined tax before nonrefundable credits. The combined tax would also be entered on the appropriate line of the couple's 1040 return and the rest of that return would be completed as if a joint return has been filed.

Based on the 1999 forms, the new schedule for Form 1040 filers would have a total of 82 entry spaces. The schedule for Form 1040A filers would have a total of 46 entry spaces, and the one for 1040EZ filers would have a total of 16 entry spaces. The new schedules would contain calculations involving multiplication. The instructions for the new schedules would be between 2 and 5 pages.

If credits are to be determined as if the spouses had filed a joint return (as indicated in JCX–46–99), a third computation of AGI and tax before nonrefundable credits would be necessary. The AGI and tax would be computed as if a joint return had been filed. The reason for this additional computation is because some credits are affected by AGI and may also be limited by the regular tax liability. These items would not necessarily be the same as the two spouse's combined AGIs and tax. To eliminate this third computation, the provision relating to credits should be changed to specify that the couples' combined AGI and tax are to be used in figuring the amount of any credit.

3. A new four-line, two-column worksheet would be developed for each spouse to compute his or her applicable percentage for purposes of determining the deductions, such as the deduction for exemptions, that are required to be allocated based on each spouse's share of the combined AGIs. This worksheet would be included in the instructions for the new schedules.

4. The 2005 TeleFile Record would be revised to permit its use by married taxpayers choosing the combined filing status. Based on the 1999 TeleFile Tax Record, this would require the addition of 10 entry spaces.

5. The provision would require many electing taxpayers to complete two separate Schedules A, B, D, and E, or Forms 4797 (and possibly other schedules/forms) to determine the amounts to enter on the new schedule. In general, two separate schedules/forms will be required where both spouses have items that affect the schedule/forms.

IRS understands that rules clarifying the application of the election for AMT purposes will be forthcoming. The above does not reflect the additional form changes that would be needed to integrate the election with the alternative minimum tax.

PROCESSING, PROGRAMMING, COMPLIANCE

The marriage penalty election would impact most aspects of IRS operations.

The form changes needed to implement the provision would increase the time it takes the IRS to process a 1040 on which the election is made and issue a refund, as well as increase the cost of processing the return. Devoting additional time and resources to the processing of electing returns could delay the processing of other returns and the issuance of other refunds.

The complexity of this provision would likely cause an increase in the number of taxpayers who use a paid preparer and discourage the use by taxpayers of e-file programs such as Telefile and On-Line Filing. The error rate among those who do prepare their own returns would also increase. During processing, these returns would have to be sent to Error Resolution for correction. This could result in additional taxpayer contacts, delays in the issuing of refunds, and additional costs to the IRS. The provision would also increase the number of amended returns which would have to be examined and processed.

The IRS would have to make substantial changes to its IRM procedures for processing marriage penalty election returns and train the service center in those procedures.

The added complexity would also increase the number of taxpayers who would seek assistance either over the toll-free lines or at the walk-in sites. The number of taxpayers seeking assistance about the marriage penalty election could reduce the opportunity for other taxpayers to get assistance. The IRS would have to make substantial changes to the customer service IRM and would have to train the Customer Service Representatives to enable them to assist taxpayers in these complex provisions.

The rules for allocating income and deductions between spouses, which are in part based on state property law, would cause confusion and errors by taxpayers. In many instances, mis-allocations could only be detected on examination. The IRS would have to develop new examination procedures and train its examiners in the law and the new procedures. The marriage penalty election could also affect the resolution of examination cases involving the innocent spouse provisions.

This provision would require major systemic programming changes to IRS' computation process. This provision would affect many of our tax systems including Integrated Submission and Remittance Processing (ISRP), Error Resolution System (ERS), Generalized Unpostable Framework (GUF), Generalized Mainline Framework (GMF), Federal Tax Deposits (FTDs), SCRIPS, MasterFile, Electronic Filing, and TeleFile. It is estimated that at least 50 staff years and approximately $5,000,000 in contractor costs would be needed to make the necessary programming changes.

ALTERNATIVE MINIMUM TAX

Since the provision regarding personal credits and the AMT is the same as that applicable to 1998 tax years, and reflected in the 1988 tax forms, no form or programming changes would be needed to implement the provision provided it is enacted in the near future. If enactment is delayed, the IRS will have to begin taking steps to re-institute the pre-1998 rules for 1999 tax years. It is critical that this provision be enacted as soon as possible to avoid costly and unnecessary programming changes and to minimize the impact on timely distribution of the 1999 tax packages. In addition, a return to pre-1998 law would significantly increase the complexity of these credits.

The provision relating to the deduction for personal exemptions would eliminate the nine line AMT worksheet in the Form 1040A instructions for 2005. This provision would not affect the number of lines on the 2005 Form 6251 or the AMT worksheet in the 2005 Form 1040 instructions.

INDIVIDUAL RETIREMENT ARRANGEMENTS

This provision would require a change to the dollar limit specified in the Form 1040, Form 1040A, Form 8606, and Form 5329 instructions for 2001 through 2005 and possibly in future years. The change would also be reflected in the Form 1040–ES for all applicable years. No new forms or additional lines would be required. Programming changes would be needed to reflect the increased contribution limits.

IRS would need to provide guidance to financial institutions that sponsor IRAs on how to take into account the higher contribution limits (currently all sponsors utilize IRS approved documents). In addition, the following model IRA and Roth IRA documents that are issued by the Assistant Commissioner (EPEO) would need to be modified to take into account the increased contribution limits:

Form 5305, Individual Retirement Trust Account.

Form 5305–A, Individual Retirement Custodial Account.

Form 5305–R, Roth Individual Retirement Account.

Form 5305–RA, Roth Individual Retirement Custodial Account.

Form 5305–RB, Roth Individual Retirement Annuity Endorsement.

INCREASE DEDUCTION FOR SELF-EMPLOYED TO 100 PERCENT

This provision would eliminate one line from the self-employed health insurance deduction worksheet contained in the 2000 instructions for Forms 1040 and 1040NR. This worksheet is currently four lines. The Form 1040–ES for 2000 would also reflect the provision. No new forms would be required.

REPEAL FUTA SURTAX AFTER DECEMBER 31, 2004

The provision would require a change to the FUTA tax rate on Forms 940, 940–EZ, 940–PR and Schedule H of Form 1040 for 2005. The rate would be reduced from 6.2 percent to 6.0 percent. No new forms would be required. Programming changes would be necessary to reflect the reduced FUTA rate.

ALLOW NON-ITEMIZERS TO DEDUCT UP TO $50 ($100 FOR JOINT RETURNS) OF CHARITABLE CONTRIBUTIONS FOR 2000 AND 2001

Assuming the deduction is allowed in determining adjusted gross income (unlike the 1982–86 deduction for non-itemizers), the following changes would be necessary to implement this provision:

1. One line would be added to the adjustments section of Forms 1040, 1040A, 1040NR, and 1040NR–EZ for 2000 and 2001.

2. Two new lines would be added to Form 1040EZ for 2000 and 2001 (one for the deduction and one to subtract the deduction from total income to arrive at adjusted gross income). This change could affect the scanability of the form.

Ensuring compliance with the above-the-line charitable deduction would be difficult. The only means of verifying amounts deducted would be through examination, which is not practical because of the small amounts involved.

No new forms would be required.

Mr. President, I yield 10 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 10 minutes.

Mr. HARKIN. I thank the Senator from Montana for yielding.

Mr. President, I will talk about the bill itself, but I also want to talk about an amendment that I intend to offer tomorrow, sponsored by myself, Senator LEAHY, Senator REID of Nevada, Senator KENNEDY, and Senator WELLSTONE. It has to do with pensions.

Current law prevents companies from reducing pension benefits which a worker has already earned. However, there is a new phenomenon going on. Companies are now changing to so-called cash balance plans which can save the companies millions of dollars in pension costs each year by allowing them to take a substantial cut out of their employees' pensions.

Employees generally receive three kinds of benefits from working. They get direct wages, health benefits, and pensions. So reducing an employee's pension years after it is earned should be no more legal than denying a worker wages after the work has been performed.

Under traditional defined benefit plans, the worker gets a pension based on the length of employment and the average pay of the last few years of service. The pension is based on a preset formula using those key factors rather than on the amount in an employee's pension account.

Under some cash balance plans, payments to workers do not start until the value of their pension has reduced to the lower level of the cash balance plan. This is a term of art that they call wearaway. In fact, under a number of cash balance plans, some older workers receive no pension benefit contributions for as long as 5 or more years, while younger workers, workmates working right alongside them who started under the cash balance plan, receive regular contributions during those years.

So what does this really mean to real people in the real world? Well, two Chase Manhattan banking employees hired an actuary to calculate their future pensions after Chase Manhattan's predecessor, Chemical Bank, converted to a cash balance plan. The actuary estimated that their future pensions had been cut by 45 percent. John Healy, one of the workers, said, ''I would have had to work about 10 more years before I broke even.''

In another case, Ispat Inland, Inc., a Chicago steel company, converted to a cash balance plan on January 1. Paul Schroeder, a 44-year-old engineer who has worked for Ispat for 19 years, calculated it would take him as long as 13 years of additional work to acquire additional pension benefits. So this practice stands to hurt millions of older workers.

Frankly, I consider it age discrimination. After all, a new employee, usually younger, effectively receives greater pay for the same work in the form of money put into the pension plan. In other words, you have two people working side by side. As I said, they get their wages. They also get their pensions. But if one is not getting any pensions, he is basically getting less pay.

The amendment we are offering tomorrow would prevent the wearaway. It would require a company to add to the pension benefits of older workers in the same way that they add to the benefits of younger workers.

I will make it clear that my amendment does not stop companies from modifying their plans. It does not stop them from converting to cash balance plans, and it doesn't stop them from improving the portability. It simply prevents employers from cutting the benefits of older workers by thousands of dollars a year, compared to what happens to a younger worker.

My amendment just says that a company cannot discriminate against longtime workers by not putting money into their pension account just because they earn pension benefits under a prior plan. Workers would get whatever they are entitled to receive under the terms of their old pension plan as well as all they are entitled to under the new plan for the period that their pension fell under that plan. The total benefit would be the sum of the two.

In closing, my amendment is supported by the National Council of Senior Citizens, the National Committee to Preserve Social Security, the AARP, the AFL–CIO, the Pension Rights Center, Business and Professional Women USA, the Older Women's League, and the Women's Pension Project.

Older workers across America have been paying into pension plans throughout their working years anticipating the secure retirement which is their due. Now, as more Americans than ever before in history approach retirement, we are seeing a disturbing trend by employers to cut their pension benefits.

I urge the Senate to support our amendment.

Let me shift for just a second, in whatever time I have remaining, to say that I am going to vote against this tax bill for three reasons: It is fiscally irresponsible, it widens the gap between the rich and the poor, and it really robs our children.

My friends on the Republican side make it sound so simple. They say: Look, we have this enormous surplus. It means people are paying too much in taxes. Let's give it all back in a tax cut.

Well, if only it were that easy. First of all, we don't have those surpluses yet. They are anticipated, but they are not here. Again, I remember back in 1981 when we were told by some that we could cut taxes and increase military spending and we wouldn't have a deficit. Well, the deficit almost quadrupled during the 1980s. The public debt more than quadrupled. We simply put the American people on a credit card.

Finally, in 1993, Congress got serious. We took the lead in stopping the hemorrhaging. So now we have turned it

around. We have gone from an annual deficit of $290 billion to a surplus of about $120 billion, created 18.9 million new jobs. Unemployment is at 29-year lows. The rate of inflation is the lowest it has been since the Kennedy administration. Our GNP is growing at a great rate. We are beginning to pay down the $5.6 trillion debt saddled on our kids.

My friends on the Republican side rejected that deficit reduction bill in 1993. Not one single Republican voted for it.

I remember when Senator GRAMM of Texas said:

> . . . if we adopt this bill, the American economy is going to get weaker, not stronger. The deficit, 4 years from today, will be higher than it is today and not lower. . .. When all is said and done, people will pay more taxes, the economy will create fewer jobs, Government will spend more money, and the American people will be worse off.

That was in 1993. Obviously, my friend from Texas could not have been more wrong in his assessment.

But now we have this big tax cut before us based on paper projections. But we also find the gap between the rich and poor is growing even wider. At a time when we need to ensure the future for our children, we are going to take it away from them.

This is the way I look at it. We built up this huge debt in the 1980s. Who made out from that? Look at all the statistics. Upper-income people made a lot of money in the 1980s and secured more wealth. More assets went to fewer and fewer people in this country and, thus, the gap between the rich and poor widened. We have slain the dragon of deficits and we are now going to have some surpluses. It seems to me it is our responsibility to take that money and lift the heavy debt burden off of our kids and grandkids—$5.5 trillion of debt. We owe it to our children and grandchildren.

I keep hearing a lot of my friends on the Republican side say: Well, this isn't our money; it is your money; we should give it back to you, the people today that are paying taxes; give it back. Of course, most of it goes back to the upper 5 percent of income earners in America. But I look upon it in a different way. The huge debt we ran up in the 1980s is going to be a burden on our kids and grandkids. The very wealthy people who made out in the 1980s are now going to get a big tax cut. It seems to me that what we need to do is take that money and say, no, you know who this money belongs to? It belongs to our kids and grandkids. We better be paying off our debts so they are not saddled with it when they grow up.

Let's secure Social Security. We keep hearing the hue and cry all the time that young people don't think Social Security is going to be there for them. Well, this is our chance to make sure they know it is going to be there for them, and also that we secure Medicare. We then can take and reduce the debt on our kids, invest in education, so that our kids will have a growing economy and be more productive in the future. That is what we ought to be doing with this—not giving it back to people who already have too much.

I must tell you, I have a lot of friends and I know a lot of people who have a lot of money. We all have rich friends, people who have made a lot of money. I have yet to have any one of them ever tell me that they desperately need a tax break. Mostly, what they tell me is: Pay down the debt, invest in education, save Social Security for our kids.

That is what we ought to be doing. The top 1 percent of the taxpayers are the ones that make out the most in the tax cut by the Republicans.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HARKIN. I ask unanimous consent for 2 more minutes.

Mr. BAUCUS. I yield 2 more minutes to the Senator.

Mr. HARKIN. Since 1980, the average after-tax income of the top 1 percent of American families has increased by 72 percent. The income of the poorest fifth of American families has declined by 16 percent. If the Republican tax bill becomes law, corporate limousines will line up in front of the Capitol with their trunks open. The top 1 percent will haul the money away in the trunks of their limousines.

I have always said there is nothing wrong with making money in America. There is nothing wrong with being rich. There is nothing wrong with having a nicer house, a bigger car, and all the better amenities of life. That is a big part of the American dream. But I believe when you make it to the top, and others make it to the top, and I make it to the top, it is the responsibility of Government to make sure we leave the ladder down there for others to climb, too. The Republican tax bill, basically, says to the wealthy in this country: You have it made. Don't worry about anybody else. You made it to the top. Now you can pull up the ladder behind you and we are going to help you. The Government will help you pull the ladder up behind you.

President Clinton has talked often about the bridge to the 21st century, and we have a good construct of it: Unemployment is low, GNP is going up, debt is going down. But if only a few people cross that bridge, it will become a dividing line. That is why we don't need this tax bill. We need to bring people together, not divide us even more, as this tax bill would do.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. ROTH. 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. BAUCUS. 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. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Iowa.

The PRESIDING OFFICER. Only 7 minutes 20 seconds remain.

Mr. BAUCUS. I yield 7 minutes 20 seconds to the Senator from Iowa.

Mr. HARKIN. I will not talk that long. I thank the manager.

Mr. President, I will talk about another motion I will have to recommit the bill with instructions tomorrow when it comes up. This has to do with funding for the National Institutes of Health.

Just 2½ years ago, the Senate went on record, 98–0, committing to double the budget of the National Institutes of Health over 5 years. But this tax bill shortchanges America's health and reneges on the Senate's promise, by forcing cuts of up to 38 percent in discretionary health programs.

Earlier this evening, my friend and colleague from Pennsylvania, Senator SPECTER, talked about NIH being the ''crown jewel'' of our Government. Indeed, I agree with him. It is. But we said we were going to double the budget. Yet now, because of this tax bill, we are going to be faced with huge cuts. We can't even get our appropriations bill on the floor because we are $8 billion to $10 billion below what we had last year, and yet we are going to give a big tax break to the wealthiest in our society.

We have to invest in this medical research—Alzheimer's and arthritis to cancer, diabetes, and spinal cord injury. We are on the verge of breakthroughs in all of these areas. Now is not the time to back off; now is the time to invest in biomedical research.

If we were able to just simply delay the onset of Alzheimer's in individuals by 5 years, the savings would be $50 billion a year. We would have no problems in Medicare if we just delayed the onset of Alzheimer's by 5 years.

My amendment is going to be very simple. It makes good on the promise the Senator made, 89–0, to double the NIH budget over 5 years. The amendment returns the tax bill to the Committee on Finance, with instructions that the committee report back to the full Senate within 3 days with an amendment to provide an additional $13 billion for the NIH over 5 years. Funding for this would be provided by reducing or delaying specific tax cuts in the bill, so long as those tax cuts that benefit moderate- or middle-income taxpayers are not reduced.

Again, I commend this amendment. It is sponsored, again, by myself, Senator KENNEDY, Senator MIKULSKI, and Senator MURRAY to again make good on our promise to make sure we put the necessary funding in biomedical research at the NIH.

I yield to the manager, if the manager would like to have the time back. I will be glad to yield back whatever time I have remaining.

Mr. BAUCUS. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. Four minutes.

Mr. BAUCUS. Thank you, Mr. President.

I would like to emphasize a point that I made earlier about complexity. The tax bill passed by the other body reduces capital gains. Without getting into whether they should or should not be reduced, the effective date is July 1, 1999, which adds tremendous additional complexities to the code—to accountants, who have to add in more lines, and for programmers in their computers to adjust to the IRS.

The preliminary analysis is that there are many more pages for the capital gains increase schedule than currently is required. It is immense. Add to that Y2K. This provision goes into law on July 1. I am just addressing the complexity. I am not talking about the merits.

Then the IRS—who knows? It may well have to go back and retest their Y2K program to see if it works again with these additional items that are plugged in.

I very much hope the conferees on their tax bill, in working with the President when this bill is finally put together, pay much more attention to the complexity than they have in the past. Just bear down on that because if we hear anything from the taxpayers, it is the additional complexity of the code. We have an obligation not to add additional complexity.

In my experience in all of the debate on all of the tax bills, we have to cut a little bit here and raise some more revenue. We are going to add a little bit over here, with not one second of attention to whether or not this adds additional complexity to the taxpayers.

We have had IRS hearings on the problems the IRS has caused the taxpayers. There is some truth to that. The IRS has been a little bit too draconian in some ways in some of the proceedings that it has brought against taxpayers. They have been a bit rough.

But mark my words. Most of the complexity is caused by Congress. Most of it is caused by Congress. We are a little two-faced around here. We like to say: Oh boy, we are helping taxpayers reducing taxes—and at the same time we are increasing complexity. We don't talk about that. But we have an obligation to address both tax reduction as well as complexity.

I very much hope we live up to our responsibility and address that because it is a huge problem. No wonder Americans want a flat tax. It is the complexity.

On the other hand, I might ask myself and each of you, how do you address the marriage tax penalty with a national tax? Americans want both simplicity and equity. We all want both simplicity and equity. Of course, those are enemies of each other. The more something is simple, the more someone else claims it is inequitable and applies to them. The more we try to deal with them to make it more equitable, the less simple the code becomes. But nevertheless we have an obligation. I very much hope we address it and solve it.

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. FRIST. 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. FRIST. I ask unanimous consent to speak for 10 minutes as in morning business.

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

Mr. BAUCUS. Mr. President, I will not object. But there comes a point when we have to wrap things up tonight. In the earlier conversation with the Senator it was a different amount of time we agreed to.

Mr. FRIST. Mr. President, I thought we were waiting for legislative language. I will be happy to speak for however many minutes I can. I was under the understanding it would be about 10 minutes before we had legislative language to close, but I will be happy to be more brief.

Mr. BAUCUS. I will not object.

Mr. FRIST. Mr. President, I will speak for 5 minutes by unanimous consent?

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

THE MEDICARE PROGRAM

Mr. FRIST. Mr. President, we have not discussed an amendment which we will be voting on tomorrow. It has not been discussed yet at all. It has to do with the very important issue that we voted on today, in terms of another amendment. That is what we are going to do in this body to address a fundamental problem. It has to do with Medicare, the fact that we have a Medicare system which is not going to be solvent long-term. It is a very costly system where, if you are a senior, and you have health care expenses, only about 48 percent of those are paid by the Medicare Program. It is a very costly system for seniors and individuals with disabilities. It is a very rigid system. It is a system that is not comprehensive. Much preventive care is not covered, prescription drugs are not covered at all—outpatient prescription drugs. It needs to be modernized. We talked a bit about that today.

The real question is why we cannot take a new benefit and just add it to the overall Medicare system. The gist of the amendment tomorrow is that, yes, we need prescription drug coverage, but we must incorporate that new benefit, which needs to be there, in an overall modernization plan for Medicare.

The question is, why? Let me focus on this one chart. On the right half of this chart, the red bar takes an average over the last 5 or 6 years, an average annual increase in all health care. The red bar is in drug expenditures. They have gone up 11 percent every year. The green bar is the annual growth in all health care expenditures in our health care system.

The real point of this graph is that every year overall drug expenditures, in the aggregate, go up about twice as fast as other health care costs. Thus if we are going to add a new benefit onto overall health care costs, something that is growing at 5 percent, we need to be very sure we do not run into the same problem we have in certain fields such as home health care. Home health care was a benefit in Medicare that was growing 17 percent a year. It could not be tolerated in the overall Medicare system because of cost.

Then we, with the heavy hand of Government, came in and slashed home health care 2 years ago. In many ways that was devastating to patients, to the quality of health care, to people who were depending on venipuncture to have blood drawn on a regular basis. Therefore, I think it is very important we recognize, because drugs are a different entity, if we are going to add that benefit, we need to do it in the realm of overall reform of Medicare and modernization.

This shows prescription drug expenditures in the aggregate since 1965 have increased—not quite exponentially, but you can see in 1993, 1995, 1996, from about $55 billion up to about $80 billion. So before we take this entity and put it in Medicare, because Medicare is already going bankrupt, we need to look at the overall picture. It includes hospitals, includes doctors, prescription drugs, chronic care and acute care.

There is a proposal that has been put forth by the National Bipartisan Medicare Commission appointed by the President of the United States, appointed by our leadership in the Senate and in the House. We came up with the proposal that is essentially this: The premium support model, the Breaux-Thomas bill. This proposal did look at overall Medicare, hospitals, physician reimbursement, and prescription drugs, and came up with this model. The details of the model do not matter, but I do want to stress that 10 of the 17 Members, in a bipartisan way, did put this forward as a proposal—again, to show Medicare can be modernized.

The point with prescription drugs in Medicare—remember, as an outpatient, prescription drugs are not covered in

Medicare at all. You have to go outside the system. But of the about 36 million people enrolled in Medicare, two-thirds do have some coverage, one-third do not have coverage. Therefore, in that Bipartisan Commission, which we put forward and worked out over the course of the year, we said let's first focus right now as we modernize and strengthen Medicare, improve its solvency, make it less costly, less rigid, let's at least address this 35 percent as a first step. The 65 percent who are covered are covered in lots of different ways.

Since my time is up, I will yield the floor and simply close with this point. We will be offering an amendment tomorrow which says: Yes, prescription drugs, but let's do it in the context of overall Medicare reform.

I yield the floor.

Mr. BAUCUS. 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.

Mrs. HUTCHISON. 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. 1472, AS MODIFIED

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that amendment No. 1472 be modified with the changes that are now at the desk.

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

The amendment (No. 1472), as modified, is as follows:

On page 10, line 6, strike ''2004'' and insert ''2005''.

On page 10, strike the matter between lines 19 and 20, and insert:

"Calendar year:	Applicable dollar amount:
2006 or 2007	$4,000
2008 and thereafter	$5,000.

On page 11, strike the matter before line 1, and insert:

"Calendar year:	Applicable dollar amount:
2006 or 2007	$2,000
2008 and thereafter	$2,500.

On page 11, line 3, strike ''2007'' and insert ''2008''.

On page 11, line 11, strike ''2006'' and insert ''2007''.

On page 32, between lines 14 and 15, insert:

SEC. ___. 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, 2008—

''(A) paragraph (2)(A) shall be applied by substituting for 'twice'—

''(i) '1.702 times' in the case of taxable years beginning during 2001,

''(ii) '1.75 times' in the case of taxable years beginning during 2002,

''(iii) '1.796 times' in the case of taxable years beginning during 2003,

''(iv) '1.837 times' in the case of taxable years beginning during 2004,

''(v) '1.88 times' in the case of taxable years beginning during 2005,

''(vi) '1.917 times' in the case of taxable years beginning during 2006, and

''(vii) '1.959 times' in the case of taxable years beginning during 2007, 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.

On page 38, line 18, strike ''2000'' and insert ''2002''.

On page 236, strike line 12 through the matter following line 21, and insert:

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking the following:

''(b) EXCLUSIONS FROM GIFTS.—

''(1) IN GENERAL.—In the case of gifts'',

(2) by inserting the following:

''(b) EXCLUSIONS FROM GIFTS.—In the case of gifts'',

(3) by striking paragraph (2), and

(4) by striking ''$10,000'' and inserting ''$20,000''.

On page 237, line 3, strike ''2000'' and insert ''2004''.

On page 270, line 18, strike ''2003'' and insert ''2004''.

On page 273, line 21, strike ''2003'' and insert ''2004''.

On page 275, line 12, strike ''2003'' and insert ''2004''.

On page 277, line 13, strike ''2003'' and insert ''2005''.

On page 278, line 13, strike ''2002'' and insert ''2004''.

Mrs. HUTCHISON. I thank the Chair.

Mr. President, I will not delay because I believe we are about to wrap up, and I will have 15 minutes equally divided tomorrow. This is a significant victory. I appreciate so much Chairman ROTH and Senator BAUCUS, who is here on behalf of Senator MOYNIHAN, working with me on this amendment.

The bottom line is, by delaying a few other very important tax cuts, we have been able to put at the top of our priority list $6 billion more in marriage tax penalty relief for the 43 million people in this country who are suffering just because they are married. That is not right. We have been needing to correct this for years. You should not have to choose between love or money in America, and yet 22 million American couples are doing just that.

This amendment will take part of the marriage tax relief and put it up, starting in 2001, so there will be immediate relief phased in to give couples that opportunity to save more of the money they earn to spend as they choose because, in fact, if they were not married, they would be paying that much less in taxes. But they are married. We want to encourage them to do that, if that is what they want to do, and we certainly should not be penalizing them.

Tomorrow I will talk about what is in the amendment, what it does, but tonight I want to say thank you to Senator ROTH and to Senator BAUCUS for working with us. This is a significant improvement in the bill because it will give married couples throughout our country the relief they deserve.

I thank the Chair. I yield the floor.

Mr. BAUCUS. 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. ROTH. 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. ROTH. Mr. President, I ask unanimous consent that prior to the vote on or in relation to amendment No. 1472 it be in order for Senator HUTCHISON to further modify her amendment.

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

AMENDMENT NOS. 1388, 1411, 1412, 1446 AND 1455, EN BLOC

Mr. ROTH. Mr. President, I have a series of five amendments which have been cleared on both sides. I ask unanimous consent that these amendments be agreed to, en bloc, the motion to reconsider be laid upon the table, and that any statements relating to these amendments be printed in the RECORD.

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

The amendments (Nos. 1388, 1411, 1412, 1446 and 1455) were agreed to, en bloc, as follows:

AMENDMENT NO. 1388

(Purpose: Making technical corrections to the Saver Act)

At the end of title XIV, insert:

SEC. ___. TECHNICAL CORRECTIONS TO SAVER ACT.

Section 517 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1147) is amended—

(1) in subsection (a), by striking ''2001 and 2005 on or after September 1 of each year involved'' and inserting ''2001, 2005, and 2009 in the month of September of each year involved'';

(2) in subsection (b), by adding at the end the following new sentence: ''To effectuate the purposes of this paragraph, the Secretary may enter into a cooperative agreement, pursuant to the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301 et seq.), with the American Savings Education Council.'';

(3) in subsection (e)(2)—

(A) by striking ''Committee on Labor and Human Resources'' in subparagraph (B) and inserting ''Committee on Health, Education, Labor, and Pensions'';

(B) by striking subparagraph (D) and inserting the following:

''(D) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;'';

(C) by redesignating subparagraph (G) as subparagraph (J); and

(D) by inserting after subparagraph (F) the following new subparagraphs:

''(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

''(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

''(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and'';

(4) in subsection (e)(3)(A)—

(A) by striking ''There shall be no more than 200 additional participants.'' and inserting ''The participants in the National Summit shall also include additional participants appointed under this subparagraph.'';

(B) by striking ''one-half shall be appointed by the President,'' in clause (i) and inserting ''not more than 100 participants shall be appointed under this clause by the President,'', and by striking ''and'' at the end of clause (i);

(C) by striking ''one-half shall be appointed by the elected leaders of Congress'' in clause (ii) and inserting ''not more than 100 participants shall be appointed under this clause by the elected leaders of Congress'', and by striking the period at the end of clause (ii) and inserting ''; and''; and

(D) by adding at the end the following new clause:

''(iii) The President, in consultation with the elected leaders of Congress referred to in subsection (a), may appoint under this clause additional participants to the National Summit. The number of such additional participants appointed under this clause may not exceed the lesser of 3 percent of the total number of all additional participants appointed under this paragraph, or 10. Such additional participants shall be appointed from persons nominated by the organization referred to in subsection (b)(2) which is made up of private sector businesses and associations partnered with Government entities to promote long term financial security in retirement through savings and with which the Secretary is required thereunder to consult and cooperate and shall not be Federal, State, or local government employees.'';

(5) in subsection (e)(3)(B), by striking ''January 31, 1998'' in subparagraph (B) and inserting ''May 1, 2001, May 1, 2005, and May 1, 2009, for each of the subsequent summits, respectively'';

(6) in subsection (f)(1)(C), by inserting '', no later than 90 days prior to the date of the commencement of the National Summit,'' after ''comment'' in paragraph (1)(C);

(7) in subsection (g), by inserting '', in consultation with the congressional leaders specified in subsection (e)(2),'' after ''report'';

(8) in subsection (i)—

(A) by striking ''beginning on or after October 1, 1997'' in paragraph (1) and inserting ''2001, 2005, and 2009''; and

(B) by adding at the end the following new paragraph:

''(3) RECEPTION AND REPRESENTATION AUTHORITY.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions received in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph.''; and

(9) in subsection (k)—

(A) by striking ''shall enter into a contract on a sole-source basis'' and inserting ''may enter into a contract on a sole-source basis''; and

(B) by striking ''fiscal year 1998'' and inserting ''fiscal years 2001, 2005, and 2009''.

AMENDMENT NO. 1411

(Purpose: To provide that no Federal income tax shall be imposed on amounts received, and lands recovered, by Holocaust victims or their heirs)

At the end of title XI, insert the following:

SEC. ___. NO FEDERAL INCOME TAX ON AMOUNTS AND LANDS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include—

(1) any amount received by an individual (or any heir of the individual)—

(A) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(B) as a result of the settlement of the action entitled ''In re Holocaust Victims' Asset Litigation'', (E.D. NY), C.A. No. 96–4849, or as a result of any similar action; and

(2) the value of any land (including structures thereon) recovered by an individual (or any heir of the individual) from a government of a foreign country as a result of a settlement of a claim arising out of the confiscation of such land in connection with the Holocaust.

(b) EFFECTIVE DATE.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

AMENDMENT NO. 1412

(Purpose: To add a short title)

On page 193, after line 23, add:

(h) SHORT TITLE.—This section may be cited as the ''Collegiate Learning and Student Savings (CLASS) Act''.

AMENDMENT NO. 1466, AS MODIFIED

(Purpose: To eliminate the 2-percent floor on miscellaneous itemized deductions for qualified professional development expenses and incidental expenses of elementary and secondary school teachers, and for other purposes)

On page 371, between lines 16 and 17, insert the following:

SEC. ___. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES DEDUCTION.—

(1) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking ''and'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', and'', and by adding at the end the following new paragraph:

''(13) any deduction allowable for the qualified professional development expenses of an eligible teacher.''

(2) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

''(g) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

''(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

''(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses—

''(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

''(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

''(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

''(i) is—

''(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

''(II) a professional conference, and

''(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

''(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

''(2) ELIGIBLE TEACHER.—

''(A) IN GENERAL.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

''(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.''

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

(b) QUALIFIED INCIDENTAL EXPENSES.—

(1) IN GENERAL.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking ''and'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

''(ii) for qualified incidental expenses, and''.

(2) DEFINITION.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

''(3) QUALIFIED INCIDENTAL EXPENSES.—

''(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $125 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

''(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.''

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

AMENDMENT NO. 1455

(Purpose: To amend the Internal Revenue Code of 1986 to expand the deduction for computer donations to schools and to allow a tax credit for donated computers, and for other purposes)

On page 371, between lines 16 and 17, insert:

SEC. ___. EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) EXTENSION OF AGE OF ELIGIBLE COMPUTERS.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking ''2 years'' and inserting ''3 years'', and

(2) by inserting ''for the taxpayer's own use'' after ''constructed by the taxpayer''.

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting '', the person from whom the donor reacquires the property,'' after ''the donor''.

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting ''or reaquired'' after ''acquired''.

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

SEC. ___. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

''SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

''(a) GENERAL RULE.—For purposes of section 38, the computer donation credit determined under this section is an amount equal to 30 percent of the qualified computer contributions made by the taxpayer during the taxable year.

''(b) QUALIFIED COMPUTER CONTRIBUTION.—For purposes of this section, the term 'qualified computer contribution' has the meaning given the term 'qualified elementary or secondary educational contribution' by section 170(e)(6)(B), except that—

''(1) such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer, and

''(2) for purposes of clauses (i) and (iv) of section 170(e)(6)(B), such term shall include the contribution of computer technology or equipment to multipurpose senior centers (as defined in section 102(35) of the Older Americans Act of 1965 (42 U.S.C. 3002(35)) to be used by individuals who have attained 60 years of age to improve job skills in computers.

''(c) INCREASED PERCENTAGE FOR CONTRIBUTIONS TO ENTITIES IN EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RESERVATIONS.—In the case of a qualified computer contribution to an entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

''(d) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) and of section 170(e)(6)(A) shall apply.

''(e) TERMINATION.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the New Millennium Classrooms Act.''

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting '', plus'', and by adding at the end the following:

''(14) the computer donation credit determined under section 45E(a).''

(c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF CREDIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

''(d) CREDIT FOR COMPUTER DONATIONS.—No deduction shall be allowed for that portion of the qualified computer contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52.''

(d) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(9) NO CARRYBACK OF COMPUTER DONATION CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph.''

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

''Sec. 45E. Credit for computer donations to schools and senior centers.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

(2) CERTAIN CONTRIBUTIONS.—The amendments made by this section shall apply to contributions made to an organization or entity not described in section 45E(c) of the Internal Revenue Code of 1986, as added by subsection (a), in taxable years beginning after the date that is one year after the date of the enactment of this Act.

Mr. COVERDELL. Mr. President, I would like to discuss an amendment that Senators TORRICELLI, MCCAIN, CRAIG, and I would like to offer—expansion of education savings accounts. Under our provision, parents, relatives, friends—anyone—would be allowed to contribute up to $2,000 per year, after tax, into an account where the proceeds could be withdrawn tax-free to pay for a child's K–12 education expenses.

Right now, the law allows parents to contribute up to $500 per year for a child's college education. We increase that amount to $2,000 per year and allow for tax-free withdrawals for K–12 educational expenses, as well.

Last Congress, this legislation passed the Senate with bipartisan majorities on two separate occasions. The bill passed with a vote of 56 to 43; while the conference report passed with a vote of 59 to 36.

On each occasion, the chairman of the Finance Committee supported the measure, and was in large part responsible for its successful passage.

Unfortunately, despite the bipartisan support for the bill, the opponents of this legislation ultimately prevailed and it was vetoed by President Clinton.

Because the House-passed tax-relief measure contains this provision, I would like to withdraw our amendment and ask the chairman of the Finance Committee, Senator ROTH, to support the House position on this issue during the upcoming House-Senate conference negotiations.

Mr. ROTH. Thank you, Senator COVERDELL. As you are aware, I have been a supporter of this legislation in the past, and I will continue to support this legislation in the future.

This bipartisan proposal is an outstanding example of our ability to use the tax code, to help millions of middle class American families across the country. By using the tax code to encourage families to save for their children's education needs and expenses, we all benefit. The expansion of the education IRA will result in greater opportunities for every American child and their families. With education savings accounts, 14 million families—over 20 million kids—will take advantage of the expanded education IRAs, generating billions of dollars in education savings that might otherwise not exist. It is an outstanding way to provide families new and innovative options in education.

Because this legislation has the support of a bipartisan majority of the Senate and is contained in the House-passed bill, I believe it should be given every consideration by the conferees during the negotiations of the conference report.

Mr. SARBANES. Mr. President, I rise in opposition to the Budget Reconciliation bill that is before us today. This bill would spend nearly all of the on-budget surplus projected by the Congressional Budget Office over the next

ten years and would use none of this projected surplus to protect the Social Security system, shore up Medicare, or give senior citizens the prescription drug benefits they so desperately need. Instead of taking this opportunity to invest in the future of America at the threshold of the 21st century, Republicans want to enact deep and unreasonable tax cuts that largely benefit the wealthy.

One major problem with basing a decade's worth of budgetary decisions on a projected surplus is that we have no way of knowing what will happen in the next ten years to affect these projections. Consider that just three years ago, when we enacted the Balanced Budget Act of 1997, there were forecasts of large deficits stretching into the future. This year, both the Congressional Budget Office and the Office of Management and Budget are projecting large surpluses over the same period. This turnabout should illustrate clearly that there is a large element of uncertainty in any economic projection, and that large scale shifts in tax policy that would tie our hands in the event of an economic downturn are, at the very least, unwise.

Furthermore, the surplus estimates are based on the assumption that the Federal government will adhere to the spending caps enacted in the Balanced Budget Act of 1997. The Leadership in both Houses has admitted that this is not a realistic assumption: a number of appropriations bills will not be able to pass unless their funding is restored to pre-cap levels. Already this year, appropriators are eyeing the projected budget surpluses to help fund large appropriations bills. And, as difficult as these spending caps have been for appropriators this year, the spending caps in future years call for even more drastic cuts.

We are in the midst of the longest peacetime economic expansion in history. This remarkable turnaround has come about in large part because of deficit reduction efforts which began with legislation proposed by the Administration and enacted by the Congress in 1993 - without a single Republican vote. Thanks to these efforts, we have been able to achieve record low levels of unemployment while at the same time maintaining dramatically low levels of inflation. Tax cuts of the magnitude put forward by the Majority would be unwise and potentially destabilizing in an economy that has strong growth, low unemployment and dramatically low levels of inflation.

The real question before us today is whether we are going to take advantage of this opportunity to exercise responsible fiscal policy. If we begin to stimulate the economy with a tax cut at the very time that unemployment is at unprecedented low levels, we run the risk of reigniting inflation. If we start over-stimulating the economy, the Federal Reserve will surely raise interest rates to keep inflation in check and we will be right back in the box we faced prior to this recovery.

It is my strongly held view that any surplus realized over the next ten years should be seen as an opportunity to pay down the Nation's debt, invest in our Nation's future, and shore up vital programs. The Republican tax plan would squander this unprecedented opportunity to ensure that the Federal government will meet its obligations after the baby boomers retire and beyond.

The Republican plan does nothing to preserve the integrity of the Social Security trust fund. The Social Security program is one of this Nation's greatest achievements. For more than 60 years, we have ensured that our senior citizens have a means of support in retirement after a lifetime of hard work. We must honor this commitment and ensure that seniors who count on Social Security receive their benefits.

The Republican tax plan would set aside no new resources for the Medicare program—the plan does nothing to extend the solvency of the Medicare trust fund or provide prescription drug benefits. The President's proposal to enact a modest prescription drug benefit for Medicare would cost $46 billion over the next ten years—less than 6 percent of the total cost of the Republican tax proposal.

Beyond Social Security and Medicare, this projected budget surplus could allow us to invest in the country's infrastructure. We should invest in schools to provide our children with the best possible education; we should improve our Nation's highways and infrastructure; we should invest in America's workers to train them for the 21st century; we should continue to put more police officers on the streets and give them the resources they need to bring crime rates down; and we should protect our environment and natural resources.

While I am not opposed to passing legislation that uses a portion of the projected surplus to cut taxes, such cuts must be responsible, and we should ensure that America's hard-working families who are struggling to take part in the Nation's prosperity benefit first.

Mr. President, we are embarking on an extremely important decision in terms of the future course of the 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 infrastructure. We can shore up Social Security, address the problems in the Medicare program, and bring down the Federal debt. We can also implement targeted tax cuts that help strengthen our families.

All of these things are possible, but we cannot, for the sake of our future economic prosperity, go to extremes. The Republican proposal is an extreme proposal. Subjected to analysis, it does not stand up. I strongly oppose this proposal and I urge my colleagues to reject it.

Mr. KENNEDY. Mr. President, I am in strong support of Senator ROBB's amendment to recommit the tax bill to instruct the Finance Committee to make a $5.7 billion investment in rebuilding and modernizing the nation's schools. I commend Senator ROBB for his leadership on this issue and I urge my colleagues to support this sensible legislation that is necessary to help the nation meet the critical need to modernize and rebuild crumbling and overcrowded schools.

Schools, communities, and governments at every level have to do more to improve student achievement. Schools need smaller classes, particularly in the early grades. They need stronger parent involvement. They need well-trained teachers in the classroom who keep up with current developments in their field and the best teaching practices. They need after-school instruction for students who need extra help, and after-school programs to engage students in construction activities. They need safe, modern facilities with up-to-date technology.

But, this investment can't succeed when roofs are crumbling and children are in overcrowded classrooms. Sending children to dilapidated, overcrowded facilities sends a message to these children. It tells them they don't matter. No CEO would tolerate a leaky ceiling in the board room, and no teacher should have to tolerate it in the classroom. We need to do all we can to ensure that children are learning in safe, modern school buildings.

Renovation, rehabilitation, and modernization will allow schools to correct problems that prevent them from offering an environment conducive to learning. Researchers have documented a clear link between school building conditions and student learning. A study by Virginia Polytechnic Institute and State University in 1996 compared test scores of students in substandard and above-standard buildings, and found that students in better buildings with access to modern technology do better in their academic work then those without these problems.

Nearly one third of all public schools are more than 50 years old. 14 million children in a third of the nation's schools are learning in substandard buildings, and half of the schools have at least one unsatisfactory environmental condition. The problems with ailing school buildings aren't the problems of the inner city alone. They exist in almost every community, whether urban, rural, or suburban.

In addition to modernizing and renovating dilapidated schools, communities need to build new schools in

order to keep pace with rising enrollments and to reduce class sizes. Elementary and secondary school enrollment has reached an all-time high again this year of 53 million students, and will continue to grow.

The Department of Education estimates that 2,400 new public schools will be needed by 2003, to accommodate rising enrollments. The General Accounting Office estimates that it will cost communities $112 billion to repair and modernize the nation's schools. Congress should lend a helping hand and do all we can to help schools and communities across the country meet this challenge.

In Massachusetts, 41 percent of schools report that at least one building needs extensive repairs or should be replaced. 80 percent of schools report at least one unsatisfactory environmental factor. 48 percent have inadequate heating, ventilation, or air conditioning. And 36 percent report inadequate plumbing systems.

This past year, I visited Everett Elementary School in Dorchester, Massachusetts. The school is experiencing serious overcrowding. The average class size is 28 students. The principal of the school gave up her office and moved into a closet in the hall in order to accommodate the rising enrollment. When the school needs the multi-purpose auditorium/library, the rolling bookcases are moved to the basement, and the library has to close for the rest of the day.

In Fitchburg, Massachusetts, enrollments are rising by 200 students a year. Educators there would like to reduce class size, extend special education and bilingual education programs, and hire new teachers, but the school system does not have the facilities or resources to accomplish these important goals. Instead, Fitchburg has been forced to construct four portable facilities—and a fifth is under construction—to deal with overcrowding.

Forrest Grove Middle School in Worcester, Massachusetts, is at full capacity with 750 students. As enrollments rise, they expect an additional 150 students, forcing them to rent rooms at a local church to alleviate overcrowding. The schools in Olathe, Kansas are growing at a rate of 500–1,000 students a year, which is equivalent to about one new school per year.

Two cafeterias at Bladensburg High School in Prince Georges County, Virginia were recently closed because they were infested with mice and roaches. A teacher commented, ''It's disgusting. It causes chaos when the mice run around the room.'' At an elementary school in Montgomery, Alabama, a ceiling which had been damaged by leaking water collapsed only 40 minutes after the children had left for the day.

In Ramona, California, where overcrowding is a serious problem, one elementary school is composed entirely of portable buildings. It has neither a cafeteria nor an auditorium, and a single relocatable room is used as a library, computer lab, music room, and art room.

In Silver Spring, Maryland, a second-grade reading class has to squeeze through a narrow corridor with a sink on one side into a space about 14 feet wide by 15 feet long.

Schools are trying to meet their needs, but they can't do it alone. The federal government should join with state and local governments and community organizations to ensure that all children have the opportunity to get a good education in a safe and up-to-date school building.

Children need and deserve a good education in order to succeed in life. But they cannot obtain that education if school roofs are falling down around them, sewage is backing up through faulty plumbing, asbestos is flaking off the walls and ceilings, schools lack computers and modern technology, and classrooms are overcrowded. We need to invest more to help states and communities rebuild crumbling schools, modernize old buildings, and expand facilities to accommodate reduced class sizes.

Senator ROBB's bill offers school districts the necessary flexibility and assistance to get the job done. Under this proposal, states will be able to put together a school financing package which best meets their needs. It offers states and school districts five choices from a menu of school construction financing components. It gives states and communities the authority to offer zero-interest school modernization bonds. It also offers other tax incentives to enhance the ability of communities to rebuild their schools, including private activity bonds, advance refunding, elimination of arbitrage rebates for small issuers, and Federal Home Loan Bank guarantees on school construction bonds.

I urge my colleagues to support Senator ROBB's amendment. The time is now to do all we can to help rebuild and modernize public schools, so that all children can succeed in safe, technologically-equipped schools.

Mr. ROCKEFELLER. Mr. President, I rise today to discuss the Balanced Budget Act of 1997 and its impact on providers and beneficiaries' access to health care services. Congress has a responsibility to address problems with the BBA for providers, especially those in rural areas. I believe it is important that we keep one thought in mind during the course of this debate—we debated all these changes to help our seniors. They are, and should remain, at the forefront of these discussions.

The BBA made the most significant modifications to Medicare in the history of the program. It signified a change in policy designed to pay more reasonable prices and increase overall efficiency. There is no doubt that these were needed reforms enacted to protect and preserve the program for future generations. However, in light of the magnitude of the changes, we need to make some adjustments to compensate for unforeseen consequences.

It is clear that in rural areas like West Virginia, the impact of the BBA on beneficiaries and providers is much more dramatic than in many other parts of the country. Medicare payments make up a larger proportion of rural hospitals' revenues and rural hospitals have lower hospital margins in general. Thus, West Virginia hospitals, like many other rural hospitals, have little to fall back on when federal Medicare payments are cut.

Since rural hospitals are often local safety net providers with low, and sometimes negative, margins, payment reductions may mean financial jeopardy for rural hospitals and consequently, reduced access to care for rural beneficiaries.

It is not yet clear whether Medicare payment rates will take into account the severity or complexity of patients' illnesses. Under the current law, caring for the chronically ill or those with complex medical conditions can push these health care facilities closer to the brink of bankruptcy. Rural facilities are especially concerned because they do not treat a large enough volume of patents to counterbalance the costs of a few very sick ones.

We cannot afford to lose providers without endangering the well-being of our citizens. Therefore, it is imperative that we take action to make sure that the problems we're facing today do not become a crisis that we'll have to face in the near future.

I would like to note that this body has voted on one facet of this issue earlier this year. The Senate budget resolution included an amendment, which was passed by voice-vote, that directed attention to the impact of the BBA on hospital care. Specifically, the amendment expressed the sense of the Senate that we should consider the extent to which the BBA has had adverse effects on access to hospital care and provided additional budget authority to address the unintended consequences.

Today, I am offering an amendment with my colleagues from Massachusetts and Maryland, Senators KERRY and MIKULSKI, that takes the next step in providing for the additional needs of our health care delivery system, especially in rural areas. The ''Medicare Quality Assurance and Continued Access'' amendment would amend a small portion of the tax cut for a comprehensive package of assistance to Medicare providers.

Mr. President, I am not advocating that we undo the BBA. However, we must address the inequities that resulted from its enactment, particularly when it comes to making certain our seniors get the care they need.

We have commitment to those who came before us and sacrificed so much to make this nation what it is today. Today, we have the opportunity to honor that commitment, and I urge my colleagues to do so by supporting changes to the Balanced Budget Act.

Mrs. FEINSTEIN. Mr. President, I rise to address the amendment on low-income housing tax credit to be offered by my colleague from Pennsylvania, of which I am a cosponsor.

This issue—affordable housing—is of great importance in my state of California, as it is for much of the nation. Low income families in San Francisco, San Diego, and cities across the country are finding it harder and harder to find affordable housing for rent.

The low-income housing tax credit is a great help. Since 1987, state agencies have allocated over $3 billion in housing credits to help finance nearly one million apartments for low income families.

The current housing credit cap—$1.25 for each resident of a state—has not been adjusted since the program's inception. Annual cap growth is limited to the increase in state population, which has been less than five percent nationwide over the past decade. During the same time period, inflation has eroded the housing credit's purchasing power by nearly 50 percent, as measured by the Consumer Price Index.

The budget reconciliation bill increase the credit cap to $1.75 over five years. This is an important step, but it's not enough. Senator SANTORUM and I have proposed this amendment to index the low-income housing tax credit cap for inflation.

The estimated cost to index the cap for inflation is $43 million over ten years. It is my understanding the cost has been fully offset. It is important to see that the housing tax credit will not depreciate over time.

By not indexing the credit for inflation over the past 13 years, it has eroded by between 40 and 45 percent. Costs to build and rehabilitate affordable housing developments have continued to climb, requiring more credit per project in order to achieve economic feasibility. As a result, less and less affordable housing is made available under the credit.

Assuming an inflation factor of just three percent, California would have an additional $1.23 million in the first year of indexing. This would produce approximately 150 more affordable apartments in California annually.

Nationwide, demand for housing credits outstrips supply by more than three to one. In California, it's four to one. According to the Center on Budget and Policy Priorities, 90 percent of renters in Los Angeles pay more than 30 percent of their monthly income on rent. Seventy-three percent spend more than 50 percent of their income on rent.

In the city of San Diego, the affordable housing situation is not much better. There, 106,000 families spend more than 30 percent of their income on rent, and 57,000 families spend more than 50 percent on rental housing.

In the San Francisco Bay Area, the situation is even worse. The average family pays roughly 58 percent of its monthly income on rent. We need to aggressively work to fix this shortage. We need to ensure the tax credit will remain a workable incentive for home builders nationwide. I urge my colleagues to join me in support of this amendment.

Mr. BURNS. Mr. President, I will offer an amendment that will help to keep our Nation's air clean and healthy. This amendment will provide a tax credit for our Nation's energy producers to produce an environmentally-friendly and energy-efficient alternative fuel using otherwise unusable waste products and natural resources.

This proposal would provide for a biomass coal tax credit and offer an incentive for the Nation's energy producers to construct facilities that would process low-grade, high-moisture, coal. We have large supplies of this type of coal in our nation.

This proposal provides half of the credit that is being allowed to produce electricity using biomass and wind power. This is a production tax credit you can only claim the credit if you produce the qualified product.

However, it has been determined that in order for companies to use this credit, they need to have an idea that the credit is going to be available for an extended number of years. Otherwise the costs of building the facilities to provide this environmentally-friendly and energy-efficient fuels would be cost prohibitive.

The marketplace demands a premium, low pollutant coal, to meet the nations needs and in response to the Clean Air Act and the Kyoto Protocol. We cannot jeopardize America's competitiveness by complying with Kyoto's costs on our consumers and markets.

Providing this tax credit marks the beginning of a new industry. Based on current market pressures resulting from deregulation and environmental regulations, numerous companies are interested in constructing these facilities. This is a tax credit that will help to clean our Nation's air and keep our skies blue.

I yield the floor.

Mr. KENNEDY. Mr. President, members on both sides of the aisle have spent a great deal of time over the past two years talking about child care. We've introduced dozens of bills. We've held extensive hearings. We know the difficulties facing countless families across the nation in obtaining affordable, quality care for their children.

We've emphasized the scientific research that confirms again and again that quality early childhood support is necessary for proper brain development of infants and toddlers. We've called for significant additional investments in the nation's children when they are very young, so that all children can benefit from healthy growth and development. The alternative is unacceptable because it means far higher costs in the long run, and because it denies many thousands of children the opportunity to enter school ready to learn.

For all the talk, there has been far too little action. We have severely underfunded the Child Care and Development Block Grants to the states. Only one in ten children who qualify for federal assistance actually receives it. When states run out of funds, they place many of the remaining children on waiting lists. Today, over two hundred thousands children who need a safe and stimulating environment while their parents work are on waiting lists instead. At a hearing held this week, Senators from both parties called this a national disgrace, and I could not agree more.

Many of those who have taken jobs under welfare reform are parents who can only find minimum wage employment. At today's low minimum wage, full time work pays only $10,712 in wages a year. Yet child care for one child costs thousands of dollars a year. Without adequate child care assistance, it is irresponsible to demand that parents leave their infants and toddlers without adequate care. Yet that is the consequence of our refusal to fully fund the Child Care and Development Block Grant.

With the amendment of Senator DODD and Senator JEFFORDS, we can begin to deal more effectively with this serious problem. The amendment represents concrete progress in fulfilling the nation's commitment to children. It would give states the additional resources they need to support quality child care in their communities. In this time of enormous prosperity, it is not only the right thing to do—it is a wise investment for this nation's future.

Mrs. MURRAY. Mr. President, I join with the Senator from Florida in urging my colleagues to do the right thing. Our priorities are out of order. We must remember that we have all committed to saving Social Security and Medicare. These should be our priorities. We should be debating reforms that save these essential income security programs instead of deciding how to squander a protected surplus that may never materialize.

This tax bill is a serious threat to women. By ignoring the looming crisis facing both Social Security and Medicare, we are jeopardizing the financial security of older women. If we fail to reform both Social Security and Medicare, we will force more older women into poverty. The progressive structure of both programs guarantees that for

millions of older women, their golden years are not spent living far below the poverty level.

The bottom line is that Social Security and Medicare are women's issues. They are the most important domestic programs for women. By failing to allocate part of the projected surplus to saving these programs and instead acting for short term gratification, we place the issues important to women and families behind the special interests of DC lobbyists.

Why am I here today fighting for an amendment that simply says we will not squander the projected surplus until we have reformed Social Security and Medicare for the long term? Because I am here fighting for families and fighting for some economic peace of mind for older women. Without Social Security benefits, the elderly poverty rate among women would be 52.2 percent and among widows would be 60.6 percent. Instead 12 percent of all Social Security recipients live in poverty. While I still cannot accept even 12 percent, I do not want to be part of pushing more than 50 percent of older women into poverty.

Women are far more dependent on Social Security for their retirement income than are men. Three-quarters of unmarried and widowed elderly women rely on Social Security for more than half of their income. Fifty-eight percent of all Social Security recipients are women. Tell me women do not have a vital stake in this debate.

I am not saying we cannot have tax relief targeted to working families. We could have tax relief targeted to help more Americans save for retirement. However, we cannot jeopardize or gamble with the future economic security of millions of women. We have to tackle Social Security and Medicare reform first.

I know such reform will require heavy lifting. It will require us to invest potential surplus funds in the well-being of older Americans. I am committed to this reform. I am willing to sit down and tackle these tough assignments. What I am not willing to do is to watch my colleagues ignore the economic importance of both Social Security and Medicare for women.

A tax cut is not what most women are looking for. They want pay equity, economic opportunity, and retirement security. Women currently start out several economic steps behind men. We know that women today earn 74 cents for every dollar men earn. We know that women, on average, take a total of 11.5 years out of the work force to care for their families. We know that women often outlive their retirement savings. And, we know that more women live with chronic and disabling illnesses. This in part explains why women are more than twice as likely as men to live in poverty at age 65.

This amendment does not kill a tax cut. It will force us to make the tough decisions and to tackle the difficult job of reforming Social Security and Medicare. But, more important, it will provide greater economic security to women than any instant gratification tax cut ever would. Please do not force elderly women to pay the price for our misguided priorities.

Mr. BUNNING. Mr. President, I rise in support of the Taxpayer Refund Act and urge my colleagues to vote for it.

I actually prefer the tax bill that was considered and approved in the House of Representatives and I support the conservative substitute tax bill that was offered earlier today.

I prefer these alternatives because they cut taxes across the Board which I think is appropriate. They reduce the marriage penalty more adequately which I think is essential.

They make further reductions in the capital gains tax which I think is good for the economy. They totally phase out the death tax instead of just reducing it which I think is just a matter of fairness.

However, even though I think that the Taxpayer Refund Act could be improved—and I hope that it is improved during conference—it is vitally important that we keep the process moving and send a tax cut bill to conference.

During this debate, we've seen a great many charts and graphs outlining all the figures and projections under the Sun. It's almost like watching a Ross Perot commercial.

But when we get to the bottom line in this debate, we aren't talking about figures and projections at all. We are talking about two different philosophies of government.

We are talking about two different philosophies of who the money really belongs to.

Does the money that is generated by the income tax and the payroll tax belong to the people—or does it belong to the Federal Government. That's the argument today.

And the differences here are very clear cut and distinct.

The President and his supporters believe that the money paid into the Federal treasury belongs to the Government.

We are told that over the next 10 years we will have $1.1 trillion more than we need in general revenues to fund the Federal Government. A trillion dollars is a lot of money.

But the President and his supporters say that all that money belongs to the Government and that we should hold onto it just in case Congress or the President can find new ways to spend it.

I can guarantee that if we let the Government hold onto that money—somebody will find a way to spend it.

On the other side of the coin, Republicans say that if taxes are bringing in more money than we need to run the Government, we should give it back to the people so they can determine how to spend it.

That's what this debate is all about. Whose money is it?

The President and the Democrat leadership say that tax cuts are irresponsible and risky—that they would jeopardize Social Security, Medicare and essential government services.

But our budget and our tax bill and our Social Security lockbox proposal which the Democrats here in the Senate keep rejecting all guarantee that the Government cannot touch the Social Security surpluses over the next 10 years.

The Republican proposals all clearly protect Social Security—we lock up that money so it can't be spent—so that it reduces the public debt.

But the Democrats in this body keep voting against the lock box which would guarantee that Social Security surpluses cannot be spend. So, it is not the Republican tax bill that threatens Social Security. It is Democrat reluctance to make a binding commitment not to spend Social Security surpluses.

Yes, something needs to be done to strengthen and protect Medicae—but it is not the Republican tax bill which threatens this important program.

Medicare needs systemic reform—we all know that—and it was the President—not the Republicans or the Republican tax bill—who killed the bipartisan commission recommendations which were designed to give us a starting point for real Medicare reform.

So, no, this debate is not about Social Security—it is not about Medicare. It is about who the money belongs to.

I believe that it belongs to the working Americans who pay the freight. When the projections tell us that we are going to take in over a trillion dollars more than we need, it means that the taxpayers are paying too much and we should give it back.

It's that simple.

That's what this debate is all about.

We have an opportunity today to return some tax money to the taxpayers of this Nation. It is a matter of fairness—it is a matter of honesty—and it is a simple matter of respect.

We can protect Social Security and Medicare and we can reduce the public debt and, yes, we can cut taxes at the same time.

And we should cut taxes—because, Mr. President, I'm one of those who believe that the money belongs to the people—not the Government.

Mr. BINGAMAN. Mr. President, I'm not going to take a lot of the Senate's time, but I want to speak briefly about an amendment I have filed to this tax bill. My amendment, number 1391, promotes the use of small, efficient distributed electronic power generation systems in residential, industrial and commercial applications.

I believe distruted generating technologies are the future of our electric

power industry. Already, the first microturbines and fuel cells are being installed in homes and businesses. Renewable technologies, like wind and solar, are bringing power to isolated areas that are not connected to the electrical power grid. These remote applications are very common in my state of New Mexico.

Mr. President, my amendment has two parts. The first part provides a much needed tax clarification concerning small, distributed electric power technologies, such as high-efficiency microturbines and fuel cells. The current tax law discourages the use of these technologies in commerical buildings by requiring a straight-lined depreciation over a 39–year lifetime. However, the same technology, if used in different application, has a shorter depreciation schedule. My amendment would make clear that these advanced electric power systems would have a 15-year depreciation schedule when used for power generation.

The second part of my amendment provides an 8-percent investment tax credit for systems that produce both heat energy and electrical power. The tax credit would apply only to systems that meet a strict 60-percent overall energy efficient requirement. This provision will help increase the Nation's energy efficiency by encouraging investment in these highly efficient systems.

Last month the Energy and Natural Resources Committee held a hearing on distributed power generation. The hearing made clear that technologies such as microturbines, fuel cells, and the various renewable resources can provide many practical benefits, including reduced dependence on high-tension power transmission lines, higher energy efficiency, lower costs, increased reliability, and reduced emissions. Moreover, by combining the production of heat and electric power in one package, overall efficiencies of up to 90 percent can be achieved.

Though I believe my amendment is important and would provide significant economic, reliability, and environmental benefits, I am not going to call it up for one very simple reason: This tax bill isn't going anywhere. The Senate will soon pass this bill, but the President is not going to sign it. In a few weeks, when the Senate comes back with a more sensible package of tax legislation, I hope my amendment will be incorporated in a bill that we can pass and send to the President for his signature.

The incentives for distributed generating technologies in my amendment will go a long way to realizing the best future for electric power generation and efficient use of energy. I hope we can pass them in the next tax bill.

Mr. MACK. Mr. President, I would like to talk a few minutes about one particular provision in the tax bill we are debating, the extension of the Research & Development tax credit. Last week the Finance Committee took an historic step, and reported a bill which would have made the R&D tax credit a permanent feature of our tax code. Yesterday, unfortunately, every single member of the minority voted to sunset the provisions of the tax bill, so instead of a permanent R&D tax credit, we have a ten-year extension.

Though the actions of our colleagues across the aisle prevented us from having a permanent R&D tax credit, I am pleased that the on-again, off-again nature of the credit will not undermine America's innovators for the next decade. I have long supported federal policies to increase the nation's R&D investment because of the central importance of scientific research to the health and well-being of our people, its positive contribution to our economic growth and our higher standard of living, and the improvements which add to our quality of life.

Both business and government play important and complementary roles in making sure that America continues to lead the world in research and innovation. The federal role in R&D is focused on investment in long-term basic research. I will continue to do my best to increase federal R&D spending on basic research, particularly on biomedical research which leads to huge benefits to all Americans.

Today, private industry plays the largest role in the nation's research effort, funding 65% of all R&D. Industry's role makes it clear . . . that if overall R&D is to increase, we must pursue policies which create a good business climate for firms to pursue long-term increases in their R&D budgets. We want America's leading-edge companies to hire new scientists, invest in new technologies and new research facilities—and the R&D tax credit provides that crucial incentive.

To see the benefits of R&D, look no further than America's economic performance today. We are in the eighth consecutive year of non-inflationary growth, and technology industries deserve a large share of the credit. In fact, high-tech industries have accounted for about one-third of real GDP growth in recent years.

Advancements from R&D lead to a huge number of improvements to our quality of life. The most dramatic impact of R&D on our quality of life is evident in biomedical research and health care. Here are some examples of the payoff to medical R&D:

It used to be that patients with kidney failure had to undergo frequent transfusions, which are expensive, carry substantial risks, and leave many patients anemic. Many kidney patients had to cut back on work or quit their jobs, or go on public assistance. Through extensive R&D, one of America's top biotech companies created a new drug that allows the body to create red blood cells again and enables people to restore their energy. In the past decade, this drug has helped millions to remain productive. It has reduced transfusions in the United States by nearly one-fifth, and fewer people have contracted blood-born disease.

Another example of the real-life benefits from R&D is the new class of drugs, developed in the late 1980s, which are giving millions of people who suffer from depression a new lease on life. Because of these new depression drugs, the cost of treating depression in the United States has plummeted—expensive psychiatric care and in-patient stays, which many could not afford, are now disappearing in favor of these new treatments.

There are two telecommunications companies which invested in R&D to create new technologies to bring state-of-the-art medicine to previously underserved and remote locations. These new technologies allow transfer of high-resolution photographs, radiological images, sounds, and medical records from leading medical centers to physicians and patients in remote locations.

These are just a few of hundreds of great success stories coming out of America's medical research labs—successes coming from companies responding to the R&D tax credit incentive. These examples make clear that R&D is not simply a dollars and cents issue. Federal R&D policy makes improvements to the quality of life across-the-board for all Americans.

The R&D tax credit has proven its effectiveness. Numerous studies during the past decade have found that each dollar of tax credits generates between $1 and $2 of additional R&D. Therefore, taxpayers are getting a solid return on their investment in terms of greater economic growth, a higher standard of living, and in numerous cases—a longer and healthier life span.

As chairman of the Joint Economic Committee, last month, along with Senator BENNETT, I hosted a high-tech summit which brought together business leaders from all across the high technology industries. One issue everyone seemed to agree on was that a permanent R&D tax credit would advance the development of new technologies, leading to breakthroughs which benefit the environment, increase transportation safety, treat serious illnesses and save lives. And on top of all this, a Coopers & Lybrand study found that a permanent extension to the credit would raise American incomes due to higher productivity growth and contribute substantially to our economic growth.

The R&D tax credit has proven its worth many times over. Mr. President, though I am pleased we have extended R&D for 10 years, it is my hope that

the R&D tax credit will one day be a permanent fixture in our Tax Code so it can spur innovation and economic growth throughout the next millennium.

Mrs. FEINSTEIN. Mr. President, although I have a great deal of respect for the chairman of the Senate Finance Committee, close examination of the Taxpayer Refund Act of 1999 has led me to conclude that the $792 billion Republican tax bill passed out of the Finance Committee is too much too soon and could well have serious adverse effects on federal priorities and the national economy.

The Republican tax plan would devote virtually the entire projected non-Social Security surplus over the next ten years—some $932 billion out of $964 billion, according to the CBO—to tax cuts. That would leave just $32 billion for everything else—Medicare needs, defense, health care, education, combating crime, everything else that the government does. Clearly, that is not sustainable.

In fact, the Republican plan may well lead to substantial deficits unless the Congress and the President are willing to not only keep the present caps, but to tighten them even further.

By devoting 97 percent of a surplus that has not yet been generated to tax cuts and to the additional interest costs of not reducing the debt—$932 billion—the Republican plan creates a great risk that we will return to the era of deficits and rising debt.

When I first came to the Senate in 1993, the Federal budget deficit was $290 billion, and expected to continue for the foreseeable future.

Through the imposition of tough fiscal discipline—and by making tough budgetary choices—we have now managed to bring the federal budget back in balance. We should not now precipitously put these gains at risk.

If we abandon the fiscal discipline and responsibility that have allowed us to get to where we are today—our economy growing and our budget in balance—we will once again find ourselves running up annual deficits in the tens of billions of dollars.

The bottom line is that the Republican plan is too much, too soon, too fast. It:

Spends money which Congress does not yet have. This surplus has not yet materialized and will not until next year—assuming projections are correct, which they may not be. What happens if there is a military need? What happens if there are large national disasters? What happens if the economy slows down? Answer: All surplus projections are in the wastebasket.

In fact, the projected surpluses which have set off the tax-relief movement may never materialize. It will only come about if the economy continues to grow and if Congress cuts spending even more deeply.

The Republican plan does nothing to protect Medicare. No budget resources are set aside for Medicare solvency. And by giving nearly all the surplus outside of Social Security's need to tax cuts, the Republican plan does nothing to extend the solvency of Medicare trust fund, which will be bankrupt by 2015.

Nor does it provide coverage for prescription drug benefits to be added. As a matter of fact, they are made impossible.

The Republican plan endangers virtually all domestic program priorities, forcing cuts of close to 40 percent in domestic spending over the next decade. The Republican plan would commit the nation to major cuts in military readiness, education, healthcare, and crime-fighting, just to name a few areas.

In fact, under this plan, to avoid deficits, domestic spending will have to be cut an additional 23 percent by 2009. But if defense programs are to be funded at the level recommended by the Joint Chiefs—as I believe they should be—then domestic spending will have to be cut by 38 percent. Cuts of this magnitude would:

Reduce Head Start services over one-third, from the 835,000 children who would otherwise be served to 460,000.

It would slash Title I, Education for the Disadvantaged, programs, denying 4 million children in high poverty communities throughout this nation (from the 14.6 million projected) access to key educational services necessary to improve their future prospects.

It would cut the National Institutes of Health budget by $8.6 billion from the current baseline, which would endanger NIH's ability to fund new research grants. It would gut the cancer program and certainly prevent the doubling of funding for cancer research as this body has supported by a vote of 98–0 in 1997 in a Sense of the Senate.

It would cut Superfund cleanup funds by $870 million, eliminating all new federally-led clean-ups due to begin in 2009, and making it difficult, if not impossible, to meet the EPA's 900-site cleanup goal in 2002.

There are 96 Superfund sites in California on the National Priority Cleanup List, including Iron Mountain near Redding and the San Gabriel Valley site in Los Angeles county. Construction is underway at just 38 percent of these sites. The Republican tax plan may put continued work on these sites in jeopardy.

The Republican plan cuts to the Immigration and Naturalization Service could result in a reduction of over 6,000 Border Patrol Agents (from the number projected); cuts to the FBI could result in a reduction of over 6,000 FBI agents (from the number projected).

Does not eliminate publicly held debt. Today, public debt stands at $3.6 trillion. We have an opportunity to eliminate this public debt entirely by 2015—critical if we wish to keep interest rates low—if we stick with a fiscally responsible approach.

I represent the most populous state in the union. Most important issues before the Senate produce letters and e-mail in excess of 10,000 a week, and often 20,000 or 30,000. Yet, I have received remarkably few letters urging tax cuts. And those letters that I have received—109 last week—have been equally split. In fact, only one person has written to me saying that it is vital for their survival that the massive Republican tax package be passed.

I would like to read from some of the letters that I have received, to give my colleagues a sense of what the people of California are thinking about this issue.

A letter I received from a woman in Berkeley sums up much of this debate quite well, and is reflective of much of the mail I have received. And it is further testament to the fact that the American people are often more wise then many of their elected leaders. This letter reads:

> I am very concerned about proposed tax cuts and urge you to be cautious!
>
> First, we really do not know if the proposed surplus will be there in the next 15 years.
>
> Second, we have enormous debt, and, in my mind, the major portion of the surplus should be used to pay down our debt. This would be a boom to baby boomers, etc since their ''invested'' surplus Social Security taxes are already spent. Talk about ''family value''—pay your debt first.
>
> Third, Social Security, Medicare, and child services all need financial attention.
>
> Please do not vote for a large tax cut. It is not the right thing for our national financial future.

For those of my colleagues who may be quick to dismiss a letter coming from Berkeley, I also received a note from a couple in Sonoma which read: ''We are two registered Republicans who would prefer no tax cut. Pay off the national debt and lower interest rates thereby. Also secure Social Security and improve healthcare for everyone.''

A man in San Diego wrote:

> I want the national debt payed down. I want Social Security and Medicare shored up. I don't want more government spending. If we can do that and get a tax cut fine. If we can't fine. I don't want to depend on your economist's estimates of overages, since we know their abilities are mediocre at best!

And from an e-mail from Aptos:

> I am opposed to the recent large tax break legislation in the House. We need instead to be paying down the debt and saving tax cuts for when they are truly needed. The more we pay off our national debt, the more of our hard earned tax dollars will actually go to programs, not debt repayment, and the more we will be able to afford true tax cuts in the future. Lets not spend our future away.

In fact, I believe that if our colleagues on the other side of the aisle were willing to put partisan posturing

behind them, a responsible tax cut would be possible within the context of the budget plan proposed by the President.

I support the Administration in setting aside 62 percent of the surplus for Social Security, some $3.5 trillion over 15 years. It extends the program's solvency to 2053, and eliminates publically held debt by 2015. This means that the ''baby boomer'' generation's Social Security is protected.

I support extending the solvency of Medicare from 2015 to 2027 by dedicating 13.5 percent of the surplus, some $794 billion over 15 years to Medicare. This is vital if there is to be a solvent system. It is mandatory if addressing a change in benefits is contemplated.

Finally, I strongly support itemizing 2.5 percent of the surplus, or $156 billion over 15 years for education, and 6 percent of the surplus or $366 billion over ten years for various discretionary programs such as defense, veterans affairs, research, agriculture, and environmental protection.

That would leave $271 billion over the next ten years which could be utilized as a tax cut.

Indeed, that is why I worked with my colleague from Iowa, Senator GRASSLEY, to put together and introduce earlier this year a moderate bill that provides needed tax relief for working families while fitting within the budget framework set out by the President to protect Social Security and Medicare.

The Grassley-Feinstein plan would cost $271 billion over ten years. It provides a $61.4 billion cut in the marriage penalty; a 100 percent deduction for health insurance expenses and a tax credit for long-term care ($117 billion over ten years); an increase in the low-income housing credit ($6.6 billion over ten years); tax credits for child care and education, including help for stay at home parents, with the HOPE college credit, and with student loan interest payments ($32.3 billion over ten years); and it helps our economy continue to grow by making permanent the R&D tax credit ($27.4 billion over ten years).

In fact, it is much like the Democratic plan. It is a common sense, bipartisan approach.

Of all the tax cuts that have been proposed, I believe the one that would be of the most help to the American people would be marriage penalty relief.

It makes sense for social reasons: It reinforces the important institutions of family and marriage.

And it makes sense for economic reasons: It eliminates what many of us see as a vast inconsistency in our tax law, that two people could find that they pay more in taxes if they are married then if they stay single. It makes no sense.

Another approach to this tax relief question would be to simply eliminate the marriage penalty outright, starting in 2002, and allow married couples to file either individually or jointly at their option. This would cost some $234 billion for the eight years.

A tax relief plan which starts with a $234 billion cut in the marriage penalty would also allow us to include other important provisions. I would support including an immediate increase in the low-income housing tax credit, indexing that credit to inflation, which would cost $6 billion over ten years. The low-income housing tax credit is critical for financing housing for low income families. I would also support the permanent extension of the R&D tax credit,which costs some $27.4 billion over ten years, and provides an important incentive for U.S. companies to continue to develop the cutting-edge technologies of the 21st century.

So, the complete elimination of the marriage tax, the low-income housing credit, and the R&D credit would total some $269 billion over the next years, well within the $271 billion cap.

Unfortunately, the Republican plan passed by the Finance Committee is neither common sense nor bipartisan.

It is a tax plan which will endanger the federal budget, places Medicare at risk, force deep and unnecessary cuts in important domestic priorities, and may undermine the long-term health of the U.S. economy. It is unwise, and I urge my colleagues to think long and hard before plunging headlong and heedless down this path of fiscal irresponsibility.

Congress has an unprecedented opportunity to put our fiscal house in order. We can protect Social Security and Medicare, meet other domestic and international priorities, and eliminate the federal debt. And we can provide the American people with significant and much needed tax relief. This is not some pie in the sky scenario, but a realistic appraisal of what we can do if we are willing to move beyond partisan posturing and politics as usual, and do what is right for the American people.

BUSINESS AS USUAL IN THE RUSSIAN FEDERATION

Mr. CAMPBELL. Mr. President, I take this opportunity today in my capacity as Co-Chairman of the Commission on Security and Cooperation in Europe, known as the Helsinki Commission, to draw the attention of my Senate colleagues to the growing problem of official and unofficial corruption abroad and the direct impact on U.S. business.

Last week I chaired a Commission hearing that focused on the issues of bribery and corruption in the OSCE region, an area stretching from Vancouver to Vladivostok. The Commission heard that, in economic terms, rampant corruption and organized crime in this vast region has cost U.S. businesses billions of dollars in lost contracts with direct implications for our economy here at home.

Ironically, Mr. President, in some of the biggest recipients of U.S. foreign assistance—countries like Russia and Ukraine—the climate is either not conducive or outright hostile to American business. This week a delegation of Russian officials led by Prime Minister Sergei Stepashin are meeting with the Vice President and other administration officials to seek support of the transfer of billions of dollars in loans and other assistance, money which ultimately comes from the pockets of U.S. taxpayers.

I recently returned from the annual session of the OSCE Parliamentary Assembly in St. Petersburg, Russia, where I had an opportunity to sit down with U.S. business representatives to learn from their first-hand experiences and gain a deeper insight into the obstacles they face. During the 105th Congress, I introduced legislation—the International Anti-Corruption Act—to link U.S. foreign aid to how conducive recipient countries are to business investment. I intend to reintroduce that legislation shortly, taking into account testimony presented during last week's Commission hearing.

The time has come to stop doing business as usual with the Russians and others who gladly line up to receive our assistance then turn around and fleece U.S. businesses seeking to assist with the establishment of legitimate operations in these countries. An article in the Washington Post this week illustrates the type of rampant and blatant corruption faced by many in the U.S. business community, including companies based in my home state of Colorado.

Mr. President, I ask unanimous consent that the full text of this article be printed in the RECORD.

There being on objection, the material was ordered to be printed in the RECORD, as follows:

INVESTORS FEAR ''SCARY GUY'' IN RUSSIA TALKS

(By Steven Mufson)

Russian Prime Minister Sergei Stepashin arrived in Seattle on Sunday to court American investment in his country's ailing economy, but his entourage included a regional governor who has been accused of using strong-arm tactics to wrest assets from foreign investors.

The controversial member of Stepashin's delegation is Yevgeny Nazdratenko, governor of Primonsky province in Russia's Far East, who is embroiled in several disputes with foreign business leaders.

''Basically the governor is a pretty scary guy,'' said Andrew Fox, who sits on the boards of more than 20 companies in the region and is the honorary British consul in Valdivostok. Fox said that Nazdratenko summoned him on June 3 and threatened to send him ''on an excursion to visit a very small room'' where Fox would be kept until he agreed to give the governor control of a crucial stake in a shipping company and

leave the company's existing management intact. Fox left that week and is now in Scotland.

David Gens, finance director of Seattle-based Far East Maritime Agency, said the Russian partner of one of the company's affiliates was ordered to contribute 10 percent of revenue for the rest of the year to Nazdratenko's reelection campaign.

In yet another dispute, an American investor has alleged that Nazdratenko packed the board of a company, diluted the ownership interest of foreign investors and diverted funds to coffers for his December reelection campaign.

Senior administration officials said Nazdratenko would not be included in meetings with President Clinton, Vice President Gore or other top U.S. officials today in Washington. But several business leaders said the mere presence of the Vladivostok politician, who accompanied Stepashin in Seattle for a tour of a Boeing plant and a dinner hosted by Washington Gov. Gary Locke (D), was sending a bad signal to investors.

Russia has defaulted on its debts, it has a lot of economic problems, it should be extra careful to woo foreign investors, said a Moscow-based spokesman for a group of foreign investors in a dispute with Nazdratenko over a Vladivostok-based fishing company. ''To bring the poster boy of corruption along to the United States is just staggering.''

Nazdratenko has repeatedly and forcefully denied allegations in the Russian media of tolerating corruption and organized crime. As the governor of an immense territory with valuable forests and rich fishing grounds north of Japan, Nazdratenko is a political powerhouse and runs his region with little supervision from authorities in far-away Moscow.

In Seattle, Stepashin told business leaders: ''There are good prospects for investment in Russia, so please don't lose any time.''

But Fox, who has lived in Vladivostok for seven years and represents foreigners with more than $100 million invested in the area, says he would like to ask Stepashin: ''Which bits of Russia are you talking about?''

''Everyone knows it is a risky thing to invest in Russia,'' Fox added. ''But it's so outrageous what's being done'' in Vladivostok. ''It's total lawlessness. Is that where Russia is heading?'' Fox asked. ''If so, then there is no sense in spending money there, and Russia is going to go backwards.''

Acknowledging the complaints of many foreign investors, Stepashin told members of a U.S.-Russia business council in Washington last night that ''all investments have to be protected not only in word, but in deed.'' He said, ''We understand that investors have every reason to be weary,'' but added that ''we are dead set on changing our attitude.''

Many of those who have suffered from the fickle nature of Russia's economic system are in Seattle, the first stop in Stepashin's U.S. visit.

Gens estimates that one Vladivostok fishing trawler company, Zao Super, owes tens of millions of dollars to Seattle-area suppliers of nets, fuel, spare parts and maintenance services. Yet the Russian Committee of Fisheries on July 2 transferred most of Zao Super's main assets—the fishing boats—to another company whose major shareholder and chairman is a close associate of Nazdratenko.

Zao Super, which allegedly was told to divert money to Nazdratenko's campaign, has $350 million in debts being renegotiated by the Paris Club, a creditors' group comprised of the governments of leading industrialized nations.

Despite these and other economic problems, Stepashin is widely expected to receive support in Washington for Russia's quest for $4.5 billion in loans from the International Monetary Fund and up to $2 billion from the World Bank. He will meet with officials of those institutions on Wednesday. The IMF funding is important to negotiations on rescheduling Russia's crushing debts. Russia, which has $17 billion in debt payments due this year, already has defaulted on many obligations.

The IMF has been reluctant to support Russia since a combination of capital flight, poor tax collection, weak budget controls, corruption and lumbering state enterprises led to a collapse of the Russian currency, the ruble, in August 1998.

But senior U.S. and IMF officials have been equally reluctant to isolate Russia by cutting off economic assistance.

''We are going ahead with a package which I hope is credible, which I hope will be implemented fully,'' Alassane Quattara, deputy managing director of the IMF, told Reuters. ''The first intentions and the first measures taken by the new government are quite positive. . . . The board knows the parameters, the difficulties and the risks.''

Mr. CAMPBELL. Mr. President, instead of jumping on the bandwagon to pump billions of additional tax dollars into a black hole in Russia, the administration should be pressing the Russian leadership, including Prime Minister Stepashin, to root out the kinds of bribery and corruption described in this article that have an overall chilling effect on much needed foreign investment. Left unchecked, such corruption will continue to undermine Russia's fledgling democracy and the rule of law and further impede moves toward a genuine free market economy.

VA HEALTH CARE SHORTFALLS

Mr. SPECTER. I address the Chair on a subject that is critical to the veterans of the armed forces of our nation, and to the Committee on Veterans' Affairs, which I am privileged to chair: the budget for the health care system of the Department of Veterans Affairs.

Mr. President, I come to the floor of the United States Senate today to draw attention to a sure crisis in VA health care. Congress and the Administration must ask ourselves: what is the crisis, and what may be the acceptable remedy? It seems that the Department of Veterans Affairs must choose among difficult options of providing care for fewer veterans—that is, ''disenroll'' veterans already expecting care from a VA provider or plan; increase waiting times; cut VA staff; lower quality of care; close and consolidate numerous facilities, or Congress must increase VA's budget. For my money, Mr. President, the choice is clear and simple: we must act to increase VA's appropriation, and we must do so now.

Yesterday after years of denial, the Director of the Office of Management and Budget, Mr. Jacob Lew made an amazing discovery—that there are problems in the VA health care system due to funding shortfalls. I ask unanimous consent that the text of OMB Director Jacob Lew's letter of July 26, 1999 be printed in the RECORD.

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

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, July 26, 1999.

Hon. ARLEN SPECTER,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Later this week we plan to send a fully offset budget amendment to add $1 billion to support the Department of Veterans Affairs (VA) medical care system. Since the publication of our budget, we have become increasingly concerned about reports of increased waiting times and other operational problems in the system.

Much has changed since January. As the VA has moved from a largely inpatient system to an outpatient one, we have found that the analysis and execution of these profound shifts are more complex than initially believed. For example, in FY 1999 alone, we expect to open 70 new community-based outpatient clinics from resources previously used for inpatient services. The movement of these resources has proven more difficult this year than in the first years of the transformation of VA. As VA has improved access to care through community clinics and continuity through universal primary care provider teams, additional veterans have sought care in VA. While the net cost of these new users is not fully understood yet, they have stressed parts of the system where management and operational flexibility is minimal. For example, waiting times in primary care have increased in several geographic areas.

The nationwide enrollment of veterans for medical care services was required for the first time in 1999. It was decided in this first year to open enrollment to all veterans, including higher-income non-service disabled veterans who were traditionally treated on a space-available basis only. As of April 30, we have provided treatment to almost 2.7 million veterans, 0.4 million of whom are new users of the system.

The resources needed for this mixture of complex dynamics are greater than expected when the President's FY 2000 budget was prepared. We will be requesting $800 million in additional funds to ensure quality and reduce waiting times that have grown significantly over the last few months. To ensure proper funding for spinal cord injury and homelessness, the Department will forward to the Congress a detailed description of how it will allocate a portion of these additional funds to these two areas.

Waiting times are also aggravated by an infrastructure not conducive to rapid change. VA is saddled with an infrastructure that no longer meets geographical and treatment needs. Recently, GAO reported that VA is spending $1 million per day on unneeded, outmoded facilities. We will be requesting $100 million for construction activities that will begin to ease the immediate problem and to plan for the long-range solution. We hope to work with the Congress over the next few months to address this critical issue on a broad and sweeping basis.

The additional resources we are requesting are also necessary to meet the critical challenge of providing long-term care. The overwhelming response to the introduction in Congress of the so called ''Millennium Bill'' combined with the President's commitment to long-term care for all Americans has convinced us that we must increase available funds immediately to meet these needs of our veterans. As our veterans population ages, the need for long-term care is increasing. We are committed to providing a range of home- and community-based care for those high-priority veterans who do not have access to such services. While we have concerns with the mandatory approach of the Millennium Bill, we do agree with the intent of the Bill. Consequently, we will be including in our request $100 million for long-term non-institutional community-based care, targeted to VA's top priority category of veterans with disabilities of 50% or greater.

At the same time that we add resources to the system, we need to ensure that we are on target to provide care of the highest quality, and that we are not overburdening the system. We will therefore be discontinuing the enrollment of category 7 veterans until such time as we feel confident that we can accommodate these veterans in the system without adverse consequences for service-disabled and lower-income veterans. All veterans currently enrolled in the system will continue to receive care. We believe that this action is necessary to ensure that quality is maintained, that wait times are reduced, and that we adhere to congressional guidance. The House Committee on Veterans Affairs issued report language along with the VA enrollment law stating that ''VA may not enroll or otherwise attempt to treat so many patients as to result either in diminishing the quality of care to an unacceptable level or unreasonably delaying the timeliness of VA's care delivery.''

We are convinced that through these aggressive steps VA will be able to provide better care, and more timely care to the veterans that are in most need. We look forward to working with you, the other members of your respective committees, and the Congress as a whole to make these proposals a reality.

Sincerely,

JACOB J. LEW,
Director.

Mr. SPECTER. OMB postures—implausibly—that much has changed since January 1999, but veterans organizations in their Independent Budget have been warning Congress and the Administration for the past three years running that VA health care is in dire straits. On April 30 of this year, 50 of my colleagues joined Senator ROCKEFELLER and me in signing a letter to the Chairman and Ranking Member of the Appropriations Committee, requesting that VA health care be supplemented with $1.7 billion for Fiscal Year 2000. My discussions with VA officials lead me to believe that, while such a supplement will not eliminate VA's problems, these funds will go a long way to easing its crisis and will back-fill gaps that we have permitted to occur based solely on resource shortages. In his July 26 letter, Director Lew refers to the need for $100 million in new health-related construction; as Chairman of the authorizing committee for VA major construction, I cannot reply, not having seen a proposal for sites or specific justifications. He also admits that so-called ''category 7'' veterans cannot continue to be enrolled in VA care for fear that quality of care for higher priority poor and service-disabled veterans will suffer. While I concur with Director Lew's premise that we do no harm to those already enrolled in VA health care, I must reserve judgment until I see the basis for this conclusion about the middle class veteran. The Administration is proposing $1 billion is emergency funding, but I believe, as I have since last year, that this level still would be insufficient overall.

Mr. President, as to more recent developments even than OMB's late-coming realization of need, I appreciate the work of the House Appropriations Sub-Committee last evening to add $1 billion in additional spending to the VA health care appropriation for the new year. Like my counterparts in the House, I want to help the system help veterans, as we all do. I want to do so with great care, as we all do. However, as I said earlier about the Administration's $1 billion, I say that the House's $1 billion is only enough to push the problem down the road a little further. We need to solve the problem, not push it down the road. We can do that with a substantial increase of $1.7 billion in the Medical Care appropriation for Fiscal Year 2000—a supplement that would take VA health care funding to the unprecedented level of $19 billion—and let us join together to see what kind of sustained funding level VA truly needs to carry out its important and vital mission for America's veterans. I proposed then, and remind the Senate now, that $1.7 billion is needed to keep VA's head above water.

America's veterans put a human face on freedom. Veterans agreed to put their lives on the line, or certainly they were prepared to do so, to defend the very freedoms all of us enjoy. Most of them sought nothing in return. They served honorably, then returned to civilian life. However, some of these veterans whom we turned to for assistance in our time of need have now turned to the nation in their time of need. I am referring specifically to those who were disabled during their service to the nation and those who for one reason or another have been left behind in this competitive economy and cannot sustain themselves. For these people in particular we established the Department of Veterans Affairs and its many programs for veterans and their families.

We have given VA a mission, one most astutely described by President Abraham Lincoln during his second inaugural address when the President said, the Nation's mission was ''. . . to care for him who shall have borne the battle and for his widow and his orphan.'' Lincoln's eloquent words describe VA's success for most of its existence. It is a system whose sole purpose is to recognize that veterans make a special contribution to society, and therefore deserve special status and attention by a grateful nation. It saddens me to report to the Senate that this Administration is failing our veterans. But I do not intend to sit idly by and allow veterans' needs to go unnoticed and unmet.

In Fiscal Year 1999, Congress appropriated $17.3 billion to fund the health care activities of the Department of Veterans Affairs. I know that many of my colleagues have heard while traveling throughout your respective states that this amount was barely enough to allow VA to provide decent care for veterans. Earlier this year, the President sent Congress a budget that requested precisely the same amount for next year. Mr. President, that request is completely unacceptable to me, and I know it is for all my colleagues here.

The VA, under the leadership of the most recent Under Secretary for Health, Dr. Kenneth Kizer, made remarkable changes in the way health care is provided to eligible and enrolled veterans. The VA launched a veritable revolution in its delivery system by changing the basic structure of care delivery from one that treated patients in a so-called ''sickness model,'' a mostly reactive stance that was premised on a veteran seeking care for a specific ailment, to one of a functioning health care system that offers a basic benefits package of services to enrolled veterans, including preventive medical treatment, primary care, alternatives to institutionalization, pharmaceuticals and limited long term care programs, all premised on maintining a veteran's health. Further, according to testimony given before the Committee on Veterans' Affairs, VA has opened hundreds of local community-based outpatient clinics, reduced the number of days patients must spend in hospitals and, according to testimony by the Secretary of Veterans Affairs, still treats any veteran who arrives at VA's doorstep. Unfortunately, both the Secretary and the President of the United States have failed to recognize that this system, like any health care system, needs sufficient funding to function properly. It is impossible to increase the quality of care provided, increase the number of places at which care can be obtained and increase the number of people who can receive care without providing any additional resources. This is impossible on its face, Mr. President—impossible.

The budget the President sent to Congress would not even permit the VA to maintain the current services it provides to veterans today. In fact, in order to maintain today's level of service, the budget admits that VA must ''streamline'' itself to the tune of $1.14

billion in FY 2000. But we already know that VA cannot maintain the status quo. There are so many challenges facing the system and the veterans it treats that we as a Congress, and the President as Chief Executive, must address. For example, the package of benefits available to our veterans today does not include basic emergency care services. Today, if a veteran must visit a private hospital emergency room for treatment, in most cases payment is out-of-pocket, or through a third party insurance claim, Medicare or Medicaid, that may cover this care. The only exception to this policy is for service connected conditions in limited emergency situations, for which VA will reimburse expenses. A bill recently reported out of my Committee would correct this injustice and mandate that any veteran enrolled in VA care be provided basic, covered emergency services if they are needed. The Congressional Budget Office estimates that this provision will cost $80 million in the first year and approximately $400 million over five years.

Emergency care is just the tip of the VA's health care ''iceberg.'' For example, another very important issue is one that dramatically affects Vietnam veterans. According to a recent VA survey, nearly 18% of veterans in VA care could be afflicted with the disease hepatitis C. Hepatitis C is a serious disease that has been associated with battlefield injuries, blood transfusions and intravenous drug use. Hepatitis C causes liver damage and, as one can imagine, ultimately hepatitis C can be fatal. Fortunately, there are a number of new drug therapies available that will help control or arrest the progress of hepatitis C. However, treatment is expensive. VA estimates that they need approximately $135 million in FY 2000 to screen, test and car for veterans suffering from hepatitis C, and much more in the future. This special funding for hepatitis C would be in addition to the amount needed to maintain the *status quo* in VA health care that the President has otherwise proposed.

Frankly, Mr. President and colleagues, the most difficult challenge facing the Department into the foreseeable future is its ability to care for our aging veteran population. Many World War II and Korean War veterans are nearing the end of life. But hundreds of thousands of them need long term care services, and the numbers grow dramatically while the overall veteran population declines. VA maintains over 120 nursing homes now, and has thousands of contracts with private nursing facilities and other long term care providers. If the VA is going to do more than simply maintain these programs—which I argue may be exceedingly difficult to do, given other challenges—rather than expand them to fit the changing demographic face of VA's patient population, additional resources will be needed. There is no question about this fact, Mr. President, and no real choice but to do it, in my view.

Until yesterday, in response to all of these challenges, the Administration proposed to make one major move to address the crisis situation: cut health care off. As incredible as it may seem, VA is proposing employee ''buyout'' authority for the Veterans Health Administration. Based on my analysis of this request and its implications, I concluded that buyout legislation was really a sell out, offering a golden handshake to those whom really needed to stay. It is the wrong move, and I am most pleased to say so.

VA proposes to buy out—that means reduce—its current workforce by about 15,000 staff over a five-year period, by use of a voluntary separation incentive payment of up to $25,000 to each such employee who leaves by retiring. I think most of you would agree that health care is an enterprise that needs, above all else, trained staff. So, as I mentioned earlier, VA says it strives to increase quality, access and the number of patients enrolled, but would do so without additional financial resources and with a greatly reduced work force. I cannot foresee how these kinds of results are at all possible. How could it be so? A retirement bonus is a fine gesture, but how does it help veterans?

The VA buyout proposal was accompanied by a weak ''strategic plan.'' VA cannot say with any degree of confidence how it could continue to provide care to all of the veterans the Secretary has admitted to the system with his ''open door'' policies, if the staff were so severely reduced. In fact, it appeared to me that what VA intended to do in its ''real'' strategic plan—a plan that is yet to be revealed to us—was *simply to increase waiting time* which already is at unacceptably high levels in many places across the country. As but one small example, Mr. President, let me review for you the most recent facts on VA waiting times from VA medical centers in the Commonwealth of Pennsylvania. These statistics deal only with primary care appointments, not specialty care: 34 days of waiting in Altoona; 31–60 days in Lebanon; up to 54 days in Pittsburgh; up to 64 days at the Sayre clinic; and up to 94 days of waiting in Wilkes-Barre. Looking at a medical specialty that is crucial for aging veterans, let me report to my colleagues waiting times for VA urology clinics in Pennsylvania: 85 days in Altoona; 90 days in Philadelphia; up to 95 days in Pittsburgh.

I know that the distinguished Ranking Member of my Committee, Senator ROCKEFELLER, has been very concerned about waiting times at VA hospitals in West Virginia; Senator CAMPBELL is alarmed about the situation at the Medical Center in Fort Lyon, Colorado and has said so; and Senator MURRAY has relayed her concerns about the status of VA facilities in the state of Washington. But these problems are everywhere, Mr. President. These kinds of delays in care are not acceptable for our veterans. In fact, I would argue that a waiting time of 60 days for an outpatient primary care appointment or an enrolled veteran constitutes nothing; such a patient is not really receiving care from VA.

I ask my colleagues: is this a situation that you are comfortable in defending? I am not, and I am not willing to remain silent while veterans receive nothing from a grateful nation. VA needs these funds, and this need is clear. Let the United States Senate not shrink from its duty. Let us do the right thing for America's veterans by providing an emergency supplement of $1.7 billion in funding in Fiscal Year 2000 to help VA help our veterans.

RABBI SOLOMON SCHIFF

Mr. GRAHAM. Mr. President, it is a tremendous honor to welcome a distinguished religious leader and member of the South Florida community to the United States Senate: Rabbi Solomon Schiff of the Greater Miami Jewish Federation's Community Chaplaincy Service.

This morning, my colleagues and I were privileged to have Rabbi Schiff participate in a long-standing tradition by leading the Senate in prayer. His eloquence reminds us that while our legislative efforts to make the United States a better place to live, work, and raise our families is important, it pales in contrast with our responsibilities to the Almighty. On behalf of every member of the United States Senate, I want to thank Rabbi Schiff for his words of inspiration.

It is no accident that Solomon Schiff was asked to lead us in our daily devotions. His long record of service to individuals in Florida, America, and around the world has distinguished him as not only a prominent spiritual leader but also a leader in his community.

Since his graduation from Brooklyn College, the University of Miami, and the Hebrew Theological Seminary in Illinois, Rabbi Schiff has served as Chairman of the Board of License of the Central Agency for Jewish Education, President of both the South Florida and Florida Chaplains Association, Chairman of the Metropolitan Dade Community Relations Board, Chairman of the Chaplaincy Service Advisory Council for the Florida Department of Corrections, and Secretary, Vice President, and President of the Rabbinical Association of Greater Miami.

Rabbi Schiff's current leadership positions confirm his dedication to service. In addition to his duties as Director of the Greater Miami Jewish Federation's Community Chaplaincy Service, he serves as Chairman of the National Council of Executives of Boards of Rabbis, Chairman of the Community Hospice Council in South Florida, and as a member of the Executive Committee of the National Rabbinic Cabinet of United Jewish Appeal.

Mr. President, Rabbi Solomon Schiff is a shining example of the moral and community leadership that our communities need as we enter a new century. I will conclude today by asking that a November 27, 1998, article from the Sun-Sentinel of South Florida be included with my remarks. It discusses Awakening 2000, an interfaith initiative that encourages Floridians to engage the power of prayer and spiritual healing in their daily lives and interactions with others.

Rabbi Schiff, a leader in this faith-based effort, was quoted as saying that ''a total commitment by responsible people to try and bring society to a level of decency is the only way . . . that our society will survive with a positive future.'' Mr. President, it gives me great reassurance that Solomon Schiff's wise counsel will help guide us into that future.

Mr. President, I ask unanimous consent the article I referred to be printed in the RECORD.

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

[From the Sun-Sentinel—Ft. Lauderdale, November 27, 1998]

AWAKENING 2000 SEEKS STATE'S SPIRITUAL RENEWAL

(By Jackie Hallifax)

Gov. Lawton Chiles and Gov.-elect Jeb Bush may differ on politics, but the two have agreed to pray, forgive, smile and sacrifice to get ready for the next millennium.

It's all part of an interfaith initiative called Awakening 2000, a project organized by Jim Towey, a former top state official who picked Thanksgiving week to announce his campaign for a spiritual renewal in Florida.

''We feel we can build a better Florida one heart and soul at a time by focusing on our spiritual resources, our spiritual treasures,'' Towey said on Wednesday. ''And by remembering God.''

In getting ready for the future, Towey pointed to the past. When Abraham Lincoln issued his Thanksgiving proclamation 135 years ago, he said Americans had ''forgotten God.''

''What he said in 1863 is absolutely true today,'' Towey said.

Awakening 2000 will try to change that by getting Floridians to sign pledge cards reminding them to pray each day, reach out to people in need and perform several other spiritual exercises.

The project also will sponsor a ''Summit of Faith'' next fall and serve as an advocate for Florida's needy and neglected, especially those who are dying.

After leaving state government, Towey formed a nonprofit commission on Aging with Dignity that launched the popular ''Five Wishes'' living will last year. Awakening 2000 is sponsored by the same commission.

Several state leaders have agreed to participate in the project, starting with Chiles, a Democrat and Presbyterian who will be governor until Bush, a Republican and Catholic, takes over on Jan. 5.

Towey, a Democrat like Chiles and a Catholic like Bush, experienced a spiritual renewal in 1985 when he met Mother Teresa. He said he was inspired to launch an interfaith project by the late nun, a devout Catholic who respected and cared for Hindus, Muslims and Jews.

Rabbi Solomon Schiff, director of chaplaincy at the Greater Miami Jewish Federation, said he had signed onto the project because the moral fiber of American society has been devastated.

''A total commitment by responsible people to try to . . . bring it to a level of decency is the only way really that our society will survive with a positive future,'' Schiff said.

The list of people who have committed to take part in Awakening 2000 includes Chief Justice Major Harding, legislative leaders, Cabinet leaders, a federal judge and Christian and Jewish leaders.

Chiles and Bush plan to sign the commitment cards in early December.

But Towey said ''the fundamental driving force'' of the campaign is the focus on the needy.

''At Thanksgiving we remember the poor,'' he said. ''But they need more than just a hot meal on a Thursday.''

THE TAXPAYER REFUND ACT OF 1999

Mr. HATCH. Mr. President, we stand here today to celebrate good news. This country is now facing the longest peacetime expansion in its history; the economy is growing; and the federal government is predicted to be running a surplus of $2.9 trillion over the next 10 years.

The news is not all good. We are facing some pressing problems as well. The world is seeing a shift in demographics. The impending retirement of the baby boom generation affects the workplace, retirement policy, and entitlement spending. Most notably, both the Social Security system and Medicare are in financial trouble and need substantive reform. Public debt and the interest payments that go with it are continuing to grow. These issues cannot be ignored because of a strong economy and good times.

The bill before us today represents a balanced package that takes into account the problems as well as sharing in the good times. The bill will provide fiscally responsible tax relief over the next ten years while reducing the public debt $200 billion more than the President's budget and still save the $1.9 trillion Social Security surplus.

We all agree that the Social Security surplus should be reserved for the Social Security system. That is not the debate. The big debate here today is how do we best handle the non-Social Security surplus in the federal budget.

Many of my colleagues have argued that this bill is too large—that $792 billion is too much. They argue that we should save this money for Medicare and other spending. I strongly disagree. It is important that we not forget those who are responsible for the surplus—hard-working, over-paying taxpayers. After all, what is a surplus—it is excess revenues over the amount needed to fund government operations.

Taxes in this country are at their highest levels since World War II. American families have seen the percentage of their personal income that goes to pay taxes grow from 23 percent in 1990 to 26%. The average taxpayer from Utah, or any other state in America, will pay nearly $7,000 more in taxes over the next 10 years than the federal government needs, excluding the Social Security program. This is where the surplus is coming from—individual taxpayers who are turning over their hard-earned wages to pay taxes. It is only fair that we return this surplus to the rightful owners. After all, we would expect the electric or power company to rebate an overpayment, we should be able to expect the same from the federal government.

The $2.9 trillion surplus is large enough to balance our priorities. The Taxpayer Refund Act shows that we can provide meaningful tax cuts, provide for Medicare reform, and reserve the Social Security surplus.

The Taxpayer Refund Act of 1999 provides a tax refund for everyone who pays taxes by cutting the 15% tax rate and putting more middle class taxpayers into lowest income bracket. 98 million taxpayers, 80 million with annual income under $75,000 would get a tax cut.

In addition, 19 million two-earner families filing married returns will see their marriage penalty eliminated. It is sending the wrong signal to American taxpayers when a couple with two incomes in Utah faces a higher tax bill when they marry than they do as singles.

The bill also addresses the need for enhanced retirement security through enhanced employer plans and expanded IRAs. The demographics of the American workforce are changing and our pension laws must adapt to meet these new realities. By improving retirement systems to increase access, simplify the rules, increase portability and provide small business incentives, we help employers design and offer pension plans to meet the needs of today's employees.

Another important enhancement to our retirement security is making tax-preferred savings more widely available through expanded IRAs. This is particularly true for those without employer-provided pension and middle income taxpayers. In 1994, the median income of families owning an IRA was $48,600—hardly wealthy by any measure. This bill would make it easier for

people to increase their savings for retirement.

This tax bill helps our families struggling to finance a quality education for themselves and their children through tax-free treatment for participants in college savings or prepaid tuition plans and recipients of employer-provided educational assistance. The bill would also expand the student loan interest deduction. This is real relief that will help make education more affordable.

There are important provisions relating to school construction in this bill. The need for more resources and innovative ideas to address the issue of school construction and rehabilitation is reaching crisis proportions. My home state of Utah is expected to build 10–15 new schools a year. In the Jordan school district alone, 6 schools are currently under construction. In addition, Utah will spend $350 million a year in new repairs. This bill would reduce the burden on small school bond issuers in complying with cumbersome arbitrage rebate rules and will allow school districts to engage in public-private partnerships. The reduction in the cost and time of school construction projects will result in more schools being built.

We have all heard about the challenge that providing adequate health care that is facing the American families. The Taxpayer Refund Act provides meaningful help for those who are struggling with the costs of insurance through tax benefits for the self-employed, employees not covered by employer plans, and consumers of long-term care insurance. There is also an additional personal exemption for caregivers.

The bill also contains provisions that would help keep the economy growth strong. There is a package of international tax relief that provides simplification and helps American companies which have operations overseas remain competitive and continue to grow.

The expiring tax credits are extended for five years and the research and experimentation tax credit is made permanent. This tax credit enhances and encourages the development of new technologies and products. This is the only way the U.S. can maintain its leadership in the high-tech world of today into the next millennium. This is very important to future economic growth. It has been said that innovation is the leading factor driving increased productivity and job creation. Innovation predominantly derives from the private sector research and development which are encouraged by the tax credit.

This bill is not perfect, however, and there are some things that I would like to change. For instance, the bill does provide some relief from the estate tax by cuts in the top estate tax rate and an exemption that rises to $1.5 million per estate. This will provide tax relief for estates of all sizes. However, I strongly believe that we should go even further and repeal this tax altogether.

The ''death tax'' is unfair and inefficient. For every dollar that we collect, roughly 65 cents is spent complying and collecting this tax. This is the wrong way to use up our resources. I know that many of my colleagues on the other side of the aisle have labeled this a tax on the wealthy. They are wrong. The wealthy hire lawyers and advisers to create trusts and do estate planning to minimize the amount of tax they will pay. It is the small business owners and family farmers that are hit the hardest by this tax. We must find a way to remove this crushing burden from their backs.

Another important area that is not addressed in this bill is the capital gains tax rate. This too has often been labeled as a tax cut for the rich. This is not true. Million of Americans are becoming investors. They purchase stock and mutual funds directly or they invest directly through stock options, employee stock ownership plans or 401(k)s. Roughly half of American households now have some sort of stock ownership, and the number grows every year.

A recent DRI study has shown that the 1997 capital gains tax rate cuts contributed to the strong economic growth we have experienced in the last couple of years. Cutting the capital gains tax rate from 28 percent to 20 percent reduced the cost of capital, increased business investment and contributed to the increase in stock prices. We need to continue along the same path and continue to reduce the capital gains rates.

It is easy to get lost in the debate over numbers and how we should spend the surplus. But we must remember who sent us the revenue that created the surplus. We are talking about families struggling to make ends meet, provide an education for their children, or save for their retirement. They are the family running the corner grocery store or landscaping business. They are bus drivers, day care providers, carpenters and students. They work 3 hours a day on average just to pay their taxes.

The Taxpayer Relief Act of 1999 is a balanced tax cut package that provides relief for middle class taxpayers. It gives American families a well-deserved tax break, simplifies the tax code, and provides pro-growth incentives to help keep the economy strong and growing. This $792 billion bill is the biggest tax cut since the Ronald Reagan presidency. Yet, it still represents a rebate of only one quarter of the surplus dollars that the federal government has collected. We owe the American taxpayers that much.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, July 28, 1999, the Federal debt stood at $5,640,294,174,290.65 (Five trillion, six hundred forty billion, two hundred ninety-four million, one hundred seventy-four thousand, two hundred ninety dollars and sixty-five cents).

One year ago, July 28, 1998, the Federal debt stood at $5,541,906,000,000 (Five trillion, five hundred forty-one billion, nine hundred six million).

Five years ago, July 28, 1994, the Federal debt stood at $4,638,859,000,000 (Four trillion, six hundred thirty-eight billion, eight hundred fifty-nine million).

Ten years ago, July 28, 1989, the Federal debt stood at $2,802,619,000,000 (Two trillion, eight hundred two billion, six hundred nineteen million) which reflects a debt increase of almost $3 trillion—$2,837,675,174,290.65 (Two trillion, eight hundred thirty-seven billion, six hundred seventy-five million, one hundred seventy-four thousand, two hundred ninety dollars and sixty-five cents) during the past 10 years.

MESSAGES FROM THE HOUSE

At 12:57 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to 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.

ENROLLED BILL SIGNED

At 3:56 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 66. To preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of the Interior to provide assistance.

The enrolled bill was signed subsequently by the president pro tempore (Mr. THURMOND).

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–4419. A communication from the Executive Director, Medicare Payment Advisory Commission, transmitting, pursuant to law, a report relative to Medicare payment policies; to the Committee on Finance.

EC–4420. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, the report of the texts and background

statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC–4421. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed Manufacturing License Agreement with Turkey; to the Committee on Foreign Relations.

EC–4422. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the certification of a proposed license for the export of defense articles or services under a contract in the amount of $50,000,000 or more to Singapore; to the Committee on Foreign Relations.

EC–4423. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the certification of a proposed license for the export of defense articles or services under a contract in the amount of $50,000,000 or more to Greece; to the Committee on Foreign Relations.

EC–4424. A communication from the Procurement Executive, Department of State, transmitting, pursuant to law, the report of a rule entitled ''Department of State Acquisition Regulation'' (RIN1400–AA71), received July 27, 1999; to the Committee on Foreign Relations.

EC–4425. A communication from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting, pursuant to law, the report of a rule entitled ''VA Acquisition Regulation: Bonds and Insurance'', received July 27, 1999; to the Committee on Veteran's Affairs.

EC–4426. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled ''Community Development Block Grant (CDBG) Program; Clarification of the Nature of Required CDBG Expenditure Documentation'' (FR–4449) (RIN2506–AC10), received July 26, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4427. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled ''Technical Amendment to the Section 8 Management Assessment Program (SEMAP)'' (FR–4498–I–01) (RIN2577–AC10), received July 26, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4428. A communication from the President and Chairman, Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving U.S. exports to South Africa; to the Committee on Banking, Housing, and Urban Affairs.

EC–4429. A communication from the Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations; Licensing of Commercial Sales of Agriculture Commodities and Products, Medicine, and Medical Equipment'' (31 CFR Parts 538, 550 and 560), received July 27, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4430. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Secretary and Commissioner, Patent and Trademark Office, the designation of an Acting Assistant Secretary and Commissioner; and the nomination of an Assistant Secretary and Commissioner; to the Committee on the Judiciary.

EC–4431. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Commissioner for Trademarks, Patent and Trademark Office, and the designation of an Acting Assistant Commissioner; to the Committee on the Judiciary.

EC–4432. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Commissioner for Patents, Patent and Trademark Office, and the designation of an Acting Assistant Commissioner; to the Committee on the Judiciary.

EC–4433. A communication from the Senior Investment Specialist, Treasury Division, Army and Air Force Exchange Service, transmitting, pursuant to law, three reports relative to the Army and Air Force Exchange Service Retirement and 401(k) Plans for calendar year 1998; to the Committee on Governmental Affairs.

EC–4434. A communication from the Director, Employee Benefits/Payroll/HRIS, AgriBank, FCB, transmitting, pursuant to law, a report relative to the retirement plan for employees of the Seventh Farm Credit District; to the Committee on Governmental Affairs.

EC–4435. A communication from the Director, Bureau of the Census, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Amendment to Foreign Trade Statistics Regulations: Provisions for Filing Shipper's Export Data Electronically Using the Automated Export System (AES)'' (RIN0607–AA19), received July 23, 1999; to the Committee on Governmental Affairs.

EC–4436. A communication from the Chairman, Federal Election Commission, transmitting, pursuant to law, the report of a rule entitled ''Definition of a 'Member' of a Membership Association'', received July 27, 1999; to the Committee on Rules and Administration.

EC–4437. A communication from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting, pursuant to law, the report of a rule entitled ''Releasing Information'' (RIN3052–AB84), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4438. A communication from the Congressional Review Coordinator, Regulatory Analysis and Development, Policy and Program Development, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Ports Designated for Exportation of Horses; New Jersey and New York'' (Docket No. 98–078–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4439. A communication from the Congressional Review Coordinator, Regulatory Analysis and Development, Policy and Program Development, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Noxious Weeds; Permits and Interstate Movement ''(Docket No. 98–094–1), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4440. 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 ''Diuron; Pesticide Tolerances for Emergency Exemptions'' (FRL # 6087–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4441. 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 ''Imidacloprid; Pesticide Tolerances'' (FRL # 6090–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4442. 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 ''Propiconazole; Extension of Tolerances for Emergency Exemptions'' (FRL # 6093–3), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4443. 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 ''Propiconazole; Re-establishment of Tolerances for Emergency Exemptions'' (FRL # 6094–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4444. 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 ''Pyriproxyfen; Extension of Tolerance for Emergency Exemptions'' (FRL # 6092–9), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4445. A communication from the Administrator, Environmental Protection Agency, transmitting, pursuant to law, a report entitled ''Status of the Small Business Stationary Source Technical and Environmental Compliance Programs (SBTCPs)'' for calendar year 1997; to the Committee on Environment and Public Works.

EC–4446. A communication from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled ''Licensee Qualification for Performing Safety Analyses'' (NRC Generic Letter 83–11, Supplement 1), received July 27, 1999; to the Committee on Environment and Public Works.

EC–4447. A communication from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled ''NUREG 1556, V0l. 11, Consolidated Guidance About Materials Licenses, Program-Specific Guidance About Licenses of Broad Scope'', received July 27, 1999; to the Committee on Environment and Public Works.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–277. A resolution adopted by the New Jersey Federation of Women's Clubs, in convention, relative to harvesting of horseshoe

crabs; to the Committee on Environment and Public Works.

POM–278. A resolution adopted by the New Jersey Federation of Women's Clubs, in convention, relative to the trafficking of women and girls; to the Committee on Foreign Relations.

POM–279. A resolution adopted by the Council of the City of Cincinnati, Ohio relative to the proposed ''Empowerment Zone and Enterprise Communities Enhancement Act of 1999''; to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources:

Special Report entitled ''History, Jurisdiction, and a Summary of Activities of the Committee on Energy and Natural Resources during the 105th Congress'' (Rept. No. 106–127).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 501. A bill to address resource management issues in Glacier Bay National Park, Alaska (Rept. No. 106–128).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 953: A bill to direct the Secretary of Agriculture to convey certain land in the State of South Dakota to the Terry Peak Ski Area (Rept. No. 106–129).

By Mr. HATCH, from the Committee on the Judiciary, without amendment and with a preamble:

S. Res. 95: A resolution designating August 16, 1999, as ''National Airborne Day''.

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1255: A bill to protect consumers and promote electronic commerce by amending certain trademark infringement, dilution, and counterfeiting laws, and for other purposes.

EXECUTIVE REPORTS OF A COMMITTEE

The following executive reports of a committee were submitted:

By Mr. HATCH, for the Committee on the Judiciary:

Richard A. Paez, of California, to be United States Circuit Judge for the Ninth Circuit.

Raymond C. Fisher, of California, to be United States Circuit Judge for the Ninth Circuit.

Maryanne Trump Barry, of New Jersey, to be United States Circuit Judge for the Third Circuit.

David N. Hurd, of New York, to be United States District Judge for the Northern District of New York.

Naomi Reice Buchwald, of New York, to be United States District Judge for the Southern District of New York.

M. James Lorenz, of California, to be United States District Judge for the Southern District of California.

Victor Marrero, of New York, to be United States District Judge for the Southern District of New York.

Brian Theadore Stewart, of Utah, to be United States District Judge for the District of Utah.

Alejandro N. Mayorkas, of California, to be United States Attorney for the Central District of California.

(The above nominations were reported with the recommendation that they be confirmed.)

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. GRAHAM:

S. 1456. A bill for the relief of Rocco A. Trecosta of Fort Lauderdale, Florida; to the Committee on the Judiciary.

By Mr. WYDEN (for himself and Mr. CRAIG):

S. 1457. A bill to amend the Energy Policy Act of 1992 to assess opportunities to increase carbon storage on national forests derived from the public domain and to facilitate voluntary and accurate reporting of forest projects that reduce atmospheric carbon dioxide concentrations, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. REID:

S. 1458. A bill to provide for a reduction in the rate of adolescent pregnancy through the evaluation of public and private prevention programs, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. MACK (for himself, Mrs. FEINSTEIN, Mr. HELMS, and Mr. ROBB):

S. 1459. A bill to amend title XVIII of the Social Security Act to protect the right of a medicare beneficiary enrolled in a Medicare+Choice plan to receive services at a skilled nursing facility selected by that individual; to the Committee on Finance.

By Mr. ABRAHAM (for himself and Mr. LEVIN):

S. 1460. 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, Nutrition, and Forestry.

By Mr. HATCH (for himself, Mr. LEAHY, Mr. ABRAHAM, Mr. TORRICELLI, Mr. DEWINE, Mr. KOHL, and Mr. SCHUMER):

S. 1461. A bill to amend the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) to protect consumers and promote electronic commerce by prohibiting the bad-faith registration, trafficking or use of Internet domain names that are identical to, confusingly similar to, or dilutive of distinctive trademarks or service marks; to the Committee on the Judiciary.

By Mr. JEFFORDS:

S. 1462. A bill to amend the Federal Food, Drug, and Cosmetic Act to permit importation in personal baggage and through mail order of certain covered products for personal use from Canada, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. DEWINE (for himself, Ms. SNOWE, Mr. TORRICELLI, Ms. COLLINS, Mr. DURBIN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. SCHUMER, Mr. BINGAMAN, Mr. CHAFEE, and Mr. KENNEDY):

S. 1463. A bill to establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, and for other purposes; to the Committee on Foreign Relations.

By Mr. HAGEL (for himself, Mrs. LINCOLN, Mr. ROBERTS, Ms. LANDRIEU, Mr. HUTCHINSON, Mr. COCHRAN, Mr. GRAMS, Mr. ABRAHAM, Mr. SMITH of Oregon, Mr. HOLLINGS, Mr. CRAIG, Mr. GORTON, Mr. GRASSLEY, Mr. CRAPO, Mr. BURNS, Mr. FRIST, Mr. BREAUX, Mr. ASHCROFT, Mr. COVERDELL, Mr. HELMS, and Mr. LOTT):

S. 1464. A bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes. ; to the Committee on Agriculture, Nutrition, and Forestry.

By Mrs. LINCOLN:

S. 1465. A bill to provide for safe schools, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. THOMPSON (for himself and Mr. ASHCROFT):

S. 1466. A bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of rules establishing or increasing taxes; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WYDEN (for himself and Mr. CRAIG):

S. 1457. A bill to amend the Energy Policy Act of 1992 to assess opportunities to increase carbon storage on national forests derived from the public domain and to facilitate voluntary and accurate reporting of forest projects that reduce atmospheric carbon dioxide concentrations, and for other purposes; to the Committee on Energy and Natural Resources.

THE FOREST RESOURCES FOR THE ENVIRONMENT AND THE ECONOMY ACT

Mr. WYDEN. Mr. President, today Senator CRAIG and I are introducing a bill that will help protect the global climate system by improving local natural resource management and strengthening the economy in rural communities. The Forest Resources for the Environment and the Economy Act of 1999 will expand the nation's forested lands and provide effective tools for including forests in our national efforts to fight global warming. The bill focuses on forests because they are the lungs of our planet. Investing in healthy forests is an investment in the health of our environment today and the well-being of our planet for decades to come.

In the Pacific Northwest, forests are more than critical environmental resources—they are also a cornerstone of our economy. In debates about forest policies, there are those who have advocated an exclusively environmental pathway, and others who have stressed an exclusively economic pathway. This bill is part of what I believe is a third pathway through the woods—a path to both stronger rural economies and healthier forests. It will reduce the buildup of greenhouse gases in the atmosphere and help protect our global climate for ourselves, our children and our grandchildren. It will provide improved wildlife and fish habitats and

protect our waterways. It will enhance our national forests by reducing water pollution within their watersheds. It will provide jobs in the forestry sector in areas that have been hard hit by declining timber harvests. And it will grow additional timber resources on underproductive private lands.

The legislation does all of this through an entirely voluntary, incentive-based approach. The bill makes new resources available to private landowners through state-operated revolving loan programs that provide assistance for tree planting and other forest management actions. By quantifying forests' contribution to climate protection, the bill puts the free market to work at turning the initial Federal investment into a long-term source of non-federal funding for forestry projects. And the bill takes an important first step toward reducing greenhouse gases on Federal lands by directing the Forest Service to report to Congress on options to increase carbon storage in our national forests.

I am deeply concerned about the risks that we are taking with our unprecedented experiment with the global climate system. Global climate change may jeopardize critical forest and other natural resources that are closely tied with Oregon's economy and our citizens' quality of life. Water managers in the Northwest may be faced with daunting challenges if the predicted climate changes, such as drier, hotter summers, complicate protection and management of water supplies. Over the last Century, the average temperature in Corvallis, Oregon has increased 2.5 degrees Fahrenheit, and average temperatures across Oregon could increase by 5 degrees or more over the next century, putting the elderly in Oregon especially at risk from more intense heat waves. And sea level rise resulting from global warming could eliminate the salt marshes along Tillamook and Coos Bay regions. Given these potential hazards of global warming, the challenge is to find strategies to protect our quality of life that won't cause an economic meltdown.

One of the key strategies for meeting this challenge is something this planet has been doing for more than 300 million years—growing abundant and healthy forests. Forests are a critical part of our global climate system. The total amount of greenhouse gases in our atmosphere depends in part on the efficiency of forests and other natural ''sinks'' that absorb carbon dioxide—the most significant greenhouse gas—from the atmosphere. In fact, the world's forests contain 200 times as much carbon as is emitted to the atmosphere each year from burning fossil fuels. The implications are as simple as they are scientifically sound—if we grow more trees, bigger trees, and healthier trees, we will remove more greenhouse gases from the atmosphere and help protect the global climate. According to the Pacific Forest Trust, our forest lands in the United States are only storing one-quarter of the carbon they can ultimately store. Just tapping a portion of this potential by expanding and increasing the productivity of the nation's 737 million acres of forests is an important part of a win-win strategy to slow global warming.

And here's the good news—an ounce of investment in our forests is worth not only a pound of global warming cure, but also two pounds of jobs and three pounds of protection for our waterways and wildlife. The bill that I am introducing today will not only protect our global environment, but also will provide immediate dividends in terms of watershed and habitat protection. It will provide jobs today for tree planting and forest management, and jobs tomorrow in carbon accounting and monitoring to ensure that greenhouse gas reductions are real and verifiable.

I recognize that global warming is a large problem that cannot be solved by forestry actions alone. We need a portfolio of approaches, and I continue to strongly support research, development and deployment of energy efficient and renewable technologies that reduce greenhouse gas emissions. But increasing our nation's forest lands is a key part of the solution and something we can do immediately. Forests may not be a silver bullet that will solve the entire global warming problem, but they are a silver lining to the problem that can provide jobs around the country while taking a big step to reverse the buildup of greenhouse gas in the atmosphere.

It is sometimes hard to believe that seven years ago Senators from both parties proclaimed their universal support for taking action to protect the climate system and reducing the buildup of greenhouse gases in the atmosphere. When the 1992 United Nations Framework Convention on Climate Change was ratified by the Senate, Senators from both parties came to the floor to applaud this commitment to begin reducing greenhouse gas emissions. We cannot afford to let the current debates about international treaties paralyze this Congress into inaction when there are opportunities here at home to protect our environment in ways that also provide jobs and economic growth.

Forests are one of those opportunities. This bill will take the money that polluters pay when they are caught violating the Clean Air Act and Clean Water Act and use it to expand our forests, protect streams and rivers and help remove greenhouse gases from the air. In fiscal year 1998, $45 million of these environmental penalties were assessed against polluters. There are currently no guarantees that these penalties, which revert to the General Fund, are used to improve our environment. This bill would make this money available as loans to small and medium landowners to cover the upfront costs of tree planting and other projects that grow healthy, productive forests and provide better wildlife habitats.

This bill is supported by the National Association of State Foresters and the Society of American Foresters. It responds to recent recommendations of the National Academy of Sciences by providing assistance to overcome the capital constraints that prevent non-industrial, private forest land owners from growing healthy forests. Almost 10 million landowners in the United States own 42 percent of non-industrial, private forest land in parcels of less than 100 acres. Access to these low-interest loans can empower these landowners to improve their lands while providing global environmental protection.

Under the bill, State Foresters will be able to give loans for forest projects that remove greenhouse gases from the atmosphere while improving habitats and protecting waterways. For example, loans will be available for planting trees as buffer zones along salmon streams and rivers in areas that are currently being used by livestock or for crop production. Loans will be available to turn thin and poorly stocked forest lands into healthier and more productive lands that remove greater amounts of greenhouse gases from the atmosphere and provide additional timber resources on private lands. And loans will be available to grow trees for use in bioenergy facilities that can provide energy without increasing the greenhouse gases in our atmosphere.

These loans must be repaid with interest—money that will be reinvested in additional loans to double and triple the impact of every federal dollar over time. Loans may not be provided for reforestation activities already required under any state or local laws. And the bill ensures that people aren't paid to cut their existing trees in order to receive funding for replanting afterwards.

A critical element of the bill is that it harnesses the power of the free market to allow responsible businesses to invest in the nation's forests. Across the nation, companies are voluntarily seeking ways to reduce greenhouse gases. Some companies are going as far as sending money oversees to protect forests in other countries. Forests in Brazil are important, but forests in Bend, Oregon, can do just as good a job at fighting off global warming. In fact, our Northwest forests are some of the best carbon ''sinks'' in the world. This bill provides a way for companies to invest in American forests and know with accuracy the amount of greenhouse gases that are removed from the atmosphere due to their investments. Once businesses recognize that the nation's forests are an opportunity for

environmental investment, their entrepreneurial ingenuity will generate new opportunities for consumers and other businesses to tap into this win-win opportunity.

We know that this approach works because of the leadership of my home State of Oregon. The loan program is modeled after the innovative Forest Resource Trust, which was established in Oregon in 1993, and is just one of the many ways Oregon continues to lead the nation in state actions to reduce greenhouse gas emissions. I am pleased to say that PacifiCorp announced last month that it is contributing $1.5 million to the Forest Resource Trust to support tree planting and reduce greenhouse gases in the atmosphere. This leadership by PacifiCorp will create forestry jobs in Oregon, protect salmon and fish habitat, create new wildlife habitats, and remove greenhouse gases from the atmosphere. I am introducing this bill to make sure that we take advantage of these opportunities across the country and encourage more businesses to invest in the nation's forests.

In addition to establishing the state revolving loan programs, the bill makes important changes to the Energy Policy Act of 1992 to strengthen the voluntary accounting and verification of greenhouse gas reductions from forestry activities. The bill directs the Secretary of Agriculture to develop new guidelines on accurate and cost-effective methods to account for and report real and credible greenhouse gas reductions. These guidelines will be developed with the input of a new advisory board representing industry, foresters, states, and environmental groups.

This bill is about taking advantage of a clear win-win opportunity. It's a win for the global environment. It's a win for sustainable forestry. It's a win for local water protection. And it's a win for rural communities.

For these reasons, the bill is already supported by timber companies and environmental organizations alike. I have already received supportive letters from: American Forest and Paper Association, American Forests, Environmental Defense Fund, Governor John A. Kitzhaber of Oregon, National Association of State Foresters, PacifiCorp, Society of American Foresters, The Nature Conservancy, and The Pacific Forest Trust.

I look forward to working with my colleagues to make sure that we pursue this common-sense good step toward protecting the environment and supporting our forest workers.

I ask unanimous consent that the Section-by-Section Analysis of the Forest Resources for the Environment and the Economy Act be printed in the RECORD.

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

THE FOREST RESOURCES FOR THE ENVIRONMENT AND THE ECONOMY ACT—SECTION-BY-SECTION ANALYSIS

SUMMARY

The purpose of the bill is to promote sustainable forestry in the United States by increasing forest carbon sequestration, improving forest health, enhancing wildlife and fish habitats, improving water quality, providing employment and income to rural communities, providing new sources of forest products and increasing use of renewable biomass energy that improves the energy security of the United States. The bill achieves these purposes through four major actions:

(1) State Revolving Loan Programs. The bill provides assistance to nonindustrial private forest landowners and Indian tribes to grow new forests and increase the productivity of existing forests in order to increase carbon sequestration, protect watersheds and fish habitats and improve wildlife diversity. Assistance to landowners will be provided through State-based loan programs. The Federal share of funding for these State loan programs will come from penalties that are being assessed against violators of the Clean Air Act and the Clean Water Act (civil penalties assessed in FY 1998 totaled $45 million).

(2) Guidelines for Accurate Carbon Accounting for Forests. The bill directs the Secretary of Agriculture to establish scientifically-based guidelines for accurate reporting, monitoring and verification of carbon storage from forest management actions. The bill establishes a multi-stakeholder Carbon and Forestry Advisory Council to assist USDA in developing the guidelines.

(3) Report on Options to Increase Carbon Storage on Federal Lands. The bill directs the Secretary of Agriculture to report to Congress on forestry options to increase carbon storage in National Forests.

(4) National Forest Watershed Restoration Cooperative Agreements. The bill allows the Secretary of Agriculture to enter into cooperative agreements with willing State and local governments, Indian tribes, private and nonprofit entities, and landowners for protection, restoration and enhancement of fish and wildlife habitat and other resources on public land, Indian land or private land in a national forest watershed.

SECTION 1. SHORT TITLE

The title of the bill is the ''Forest Resources for the Environment and the Economy Act''.

SECTION 2. FINDINGS AND PURPOSES

This section states the purpose of the bill, which is to promote sustainable forestry in the United States by increasing forest carbon sequestration, improving forest health, enhancing wildlife and fish habitats, improving water quality, providing employment and income to rural communities, providing new sources of forest products and increasing use of renewable biomass energy that improves the energy security of the United States.

This section also states the findings of the bill, including:

The Federal Government should increase the forest carbon storage on public land while pursuing existing statutory objectives, but insufficient information exists on the opportunities to increase carbon storage on public land through improvements in forest land management;

Important environmental benefits to national forests can be achieved through cooperative forest projects that enhance fish and wildlife habitats, water and other resources on public or private land located in national forest watersheds;

Forest projects also provide economic benefits, including employment and income that contribute to the sustainability of rural communities and future supplies of forest products;

Monitoring and verification of forest carbon storage provides an important opportunity to create employment in rural communities and substantiate improvements in natural habitats or watersheds due to forestry activities; and

Sustainable production of biomass energy feedstocks provides a renewable source of energy that can reduce carbon dioxide emissions and improve the energy security of the United States by diversifying energy fuels.

SECTION 3. DEFINITIONS

This section defines terms used in the bill, including the following:

''Forestry carbon activity'' is defined as a forest management action that increases long-term carbon storage and has a positive impact on watersheds, fish habitats and wildlife diversity.

''Forest carbon reservoir'' is defined as trees, roots, soils or other biomass associated with forest ecosystems or products from the biomass that store carbon.

''Forest carbon storage'' is defined as the quantity of carbon sequestered from the atmosphere and stored in forest carbon reservoirs, including forest products.

''Forest land'' is defined as land that is, or has been, at least 10 percent stocked by forest trees of any size, including land that had such forest cover and that will be naturally or artificially regenerated, and including a transition zone between a forested and nonforested area that is capable of sustaining forest cover.

''Forest management action'' is defined as the practical application of forestry principles to the regeneration, management, utilization and conservation of forests to meet specific goals and objectives, while maintaining the productivity of the forests. ''Forest management action'' includes management of forests for aesthetics, fish, recreation, urban values, water, wilderness, wildlife, wood products and other forest values.

''National forest watershed'' is defined as a watershed that contains national forest land, that consequently has unique interest to Federal land managers, and in which all landowners, including the Federal Government, share interest and influence in the management and health of the watershed.

''Reforestation'' is defined as the reestablishment of forest cover naturally or artificially, including planned replanting, reseeding and managed natural regeneration.

SECTION 4. CARBON MANAGEMENT ON FEDERAL LAND; CARBON MONITORING AND VERIFICATION GUIDELINES.

This section directs the Secretary of Agriculture to report to Congress on carbon management on Federal land, and directs the Secretary of Agriculture to develop guidelines for the voluntary reporting, monitoring and verification of carbon storage resulting from forest management actions. This section is accomplished through amendment of Title XVI (''Global Climate Change'') of the Energy Policy Act of 1992.

(a) Definitions. This subsection amends the Energy Policy Act to add the definitions for ''forest carbon storage,'' ''carbon storage program,'' ''forest carbon reservoir,'' ''forest management action'' and ''sequestration'' that were specified in Section 3.

(b) Carbon Management on Federal Land. This subsection directs the Secretary of Agriculture to report to Congress within one year on the quantity of carbon contained in the forest carbon reservoir on Western national forests (i.e., ''national forests derived from the public domain''). The report will include an assessment of forest management actions that can increase carbon storage on these national forest lands while providing positive impacts on watersheds and fish and wildlife habitats. Finally, the report will include an assessment of the role of forests in the carbon cycle and the contributions of forestry to the global carbon budget. This subsection is accomplished by amendment to section 1604 of the Energy Policy Act (''Assessment of Alternative Policy Mechanisms for Addressing Greenhouse Gas Emissions'').

(c) Monitoring and Verification of Carbon Storage. This subsection amends section 1605(b) of the Energy Policy Act (''Voluntary Reporting'') by directing the Secretary of Agriculture to review the existing Federal guidelines on reporting, monitoring, and verification of carbon storage from forest management actions. Within 18 months of enactment and following an opportunity for public comment on the existing guidelines, the Secretary of Agriculture will make recommendations to the Secretary of Energy for amendment of the guidelines.

Carbon and Forestry Advisory Council: This subsection also directs the Secretary of Agriculture to establish an 18-member, multi-stakeholder Carbon and Forestry Advisory Council for the purpose of advising the Department of Agriculture on: the development of the guidelines for accurate voluntary reporting of greenhouse gas sequestration from forest management actions; evaluating the potential implementation of the guidelines; estimating the effect of proposed implementation on atmospheric carbon mitigation; reviewing and updating the guidelines; reporting to Congress on the results of the carbon storage program established in Section 5 of this bill; and assessing the vulnerability of forests to climate change. The Advisory Council includes experts on carbon sequestration representing Federal agencies, the forestry industries, forestry workers and professionals, States, environmental organizations and landowners, as well as independent scientists. Terms of the Advisory Council are staggered to ensure continuity from year to year.

Criteria: The guidelines developed by the Secretary of Agriculture must be based on: (1) measuring increases in carbon storage in excess of that which would have occurred in the absence of the forest management actions; and (2) comprehensive carbon accounting that reflects net increases in the carbon reservoir and takes into account any carbon emissions resulting from disturbance of carbon reservoirs existing at the start of forest management actions. The guidelines must include options for estimating possible leakage of carbon emissions to other lands, and for quantifying the expected carbon storage over various time periods, taking into account the likely duration of carbon stored in the carbon reservoir.

Recommended practices: The guidelines must also include recommended practices for monitoring, measurement and verification of carbon storage from forest management actions that, to the maximum extent practicable: are based on statistically sound sampling strategies, are cost-effective and allow pooled assessments across lands with multiple owners.

Guidance to States: The guidelines will include guidance to States for reporting, monitoring and verifying carbon storage achieved under the carbon storage program established in Section 5 of the bill.

Biomass energy projects: The guidelines will include guidance on calculating net greenhouse gas reductions from biomass energy projects, including net changes in carbon storage resulting from changes in land use, and the effect that using biomass to generate electricity (including cofiring of biomass with fossil fuels) has on the displacement of greenhouse gas emissions from fossil fuels.

Adoption of recommendations by DOE: The subsection directs the Secretary of Energy, acting through the Administrator of the Energy Information Administration, to revise the existing voluntary reporting guidelines to include the recommendations provided by the Secretary of Agriculture.

Periodic review of guidelines: At least every 24 months, the Secretary of Agriculture must convene the Advisory Council, review the guidelines and revise the guidelines as necessary, including to ensure consistency with any future Federal laws that provide recognition, credit or reward for reductions of atmospheric greenhouse gas concentrations resulting from forest management actions.

Monitoring of State revolving loan programs: States participating in the revolving loan program established in Section 5 of the bill must report annually to the Secretary of Agriculture on the results of the program. If a company or non-governmental organization provides funding to the State for specific projects, then the State shall report the carbon achieved by those projects. The Secretary of Agriculture shall review each of these reports, certify reports that are in compliance with the guidelines established by USDA and submit the certified report to the EIA Administrator for inclusion in the 1605(b) voluntary reporting data base.

SECTION 5. CARBON STORAGE AND WATERSHED RESTORATION PROGRAM

This section directs the Secretary of Agriculture to establish a program to provide assistance through State revolving loan funds to Indian tribes and owners of nonindustrial private forest land to undertake forestry carbon activities. This section also allows the Secretary of Agriculture to enter into cooperative agreements to protect and enhance fish and wildlife habitat and other resources.

(a) National Forest Watershed Restoration Cooperative Agreements. This subsection allows the Secretary of Agriculture to enter into cooperative agreements with willing State and local governments, Indian tribes, private and nonprofit entities and landowners for protection, restoration and enhancement of fish and wildlife habitat and other resources on public land, Indian land or private land in a national forest watershed. Projects under such a cooperative agreement are eligible for loans discussed in the next subsection. This subsection extends appropriations authorities that were first provided under Section 334 of the Interior and Related Appropriation Act for FY 1998 (''the WYDEN Amendment'').

(b) State Revolving Loan Funds. This subsection establishes a program to provide assistance through State revolving loan funds to Indian tribes and owners of not more than 5,000 acres of nonindustrial private forest land. The assistance is in the form of loans to support forestry carbon activities that increase long-term carbon storage or provide new sources of biomass feedstocks for renewable energy generation, and that have a positive impact on watersheds, fish habitats and wildlife diversity. The program will be administered by the Secretary of Agriculture.

Guidance: USDA, in collaboration with States, will provide guidance on eligible forestry carbon activities based on the criteria of the bill, recognizing that States should have maximum flexibility to achieve the purposes of the bill in ways most appropriate for each State.

Prohibitions: Loans will not be issued for activities required under other applicable Federal, State or local laws, nor for costs incurred before entering into a loan agreement with the State.

Limitation on land considered for funding: States shall not enter into new loan agreements under the bill to fund reforestation of land that has been harvested after enactment if the landowner receives revenues from the harvest sufficient to reforest the land.

Native species: Funding of reforestation activities shall be provided only for a species that is native to a region, with preference given to species that formerly occupied the land.

Sustainable forest management plan: States must give priority to projects on land under a sustainable forestry management program or forest stewardship plan, if the projects are consistent with the program or plan.

Loan amount: Loans can cover up to 100 percent of total project costs, not to exceed $100,000 during any 2-year period.

Repayment: Loans must be repaid to the State with interest at a rate of at least 5 percent per annum. Loans are to be repaid when the land is harvested, or in accordance with any other repayment schedule determined by the State (for example, a portion of proceeds from each timber sale to be paid over more than one rotation).

Risk: Landowners do not have to repay loans for timber that is lost to natural catastrophes or that cannot be harvested because of government-imposed restrictions on timber harvesting.

Lien: The loan terms will include a lien on all timber, forest products and biomass grown on land covered by the loan, with an assurance that the terms of the lien shall transfer with the land on sale, lease or transfer of the land.

Buyout option: The loan terms will specify financial terms allowing the owner to pay off the loan with interest prior to harvesting the timber specified in the loan.

Greenhouse gas reductions: A loan agreement must include recognition that, until the loan is paid off or otherwise terminated, all reductions in atmospheric greenhouse gases achieved by projects funded by the loan are attributable to the State that provides funding for the loan, or to any company or NGO that provides funding for the loan via the State program.

Permanent conservation easements: Loan recipients can cancel the loan by donating to the State or another appropriate entity a permanent conservation easement that permanently protects the land and resources at a level above what is required under applicable Federal, State and local law and furthers the purposes of the bill, including managing the land in a manner that maximizes the forest carbon reservoir of the land.

Reinvestment of funds: All repayments collected by a State must be reinvested in the program and used by the State to make additional loans.

Records: The State Forester shall maintain all loan records and make them available to the public.

Matching funds: A State must match Federal funding by at least 25% beginning in the second year of participating in the program.

Funding Distribution: Not later than 180 days after enactment, the Secretary will report to Congress on a formula under which Federal funds will be distributed among eligible States. The formula will be based on maximizing the potential for meeting the objectives of the bill, and give appropriate consideration to:

The acreage of unstocked or underproducing private forest land in each State within national forest watersheds; the potential productivity of such land; the potential long-term carbon storage of such land; the potential to achieve other environmental benefits, such as restoration of native forest communities in riparian areas; the number of owners eligible for loans in each State; and the need for reforestation, timber stand improvement, or other forestry investments consistent with the objectives of the bill.

The formula will give priority to States that have experienced or are expected to experience significant declines in employment levels in the forestry industries due to declining timber harvests on Federal land.

Private funding: A revolving loan fund may accept and distribute as loans any funds provided by nongovernmental organizations, businesses or persons in support of the purposes of this Act.

Bonneville Power Administration (BPA): States served by BPA (Washington, Oregon, Idaho and Montana) may apply for funding from BPA for purposes of funding loans that meet both the objectives of this Act and the fish and wildlife objectives of BPA under current law. Any such application will be subject to the same rules and procedures as any other application.

Authorization of Appropriations: For the state revolving loan program, this subsection authorizes funding from FY 2001 to FY 2010 at amounts equal to civil penalties collected under the Clean Water Act and the Clean Air Act, which currently revert to the Treasury as General Revenues. In fiscal year 1998, $45 million in penalties were assessed. Because penalty assessments can not be accurately predicted in advance, authorization in any given year would be based on the penalties assessed two years preceding.

By Mr. REID:

S. 1458. A bill to provide for a reduction in the rate of adolescent pregnancy through the evaluation of public and private prevention programs, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

TEEN PREGNANCY REDUCTION BILL

Mr. REID. Mr. President, despite the recent declines in teen birth rates in general, the overall teen birth rate for 1996 is still higher than it was in the early to mid-1980s, when the rate was at its lowest point. In fact, United States has the highest rates of teen pregnancy and births in the western industrialized world. More than 4 out of 10 young women in the U.S. become pregnant at least once before they reach the age of 20—nearly one million a year.

Unfortunately, my home state of Nevada has the highest teen pregnancy rate in the country—140 pregnancies per 1,000 girls aged 15–19 in 1996.

Teen pregnancy affects us all. Teen mothers are less likely to complete high school, and more likely to end up on welfare (nearly 80 percent of unmarried teen mothers end up on welfare). Teen pregnancy costs the United States at least $7 billion annually. The children of teenage mothers have lower birth weights, are more likely to perform poorly in school, and are at greater risk of abuse and neglect. The sons of teen mothers are 13 percent more likely to end up in prison while teen daughters are 22 percent more likely to become teen mothers themselves.

Teen pregnancy has become a significant problem in America's fastest growing ethnic group—the Hispanic community. Latinos currently constitute approximately 11 percent of the total U.S. population. By 2010, Latinos will be the largest minority group, and by 2050 approximately one-quarter of the U.S. population will be Latino.

Latinas have the highest teen birth rate among the major racial/ethnic groups in the United States. In 1997, the birth rate for Latina 15- to 19-year-olds was 97.4 per 1,000, nearly double the national rate of 52.3 per 1,000. Approximately one-quarter of the births in 1997 to teens aged 15 to 19 were to Latinas. Further, the teen birth and pregnancy rates for Latinas have not decreased as much in recent years as have the overall U.S. teen birth and pregnancy rates.

To combat the plague of teen pregnancy in this country, I am introducing the ''Teenage Pregnancy Reduction Act of 1999.'' In so doing, I join Congresswoman LOWEY, who has introduced the House companion bill.

The Teenage Pregnancy Reduction Act of 1999 will provide in-depth evaluation of promising teenage pregnancy prevention programs. Experts on teen pregnancy have informed us that such an evaluation is very needed. This three year evaluation will be funded at $3.5 million per year. The bill requires that a report of the evaluation's results be made to Congress, and the results be disseminated to the administrators of prevention programs, medical associations, public health services, school administrators and others. In addition, the bill provides for the establishment of a National Clearinghouse on Teenage Pregnancy Prevention Programs. Lastly, the bill provides $10 million for a one-time incentive grant to programs that complete the evaluation and are found to be effective.

Social problems like teen pregnancy are not happening in a vacuum, independent from other social problems. Nevada has the highest teen pregnancy rate, and it also has the highest high school dropout rate. Obviously, these two issues are related. Only one-third of teen mothers receive a high school diploma.

Senator BINGAMAN and I have offered a dropout bill similar to the teen pregnancy bill I introduce today. Both bills look to what states and communities are doing now and focus on those programs that are working. We can then help states and communities replicate these successful programs. But we are not going to totally solve problems like teen pregnancy through programs and legislation—we need to talk to our children. Studies show that teenagers who have strong emotional attachments to their parents are much less likely to become sexually active at an early age. We cannot legislate parents talking to their children, but we can provide the information and programs that will help parents work with their teens.

I would like to acknowledge the National Campaign to Prevent Teen Pregnancy, whose mission is to reduce the teen pregnancy rate by one-third between 1996 and 2005. I think that we can accomplish this goal, and I will do all that I can to help.

By Mr. MACK (for himself, Mrs. FEINSTEIN, Mr. HELMS, and Mr. ROBB):

S. 1459. A bill to amend title XVIII of the Social Security Act to protect the right of a Medicare beneficiary enrolled in a Medicare+Choice plan to receive services at a skilled nursing facility selected by that individual; to the Committee on Finance.

MEDICARE RETURN TO HOME ACT OF 1999

Mr. MACK. Mr. President, today I am pleased to join my colleagues, Mrs. FEINSTEIN, Mr. HELMS and Mr. ROBB, in sponsoring the Medicare Return to Home Act of 1999.

This legislation will ensure that senior citizens enrolled in Medicare+Choice health plans who normally reside in continuing care retirement communities or nursing homes have the opportunity to return to the same facility after a period of hospitalization. Many of the retirement communities contain fully licensed facilities established to provide skilled nursing services to their residents when required them. Often, people choose a continuing care retirement community because of the different levels of care that will be available to them as they age in that community. These living arrangements allow couples and individuals to maintain their independence by having the ability to move in and out of various levels of care according to their needs over time. People who are fully independent when they move into a residential community often require assisted living, skilled nursing care or some other assistance over the course of their lifetime in residence.

An increasing number of seniors have chosen Medicare+Choice plans as the way that they wish to receive health care services under Medicare. These plans reduce the potential for substantial out-of-pocket costs for the very

sick which might be the experience with the traditional original Medicare plan.

One unfortunate consequence of the Medicare+Choice option involves the inability of seniors to return to their chosen community or nursing home where they resided following a period of hospitalization. Some Medicare+Choice plans will only permit patients to be discharged from the hospital to a facility with which the Medicare+Choice plan has a contract. Then, patients cannot return to the residential community that they selected, which may have been chosen because it included a skilled nursing facility. Nor can they return to the nursing home in which they had previously resided. This can be traumatic for frail elderly patients and may contribute to their disorientation and impede their recovery. It places them in an unfamiliar setting away from home, possibly separating them from a spouse and friends. Staff at their chosen retirement community or nursing home may also be familiar with their individual needs and habits which could only assist in their return to wellness. It makes little sense for them to be sent elsewhere upon discharge from a hospital.

Passage of this legislation ensures the ability of Medicare+Choice beneficiaries to return to the residential home facility of their choice or nursing home in which they previously resided following hospitalization under the following conditions:

1. The enrollee chooses to return to the residential community facility where they had been living.

2. The facility is licensed and qualified under state and federal law to provide the required services.

3. The residential community or nursing home agrees to accept the managed care plan's payment which must be similar to the payment made to contracted facilities.

This legislation provides for continuity in the lives of the elderly following a period of hospitalization. It does not increase costs to Medicare+Choice plans or to beneficiaries.

It allows people to return to their loved ones in the facility where they have chosen to live.

Mr. President, I ask unanimous consent that a copy of the legislation be printed in the RECORD.

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

S. 1459

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Medicare Return To Home Act of 1999''.

SEC. 2. ENSURING CHOICE FOR SKILLED NURSING FACILITY SERVICES UNDER THE MEDICARE+CHOICE PROGRAM.

(a) IN GENERAL.—Section 1852 of the Social Security Act (42 U.S.C. 1395w–22) is amended by adding at the end the following:

''(1) ENSURING CHOICE OF SKILLED NURSING FACILITY SERVICES.—

''(1) COVERAGE OF SERVICES PROVIDED AT A SNF LOCATED IN ENROLLEE'S CONTINUING CARE RETIREMENT COMMUNITY OR AT A SNF IN WHICH ENROLLEE PREVIOUSLY RESIDED.—Subject to paragraph (2), a Medicare+Choice organization may not deny coverage for any service provided to an enrollee of a Medicare+Choice plan (offered by such organization) by—

''(A) a skilled nursing facility located within the continuing care retirement community in which the enrollee resided prior to being admitted to a hospital; or

''(B) a skilled nursing facility in which the enrollee resided immediately prior to being admitted to a hospital.

The requirement described in the preceding sentence shall apply whether or not the Medicare+Choice organization has a contract with such skilled nursing facility to provide such services.

''(2) REQUIRED FACTORS.—Paragraph (1) shall not apply unless the following factors exist:

''(A) The Medicare+Choice organization would be required to provide reimbursement for the service under the Medicare+Choice plan in which the individual is enrolled if the skilled nursing facility was under contract with the Medicare+Choice organization.

''(B) The individual—

''(i) had a contractual or other right to return, after hospitalization, to the continuing care retirement community described in paragraph (1)(A) or the skilled nursing facility described in paragraph (1)(B); and

''(ii) elects to receive services from the skilled nursing facility after the hospitalization, whether or not, in the case of a skilled nursing facility described in paragraph (1)(A), the individual resided in such facility before entering the hospital.

''(C) The skilled nursing facility has the capacity to provide the services the individual requires.

''(D) The skilled nursing facility agrees to accept substantially similar payment under the same terms and conditions that apply to similarly situated skilled nursing facilities that are under contract with the Medicare+Choice organization.

''(3) COVERAGE OF SNF SERVICES TO PREVENT HOSPITALIZATION.—A Medicare+Choice organization may not deny payment for services provided to an enrollee of a Medicare+Choice plan (offered by such organization) by a skilled nursing facility in which the enrollee resides, without a preceding hospital stay, regardless of whether the Medicare+Choice organization has a contract with such facility to provide such services, if—

''(A) the Medicare+Choice organization has determined that the service is necessary to prevent the hospitalization of the enrollee; and

''(B) the factors specified in subparagraphs (A), (C), and (D) of paragraph (2) exist.

''(4) COVERAGE OF SERVICES PROVIDED IN SNF WHERE SPOUSE RESIDES.—A Medicare+Choice organization may not deny payment for services provided to an enrollee of a Medicare+Choice plan (offered by such organization) by a skilled nursing facility in which the enrollee resides, regardless of whether the Medicare+Choice organization has a contract with such facility to provide such services, if the spouse of the enrollee is a resident of such facility and the factors specified in subparagraphs (A), (C), and (D) of paragraph (2) exist.

''(5) SKILLED NURSING FACILITY MUST MEET MEDICARE PARTICIPATION REQUIREMENTS.—This subsection shall not apply unless the skilled nursing facility involved meets all applicable participation requirements under this title.

''(6) PROHIBITIONS.—A Medicare+Choice organization offering a Medicare+Choice plan may not—

''(A) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under such plan, solely for the purpose of avoiding the requirements of this subsection;

''(B) provide monetary payments or rebates to enrollees to encourage such enrollees to accept less than the minimum protections available under this subsection;

''(C) penalize or otherwise reduce or limit the reimbursement of a health care provider or organization because such provider or organization provided services to the individual in accordance with this subsection; or

''(D) provide incentives (monetary or otherwise) to a health care provider or organization to induce such provider or organization to provide care to a participant or beneficiary in a manner inconsistent with this subsection.

''(7) COST-SHARING.—Nothing in this subsection shall be construed as preventing a Medicare+Choice organization offering a Medicare+Choice plan from imposing deductibles, coinsurance, or other cost-sharing for services covered under this subsection if such deductibles, coinsurance, or other cost-sharing would have applied if the skilled nursing facility in which the enrollee received such services was under contract with the Medicare+Choice organization.

''(8) NONPREEMPTION OF STATE LAW.—The provisions of this subsection shall not be construed to preempt any provision of State law that affords greater protections to beneficiaries with regard to coverage of items and services provided by a skilled nursing facility than is afforded by such provisions of this subsection.

''(9) DEFINITIONS.—In this subsection:

''(A) CONTINUING CARE RETIREMENT COMMUNITY.—The term 'continuing care retirement community' means an organization that provides or arranges for the provision of housing and health-related services to an older person under an agreement.

''(B) SKILLED NURSING FACILITY.—The term 'skilled nursing facility' has the meaning given such term in section 1819(a).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to contracts entered into or renewed on or after the date of enactment of this Act.

By Mr. HATCH (for himself, Mr. LEAHY, Mr. ABRAHAM, Mr. TORRICELLI, Mr. DEWINE, Mr. KOHL, and Mr. SCHUMER):

S. 1461. A bill to amend the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) to protect consumers and promote electronic commerce by prohibiting the bad-faith registration, trafficking or use of Internet domain names that are identical to, confusingly similar to, or dilutive of distinctive trademarks or service marks; to the Committee on the Judiciary.

DOMAIN NAME PIRACY PREVENTION ACT OF 1999

Mr. HATCH. Mr. President, I am pleased to rise today, along with my colleague, the Ranking Member on the Judiciary Committee, Senator LEAHY, to introduce legislation that will address a growing problem for consumers and American businesses online. At

issue is the deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners. for the Net-savy, this burgeoning form of cyber-abuse is known as ''cybersquatting.'' for the average consumer, it is basically fraud, deception, and the bad-faith trading on the goodwill of others. Whatever you call it, it is an issue that has a great impact on American consumers and the brand names they rely on as indications of source, quality, and authenticity.

As anyone who has walked down the aisle in the grocery store knows, trademarks serve as the primary indicators of source, quality, and authenticity in the minds of consumers. How else do you explain the price disparity between various brands of toothpaste, laundry detergent, or even canned beans. These brand names are valuable in that they convey to the consumer reliable information regarding the source and quality of goods and services, thereby facilitating commerce and spurring confidence in the marketplace. Unauthorized uses of others' marks undercuts the market by eroding consumer confidence and the communicative value of the brand names we all rely on. For that very reason, Congress has enacted a number of statutes addressing the problems of trademark infringement, false advertising and unfair competition, trademark dilution, and trademark counterfeiting. Doing so has helped protect American businesses and, more importantly perhaps, American consumers.

As we are seeing with increased frequency, the problems of brand-name abuse and consumer confusion are particularly acute in the online environment. The fact is that a consumer in a ''brick and mortar'' world has the luxury of a variety of additional indicators of source and quality aside from a brand name. For example, when one walks in to the local consumer electronics retailer, he is fairly certain with whom he is dealing, and he can often tell by looking at the products and even the storefront itself whether or not he is dealing with a reputable establishment. These protections are largely absent in the electronic world, where anyone with Internet access and minimal computer knowledge can set up a storefront online.

In many cases what consumers see when they log on to a site is their only indication of source and authenticity, and legitimate and illegitimate sites may be indistinguishable in cyberspace. In fact, a well-known trademark in a domain name may be the primary source indicator for the online consumer. So it a bad actor is using that name, rather than the trademark owner, an online consumer is at serious risk of being defrauded, or at the very least confused. The result, as with other forms of trademark violations, is the erosion of consumer confidence in brand name identifiers and in electronic commerce generally.

Last week the Judiciary Committee heard testimony of a number of examples of consumer confusion on the Internet stemming from abusive domain name registrations. For example, Anne Chasser, President of the International Trademark Association, testified that a cybersquatter had registered the domain names ''attphonecard.com'' and ''attcallingcard.com'' and used those names to establish sites purporting to sell calling cards and soliciting personally identifying information, including credit card numbers. Chris Young, President of Cyveillance, Inc.—a company founded specifically to assist trademark owners police their marks online—testified that a cybersquatter had registered the name ''dellspares.com'' and was purporting to sell Dell products online, when in fact Dell does not authorize online resellers to market its products. We heard similar testimony of an offshore cybersquatter selling web-hosting services under the name ''bellatlantics.com''. And Greg Phillips, a Salt Lake City trademark practitioner that represents Porsche in protecting their famous trademark against what is now more than 300 instances of cybersquatting, testified of several examples where bad actors have registered Porsche marks to sell counterfeit goods and non-genuine Porsche parts.

Consider also the child who in a ''hunt-and-peck'' manner mistakenly typed in the domain for ''dosney.com'', looking for the rich and family-friendly content of Disney's home page, only to wind up staring at a page of hardcore pornography because someone snatched up the ''dosney'' domain in anticipation that just such a mistake would be made. In a similar case, a 12-year-old California boy was denied privileges at his school when he entered ''zelda.com'' in a web browser at his school library, looking for a site he expected to be affiliated with the computer game of the same name, but ended up at a pornography site.

In addition to these types of direct harm to consumers, cybersquatting harms American businesses and the goodwill value associated with their names. In part this is a result of the fact that in each case of consumer confusion there is a case of brand-name misappropriation and an erosion of goodwill. But, even absent consumer confusion, there are many many cases of cybersquatters who appropriate brand names with the sole intent of extorting money from the lawful mark owner, of precluding evenhanded competition, or even very simply of harming the goodwill of the mark.

For example, a couple of years ago a small Canadian company with a single shareholder and a couple of dozen domain names demanded that Umbro International, Inc., which markets and distributes soccer equipment, pay $50,000 to its sole shareholder, $50,000 to a charity, and provide a lifetime supply of soccer equipment in order for it to relinquish the ''umbro.com'' name. Warner Bros. was reportedly asked to pay $350,000 for the rights to the names ''warner-records.com'', ''warner-bros-records.com'', ''warner-pictures.com'', ''warner-bros-pictures'', and ''warnerpictures.com''. And Intel Corporation was forced to deal with a cybersquatter who registered the ''pentium3.com'' domain and used it to post pornographic images of celebrities.

It is time for Congress to take a closer look at these abuses and to respond with appropriate legislation. In the 104th Congress, Senator LEAHY and I sponsored the ''Federal Trademark Dilution Act,'' which has proved useful in assisting the owners of famous trademarks to police online uses of their marks that dilute their distinctive quality. Unfortunately, the economics of litigation have resulted in a situation where it is often more cost-effective to simply ''pay off'' a cybersquatter rather than pursue costly litigation with little hope of anything more than an injunction against the offender. And cybersquatters are becoming more sophisticated and more creative in evading what good case law has developed under the dilution statute.

The bill I am introducing today with the Senator from Vermont is designed to address these problems head on by clarifying the rights of trademark owners online with respect to cybersquatting, by providing clear deterrence to prevent such bad faith and abusive conduct, and by providing adequate remedies for trademark owners in those cases where it does occur. While the bill shares the goals of, and has some similarity to, legislation introduced earlier by Senator ABRAHAM, it differs in a number of substantial respects.

First, like Senator ABRAHAM's legislation, our bill allows trademark owners to recover statutory damages in cybersquatting cases, both to deter wrongful conduct and to provide adequate remedies for trademark owners who seek to enforce their rights in court. Our bill goes beyond simply stating the remedy, however, and sets forth a substantive cause of action, based in trademark law, to define the wrongful conduct sought to be deterred and to fill in the gaps and uncertainties of current trademark law with respect to cybersquatting.

Under our bill, the abusive conduct that is made actionable is appropriately limited to bad faith registrations of others' marks by persons who seek to profit unfairly from the goodwill associated therewith. In addition,

the bill balances the property interests of trademark owners with the interests of Internet users who would make fair use of others' marks or otherwise engage in protected speech online. Our bill also limits the definition of domain name identifier to exclude such things as screen names, file names, and other identifiers not assigned by a domain name registrar or registry. it also omits criminal penalties found in Senator ABRAHAM's earlier legislation.

Second, our bill provides for in rem jurisdiction, which allows a mark owner to seek the forfeiture, cancellation, or transfer of an infringing domain name by filing an in rem action against the name itself, where the mark owner has satisfied the court that it has exercised due diligence in trying to locate the owner of the domain name but is unable to do so. A significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner. Our bill will alleviate this difficulty, while protecting the notions of fair play and substantial justice, by enabling a mark owner to seek an injunction against the infringing property in those cases where, after due diligence, a mark owner is unable to proceed against the domain name registrant because the registrant has provided false contact information and is otherwise not to be found.

Additionally, some have suggested that dissidents and others who are online incognito for legitimate reasons might give false information to protect themselves and have suggested the need to preserve a degree of anonymity on the Internet particularly for this reason. Allowing a trademark owner to proceed against the domain names themselves, provided they are, in fact, infringing or diluting under the Trademark Act, decreases the need for trademark owners to join the hunt to chase down and root out these dissidents or others seeking anonymity on the Net. The approach in our bill is a good compromise, which provides meaningful protection to trademark owners while balancing the interests of privacy and anonymity on the Internet.

Third, like the Abraham bill, our bill encourages domain name registrars and registries to work with trademark owners to prevent cybersquatting by providing a limited exemption from liability for domain name registrars and registries that suspend, cancel, or transfer domain names pursuant to a court order or in the implementation of a reasonable policy prohibiting the registration of infringing domain names. Our bill goes further, however, in order to protect the rights of domain name registrants against overreaching trademark owners. Under our bill, a trademark owner who knowingly and materially misrepresents to the domain name registrar or registry that a domain name is infringing is liable to the domain name registrant for damages resulting from the suspension, cancellation, or transfer of the domain name. Our bill also promotes the continued ease and efficiency users of the current registration system enjoy by codifying current case law limiting the secondary liability of domain name registrars and registries for the act of registration of a domain name.

Finally, our bill includes an explicit savings clause making clear that the bill does not affect traditional trademark defenses, such as fair use, or a person's first amendment rights, and it ensures that any new remedies created by the bill will apply prospectively only.

Mr. President, this bill is an important piece of legislation that will promote the growth of online commerce by protecting consumers and providing clarity in the law for trademark owners in cyberspace. It is a balanced bill that protects the rights of Internet users and the interests of all Americans in free speech and protected uses of trademarked names for such things as parody, comment, criticism, comparative advertising, news reporting, etc. It reflects many hours of discussions with senators and affected parties on all sides. I want to thank Senator LEAHY for his cooperation in crafting this particular measure, and also Senator ABRAHAM for his cooperation in this effort. I expect that the substance of this bill will be offered as a Committee substitute to Senator ABRAHAM's legislation when the Judiciary Committee turns to that bill tomorrow, and I look forward to broad bipartisan support at that time. I similarly look forward to working with my other colleagues here in the Senate to report this bill favorably to the House, and I urge their support in this regard.

I ask unanimous consent that the text of the bill and a section-by-section analysis of the bill be printed in the RECORD.

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

S. 1461

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

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the ''Domain Name Piracy Prevention Act of 1999''.

(b) REFERENCES TO THE TRADEMARK ACT OF 1946.—Any reference in this Act to the Trademark Act of 1946 shall be a reference to the Act entitled ''An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes'', approved July 5, 1946 (15 U.S.C. 1051 et seq.).

SEC. 2. FINDINGS.

Congress finds the following:

(1) The registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of a trademark or service mark of another that is distinctive at the time of registration of the domain name, without regard to the goods or services of the parties, with the bad-faith intent to profit from the goodwill of another's mark (commonly referred to as ''cyberpiracy'' and ''cybersquatting'')—

(A) results in consumer fraud and public confusion as to the true source or sponsorship of goods and services;

(B) impairs electronic commerce, which is important to interstate commerce and the United States economy;

(C) deprives legitimate trademark owners of substantial revenues and consumer goodwill; and

(D) places unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their valuable trademarks.

(2) Amendments to the Trademark Act of 1946 would clarify the rights of a trademark owner to provide for adequate remedies and to deter cyberpiracy and cybersquatting.

SEC. 3. CYBERPIRACY PREVENTION.

(a) IN GENERAL.—Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by inserting at the end the following:

''(d)(1)(A) Any person who, with bad-faith intent to profit from the goodwill of a trademark or service mark of another, registers, traffics in, or uses a domain name that is identical to, confusingly similar to, or dilutive of such trademark or service mark, without regard to the goods or services of the parties, shall be liable in a civil action by the owner of the mark, if the mark is distinctive at the time of the registration of the domain name.

''(B) In determining whether there is a bad-faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—

''(i) the trademark or other intellectual property rights of the person, if any, in the domain name;

''(ii) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

''(iii) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

''(iv) the person's legitimate noncommercial or fair use of the mark in a site accessible under the domain name;

''(v) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

''(vi) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for substantial consideration without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services;

''(vii) the person's intentional provision of material and misleading false contact information when applying for the registration of the domain name; and

''(viii) the person's registration or acquisition of multiple domain names which are

identical to, confusingly similar to, or dilutive of trademarks or service marks of others that are distinctive at the time of registration of such domain names, without regard to the goods or services of such persons.

''(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

''(2)(A) The owner of a mark may file an in rem civil action against a domain name if—

''(i) the domain name violates any right of the registrant of a mark registered in the Patent and Trademark Office, or section 43 (a) or (c); and

''(ii) the court finds that the owner has demonstrated due diligence and was not able to find a person who would have been a defendant in a civil action under paragraph (1).

''(B) The remedies of an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.''.

(b) ADDITIONAL CIVIL ACTION AND REMEDY.—The civil action established under section 43(d)(1) of the Trademark Act of 1946 (as added by this section) and any remedy available under such action shall be in addition to any other civil action or remedy otherwise applicable.

SEC. 4. DAMAGES AND REMEDIES.

(a) REMEDIES IN CASES OF DOMAIN NAME PIRACY.—

(1) INJUNCTIONS.—Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking ''section 43(a)'' and inserting ''section 43 (a), (c), or (d)''.

(2) DAMAGES.—Section 35(a) of the Trademark Act of 1946 (15 U.S.C. 1117(a)) is amended in the first sentence by inserting '', (c), or (d)'' after ''section 43 (a)''.

(b) STATUTORY DAMAGES.—Section 35 of the Trademark Act of 1946 (15 U.S.C. 1117) is amended by adding at the end the following:

''(d) In a case involving a violation of section 43(d)(1), the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just. The court shall remit statutory damages in any case in which an infringer believed and had reasonable grounds to believe that use of the domain name by the infringer was a fair or otherwise lawful use.''.

SEC. 5. LIMITATION ON LIABILITY.

Section 32(2) of the Trademark Act of 1946 (15 U.S.C. 1114) is amended—

(1) in the matter preceding subparagraph (A) by striking ''under section 43(a)'' and inserting ''under section 43 (a) or (d)''; and

(2) by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following:

''(D)(i) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

''(ii) An action referred to under clause (i) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name—

''(I) in compliance with a court order under section 43(d); or

''(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark registered on the Principal Register of the United States Patent and Trademark Office.

''(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

''(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any person that a domain name is identical to, confusingly similar to, or dilutive of a mark registered on the Principal Register of the United States Patent and Trademark Office, such person shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.''.

SEC. 6. DEFINITIONS.

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the undesignated paragraph defining the term ''counterfeit'' the following:

''The term 'Internet' has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

''The term 'domain name' means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.''.

SEC. 7. SAVINGS CLAUSE.

Nothing in this Act shall affect any defense available to a defendant under the Trademark Act of 1946 (including any defense under section 43(c)(4) of such Act or relating to fair use) or a person's right of free speech or expression under the first amendment of the United States Constitution.

SEC. 8. SEVERABILITY.

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstances is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 9. EFFECTIVE DATE.

This Act shall apply to all domain names registered before, on, or after the date of enactment of this Act, except that statutory damages under section 35(d) of the Trademark Act of 1946 (15 U.S.C. 1117), as added by section 4 of this Act, shall not be available with respect to the registration, trafficking, or use of a domain name that occurs before the date of enactment of this Act.

SECTION BY SECTION ANALYSIS—S. 1461, THE ''DOMAIN NAME PIRACY PREVENTION ACT OF 1999.''

SECTION 1. SHORT TITLE; REFERENCES

This section provides that the Act may be cited as the ''Domain Name Piracy Prevention Act of 1999'' and that any references within the bill to the Trademark Act of 1946 shall be a reference to the Act entitled ''An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes'', approved July 5, 1946 (15 U.S.C. 1051 et seq.), also commonly referred to as the Lanham Act.

SECTION 2. FINDINGS

This section sets forth Congress' findings that cybersquatting and cyberpiracy—defined as the registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of a distinctive trademark or service mark of another with the bad faith intent to profit from the goodwill of that mark—harms the public by causing consumer fraud and public confusion as to the true source or sponsorship of goods and services, by impairing electronic commerce, by depriving trademark owners of substantial revenues and consumer goodwill, and by placing unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their own marks. Amendments to the Trademark Act would clarify the rights of trademark owners to provide for adequate remedies for the abusive and bad faith registration of their marks as Internet domain names and to deter cyberpiracy and cybersquatting.

SECTION 3. CYBERPIRACY PREVENTION

Subsection (a). In General. This subsection amends section the Trademark Act to provide an explicit trademark remedy for cybersquatting under a new section 43(d). Under paragraph (1)(A) of the new section 43(d), actionable conduct would include the registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of the trademark or service mark of another, provided that the mark was distinctive (i.e., enjoyed trademark status) at the time the domain name was registered. The bill is carefully and narrowly tailored, however, to extend only to cases where the plaintiff can demonstrate that the defendant registered, trafficked in, or used the offending domain name with bad-faith intent to profit from the goodwill of a mark belonging to someone else. Thus, the bill does not extend to innocent domain name registrations by those who are unaware of another's use of the name, or even to someone who is aware of the trademark status of the name but registers a domain name containing the mark for any reason other than with bad faith intent to profit from the goodwill associated with that mark.

Paragraph (1)(B) of the new section 43(d) sets forth a number of nonexclusive, nonexhaustive factors to assist a court in determining whether the required bad-faith element exists in any given case. These factors are designed to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of others' marks, including for purposes such as comparative advertising, comment, criticism, parody, news reporting, fair use, etc. The bill suggests a total of eight factors a court may wish to consider. The first four suggest circumstances that may tend to indicate an absence of bad-faith intent to profit from the goodwill of a mark, and the last four suggest circumstances that may tend to indicate that such bad-faith intent exists.

First, under paragraph (1)(B)(i), a court may consider whether the domain name registrant has trademark or any other intellectual property rights in the name. This factor recognizes, as does trademark law in general,

that there may be concurring uses of the same name that are noninfringing, such as the use of the ''Delta'' mark for both air travel and sink faucets. Similarly, the registration of the domain name ''deltaforce.com'' by a movie studio would not tend to indicate a bad faith intent on the part of the registrant to trade on Delta Airlines or Delta Faucets' trademarks.

Second, under paragraph (1)(B)(ii), a court may consider the extent to which the domain name is the same as the registrant's own legal name or a nickname by which that person is commonly identified. This factor recognizes, again as does the concept of fair use in trademark law, that a person should be able to be identified by their own name, whether in their business or on a web site. Similarly, a person may bear a legitimate nickname that is identical or similar to a well-known trademark, such as in the well-publicized case of the parents who registered the domain name ''pokey.org'' for their young daughter who goes by that name, and these individuals should not be deterred by this bill from using their name online. This factor is not intended to suggest that domain name registrants may evade the application of this act by merely adopting Exxon, Ford, or other well-known marks as their nicknames. It merely provides a court with the appropriate discretion to determine whether or not the fact that a person bears a nickname similar to a mark at issue is an indication of an absence of bad-faith on the part of the registrant.

Third, under paragraph (1)(B)(iii), a court may consider the domain name registrant's prior use, if any, of the domain name in connection with the bona fide offering of goods or services. Again, this factor recognizes that the legitimate use of the domain name in online commerce may be a good indicator of the intent of the person registering that name. Where the person has used the domain name in commerce without creating a likelihood of confusion as to the source or origin of the goods or services and has not otherwise attempted to use the name in order to profit from the goodwill of the trademark owner's name, a court may look to this as an indication of the absence of bad faith on the part of the registrant.

Fourth, under paragraph (1)(B)(iv), a court may consider the person's legitimate noncommercial or fair use of the mark in a web site that is accessible under the domain name at issue. This factor is intended to balance the interests of trademark owners with the interests of those who would make lawful noncommercial or fair uses of others' marks online, such as in comparative advertising, comment, criticism, parody, news reporting, etc. The fact that a person may use a mark in a site in such a lawful manner may be an appropriate indication that the person's registration or use of the domain name lacked the required element of bad-faith. This factor is not intended to create a loophole that otherwise might swallow the bill by allowing a domain name registrant to evade application of the Act by merely putting up a noninfringing site under an infringing domain name. For example, in the well known case of *Panavision Int'l* v. *Toeppenn*, 141 F.3d 1316 (9th Cir. 1998), a well known cybersquatter had registered a host of domain names mirroring famous trademarks, including names for Panavision, Delta Airlines, Neiman Marcus, Eddie Bauer, Lufthansa, and more than 100 other marks, and had attempted to sell them to the mark owners for amounts in the range of $10,000 to $15,000 each. His use of the ''panavision.com'' and ''panaflex.com'' domain names was seemingly more innocuous, however, as they served as addresses for sites that merely displayed pictures of Pana Illinois and the word ''Hello'' respectively. This bill would not allow a person to evade the holding of that case—which found that Mr. Toeppen had made a commercial use of the Panavision marks and that such uses were, in fact, diluting under the Federal Trademark Dilution Act—merely by posting noninfringing uses of the trademark on a site accessible under the offending domain name, as Mr. Toeppen did. Rather, the bill gives courts the flexibility to weigh appropriate factors in determining whether the name was registered or used in bad faith, and it recognizes that one such factor may be the use the domain name registrant makes of the mark.

Fifth, under paragraph (1)(B)(v), a court may consider whether, in registering or using the domain name, the registrant intended to divert consumers away from the trademark owner's website to a website that could harm the goodwill of the mark, either for purposes of commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site. This factor recognizes that one of the main reasons cybersquatters use other people's trademarks is to divert Internet users to their own sites by creating confusion as to the source, sponsorship, affiliation, or endorsement of the site. This is done for a number of reasons, including to pass off inferior goods under the name of a well-known mark holder, to defraud consumers into providing personally identifiable information, such as credit card numbers, to attract eyeballs to sites that price online advertising according to the number of ''hits'' the site receives, or even just to harm the value of the mark. Under this provision, a court may give appropriate weight to evidence that a domain name registrant intended to confuse or deceive the public in this manner when making a determination of bad-faith intent.

Sixth, under paragraph (1)(B)(vi), a court may consider a domain name registrant's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for substantial consideration, where the registrant has not used, and did not have any intent to use, the domain name in the bona fide offering of any goods or services. This factor is consistent with the court cases, like the *Panavision* case mentioned above, where courts have found a defendant's offer to sell the domain name to the legitimate mark owner as being indicative of the defendant's intent to trade on the value of a trademark owner's marks by engaging in the business of registering those marks and selling them to the rightful trademark owners. It does not suggest that a court should consider the mere offer to sell a domain name to a mark owner or the failure to use a name in the bona fide offering of goods or services is sufficient to indicate bad faith. Indeed, there are cases in which a person registers a name in anticipation of a business venture that simply never pans out. And someone who has a legitimate registration of a domain name that mirrors someone else's domain name, such as a trademark owner that is a lawful concurrent user of that name with another trademark owner, may, in fact, wish to sell that name to the other trademark owner. This bill does not imply that these facts are an indication of bad-faith. It merely provides a court with the necessary discretion to recognize the evidence of bad-faith when it is present. In practice, the offer to sell domain names for exorbitant amounts to the rightful mark owner has been one of the most common threads in abusive domain name registrations.

Seventh, under paragraph (1)(B)(vii), a court may consider the registrant's intentional provision of material and misleading false contact information in an application for the domain name registration. Falsification of contact information with the intent to evade identification and service of process by trademark owners is also a common thread in cases of cybersquatting. This factor recognizes that fact, while still recognizing that there may be circumstances in which the provision of false information may be due to other factors, such as mistake or, as some have suggested in the case of political dissidents, for purposes of anonymity. This bill balances those factors by limiting consideration to the person's contact information, and even then requiring that the provision of false information be material and misleading. As with the other factors, this factor is nonexclusive and a court is called upon to make a determination based on the facts presented whether or not the provision of false information does, in fact, indicate bad-faith.

Eighth, under paragraph (1)(B)(viii), a court may consider the domain name registrant's acquisition of multiple domain names that are identical to, confusingly similar to, or dilutive of others' marks. This factor recognizes the increasingly common cybersquatting practice known as ''warehousing'', in which a cybersquatter registers multiple domain names—sometimes hundreds, even thousands—that mirror the trademarks of others. By sitting on these marks and not making the first move to offer to sell them to the mark owner, these cybersquatters have been largely successful in evading the case law developed under the Federal Trademark Dilution Act. This bill does not suggest that the mere registration of multiple domain names is an indication of bad faith, but allows a court to weigh the fact that a person has registered multiple domain names that infringe or dilute the trademarks of others as part of its consideration of whether the requisite bad-faith intent exists.

Paragraph (1)(C) makes clear that in any civil brought under the new section 43(d), a court may order the forfeiture, cancellation, or transfer of a domain name to the owner of the mark.

Paragraph (2)(A) provides for in rem jurisdiction, which allows a mark owner to seek the forfeiture, cancellation, or transfer of an infringing domain name by filing an in rem action against the name itself, where the mark owner has satisfied the court that it has exercised due diligence in trying to locate the owner of the domain name but is unable to do so. As indicated above, a significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner. This bill will alleviate this difficulty, while protecting the notions of fair play and substantial justice, by enabling a mark owner to seek an injunction against the infringing property in those cases where, after due diligence, a mark owner is unable to proceed against the domain name registrant because the registrant has provided false contact information and is otherwise not to be found,

provided the mark owner can show that the domain name itself violates substantive trademark law. Paragraph (2)(B) limits the relief available in such an in rem action to an injunction ordering the forfeiture, cancellation, or transfer of the domain name.

Subsection (b). Additional Civil Action and Remedy. This subsection makes clear that the creation of a new section 43(d) in the Trademark Act does not in any way limit the application of current provisions of trademark, unfair competition and false advertising, or dilution law, or other remedies under counterfeiting or other statutes, to cybersquatting cases.

SECTION 4. DAMAGES AND REMEDIES

This section applies traditional trademark remedies, including injunctive relief, recovery of defendant's profits, actual damages, and costs, to cybersquatting cases under the new section 43(d) of the Trademark Act. The bill also amends section 35 of the Trademark Act to provide for statutory damages in cybersquatting cases, in an amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just. The bill requires the court to remit statutory damages in any case where the infringer believed and had reasonable grounds to believe that the use of the domain name was a fair or otherwise lawful use.

SECTION 5. LIMITATION ON LIABILITY

This section amends section 32(2) of the Trademark Act to extend the Trademark Act's existing limitations on liability to the cybersquatting context. This section also creates a new subparagraph (D) in section 32(2) to encourage domain name registrars and registries to work with trademark owners to prevent cybersquatting through a limited exemption from liability for domain name registrars and registries that suspend, cancel, or transfer domain names pursuant to a court order or in the implementation of a reasonable policy prohibiting cybersquatting. This section also protects the rights of domain name registrants against overreaching trademark owners. Under a new section subparagraph (D)(iv) in section 32(2), a trademark owner who knowingly and materially misrepresents to the domain name registrar or registry that a domain name is infringing shall be liable to the domain name registrant for damages resulting from the suspension, cancellation, or transfer of the domain name. In addition, the court may grant injunctive relief to the domain name registrant by ordering the reactivation of the domain name or the transfer of the domain name back to the domain name registrant. Finally, in creating a new subparagraph (D)(iii) of section 32(2), this section codifies current case law limiting the secondary liability of domain name registrars and registries for the act of registration of a domain name, absent bad-faith on the part of the registrar and registry.

SECTION 6. DEFINITIONS

This section amends the Trademark Act's definitions section (section 45) to add definitions for key terms used in this Act. First, the term ''Internet'' is defined consistent with the meaning given that term in the Communications Act (47 U.S.C. 230(f)(1)). Second, this section creates a narrow definition of ''cybersquatting'' to target the specific bad faith conduct sought to be addressed while excluding such things as screen names, file names, and other identifiers not assigned by a domain name registrar or registry.

SECTION 7. SAVINGS CLAUSE

This section provides an explicit savings clause making clear that the bill does not affect traditional trademark defenses, such as fair use, or a person's first amendment rights.

SECTION 8. SEVERABILITY

This section provides a severability clause making clear Congress' intent that if any provision of this Act, an amendment made by the Act, or the application of such provision or amendment to any person or circumstances is held to be unconstitutional, the remainder of the Act, the amendments made by the Act, and the application of the provisions of such to any person or circumstance shall not be affected by such determination.

SECTION 9. EFFECTIVE DATE

This section provides that new statutory damages provided for under this bill shall not apply to any registration, trafficking, or use of a domain name that took place prior to the enactment of this Act.

Mr. LEAHY. Mr. President, I am pleased to join Senator HATCH, and others, today in introducing the ''Domain Name Piracy Prevention Act of 1999.'' We have worked hard to craft this legislation in a balanced fashion to protect trademark owners and consumers doing business online, and Internet users who want to participate in what the Supreme Court has described '''a unique and wholly new medium of worldwide human communication.''' *Reno* v. *ACLU*, 521 U.S. 844 (1997).

Trademarks are important tools of commerce. The exclusive right to the use of a unique mark helps companies compete in the marketplace by distinguishing their goods and services from those of their competitors, and helps consumers identify the source of a product by linking it with a particular company. The use of trademarks by companies, and reliance on trademarks by consumers, will only become more important as the global marketplace becomes larger and more accessible with electronic commerce. The reason is simple: when a trademark name is used as a company's address in cyberspace, customers know where to go online to conduct business with that company.

The growth of electronic commerce is having a positive effect on the economies of small rural states like mine. A Vermont Internet Commerce report I commissioned earlier this year found that Vermont gained more than 1,000 new jobs as a result of Internet commerce, with the potential that Vermont could add more than 24,000 jobs over the next two years. For a small state like ours, this is very good news.

Along with the good news, this report identified a number of obstacles that stand in the way of Vermont reaching the full potential promised by Internet commerce. One obstacle is that ''merchants are anxious about not being able to control where their names and brands are being displayed.'' Another is the need to bolster consumers' confidence in online shopping.

Cybersquatters hurt electronic commerce. Both merchant and consumer confidence in conducting business online are undermined by so-called ''cybersquatters'' or ''cyberpirates,'' who abuse the rights of trademark holders by purposely and maliciously registering as a domain, name the trademarked name of another company to divert and confuse customers or to deny the company the ability to establish an easy-to-find online location. A recent report by the World Intellectual Property Organization (WIPO) on the Internet domain name process has characterized cybersquatting as ''predatory and parasitical practices by a minority of domain registrants acting in bad faith'' to register famous or well-known marks of others—which can lead to consumer confusion or downright fraud.

Enforcing trademarks in cyberspace will promote global electronic commerce. Enforcing trademark law in cyberspace can help bring consumer confidence to this new frontier. That is why I have long been concerned with protecting registered trademarks online. Indeed, when the Congress passed the Federal Trademark Dilution Act of 1995, I noted that:

> [A]lthough no one else has yet considered this application, it is my hope that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others. (Congressional Record, Dec. 29, 1995, page S19312)

In addition, last year I authored an amendment that was enacted as part of the Next Generation Internet Research Act authorizing the National Research Council of the National Academy of Sciences to study the effects on trademark holders of adding new top-level domain names and requesting recommendations on expensive and expeditious procedures for resolving trademark disputes over the assignment of domain names. Both the Internet Corporation for Assigned Names and Numbers (I–CANN) and WIPO are also making recommendations on these procedures. Adoption of a uniform trademark domain name dispute resolution policy will be of enormous benefit to American trademark owners.

The ''Domain Name Piracy Prevention Act of 1999,'' which we introduce today, is not intended in any way to frustrate these global efforts already underway to develop inexpensive and expeditious procedures for resolving domain name disputes that avoid costly and time-consuming litigation in the court systems either here or abroad. In fact, the bill expressly provides liability limitations for domain name registrars, registries or other domain name registration authorities when they take actions pursuant to a reasonable policy prohibiting the registration of domain names that are identical, confusingly similar to or dilutive of another's trademark. The I–CANN and WIPO consideration of these

issues will inform the development by domain name registrars and registries of such reasonable policies.

The Federal Trademark Dilution Act of 1995 has been used as I predicted to help stop misleading uses of trademarks as domain names. One court has described this exercise by saying that ''attempting to apply established trademark law in the fast-developing world of the Internet is somewhat like trying to board a moving bus . . . ''*Bensusan Restaurant Corp.* v. *King,* 126 F.3d 25 (2d Cir. 1997). Nevertheless, the courts appear to be handling ''cybersquatting'' cases well. As University of Miami Law Professor Michael Froomkin noted in testimony submitted at the Judiciary Committee's hearing on this issue on July 22, 1999, ''[i]n every case involving a person who registered large numbers of domains for resale, the cybersquatter has lost.''

For example, courts have had little trouble dealing with a notorious ''cybersquatter,'' Dennis Toeppen from Illinois, who registered more than 100 trademarks—including ''yankeestadium.com,'' ''deltaairlines.com,'' and ''neiman-marcus.com''—as domain names for the purpose of eventually selling the names back to the companies owning the trademarks. The various courts reviewing his activities have unanimously determined that he violated the Federal Trademark Dilution Act.

Similarly, Wayne State University Law Professor Jessica Litman noted in testimony submitted at the Judiciary Committees hearing that those businesses which ''have registered domain names that are confusingly similar to trademarks or personal names in order to use them for pornographic web sites . . . have without exception lost suits brought against them.''

Enforcing or even modifying our trademark laws will be only part of the solution to cybersquatting. Up to now, people have been able to register any number of domain names in the popular ''.com'' domain with no money down and no money due for 60 days. Network Solutions Inc. (NSI), the dominant Internet registrar, announced just last week that it was changing this policy, and requiring payment of the registration fee up front. In doing so, the NSI admitted that it was making this change to curb cybersquatting.

In light of the developing case law, the ongoing efforts within WIPO and ICANN to build a consensus global mechanism for resolving online trademark disputes, and the implementation of domain name registration practices designed to discourage cybersquatting, the legislation we introduce today is intended to build is intended to build upon this progress and provide constructive guidance to trademark holders, domain name registrars and registries and Internet users registering domain names alike.

Other Anti-cybersquatting Legislation Is Flawed. This is not the first bill to be introduced this session to address the problem of cybersquatting, and I appreciate the efforts of Senators ABRAHAM, TORICELLI, HATCH, and MCCAIN, to focus our attention on this important matter. They introduced S. 1255, the ''Anticybersquatting Consumer Protection Act,'' which proposed making it illegal to register or use any ''Internet domain name or identifier of an online location'' that could be confused with the trademark of another person or cause dilution of a ''famous trademark.'' Violations were punishable by both civil and criminal penalties.

I voiced concerns at a hearing before the Judiciary Committee last week that S. 1255 would have a number of unintended consequences that could hurt rather than promote electronic commerce, including the following specific problems:

The definition in S. 1255 is overbroad. S. 1255 covers the use or registration of any ''identifier,'' which could cover not just second level domain names, but also e-mail addresses, screen names used in chat rooms, and even files accessible and readable on the Internet. As one witness pointed out, ''the definitions will make every fan a criminal.'' How? A file document about Batman, for example, that uses the trademark ''Batman'' in its name, which also identifies its online location, could land the writer in court under that bill. Cybersquatting is not about file names.

S. 1255 threatens hypertext linking. The Web operates on hypertext linking, to facilitate jumping from one site to another. S. 1255 could disrupt this practice by imposing liability on operators of sites with links to other sites with trademark names in the address. One could imagine a trademark owner not wanting to be associated with or linked with certain sites, and threatening suit under this proposal unless the link were eliminated or payments were made for allowing the linking.

S. 1255 would criminalize dissent and protest sites. A number of Web sites collect complaints about trademarked products or services, and sue the trademarked names to identify themselves. For example, there are protest sites named ''boycotts-cbs.com'' and ''www.PepsiBloodbath.com.'' While the speech contained on those sites is clearly constitutionally protected, S. 1255 would criminalizes the use of the trademarked name to reach the site and make them difficult to search for and find online.

S. 1255 would stifle legitimate warehousing of domain names. The bill would change current law and make liable persons who merely register domain names similar to other trademarked names, whether or not they actually set up a site and use the name. The courts have recognized that companies may have legitimate reason for registering domain names without using them and have declined to find trademark violations for mere registration of a trademarked name. For example, a company planning to acquire another company might register a domain name containing the target company's name in anticipation of the deal. S. 1255 would make that company liable for trademark infringement.

For these and other reasons, Professor Litman concluded that this ''bill would in many ways be bad for electronic commerce, by making it hazardous to do business on the Internet without first retaining trademark counsel.'' Faced with the risk of criminal penalties, she stated that ''many start-up businesses may choose to abandon their goodwill and move to another Internet location, or even to fold, rather than risk liability.''

The Hatch-Leahy Domain Name Piracy Prevention Act is a better solution. The legislation we introduce today addresses the cybersquatting problem without jeopardizing other important online rights and interests. This bill would amend section 43 of the Trademark Act (15 U.S.C. §11125) by adding a new section to make liable for actual or statutory damages any person, who with bad-faith intent to profit from the goodwill of another's trademark, registers or uses a domain name that is identical to, confusingly similar to or dilutive of such trademark, without regard to the goods or services of the parties. the fact that the domain name registrant did not compete with the trademark owner would not be a bar to recovery. Significant sections of this bill include:

Definition. Domain names are narrowly defined to mean alphanumeric designations registered with or assigned by domain name registrars or registries, or other domain name registration authority as part of an electronic authority as part of an electronic address on the Internet. Since registrars only second level domain names this definition effectively excludes file names, screen names, and e-mail addresses and, under current registration practice, applies only to second level domain names.

Scienter requirement. Good faith, innocent or negligent uses of domain names that are identical or similar to, or dilutive of, another's mark are not covered by the bill's prohibition. Thus, registering a domain name while unaware that the name is another's trademark would not be actionable. Nor would the use of a domain name that contains a trademark for purposes of protest, complaint, parody or commentary satisfy the requisite scienter requirement. Bad-faith intent to profit is required for a violation to occur.

This requirement of bad-faith intent to profit is critical since, as Professor

Litman pointed out in her testimony, our trademark laws permit multiple businesses to register the same trademark for different classes of products. Thus, she explains:

[a]lthough courts have been quick to impose liability for bad faith registration, they have been far more cautious in disputes involving a domain name registrant who has a legitimate claim to use a domain name and registered it in good faith. In a number of cases, courts have refused to impose liability where there is no significant likelihood that anyone will be misled, even if there is a significant possibility of trademark dilution.

The legislation outlines the following non-exclusive list of eight factors for courts to consider in determining whether such bad-faith intent to profit is proven: (i) the trademark rights of the domain name registrant in the domain name; (ii) whether the domain name is the legal or nickname of the registrant; (iii) the prior use by the registrant of the domain name in connection with the bona fide offering of any goods or services; (iv) the registrant's legitimate noncommercial or fair use of the mark at the site under the domain name; (v) the registrant's intent to divert consumers from the mark's owner's online location in a manner that could harm the mark's goodwill, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site; (vi) the registrant's offer to sell the domain name for substantial consideration without having or having an intent to use the domain name in the bona fide offering of goods or services; (vii) the registrant's international provision of material false and misleading contact information when applying for the registration of the domain name; and (viii) the registrant's registration of multiple domain names that are identical or similar to or dilutive of another's trademark.

Damages. In civil actions against cybersquatters, the plaintiff is authorized to recover actual damages and profits, or may elect before final judgment to award of statutory damages of not less than $1,000 and not more than $100,000 per domain name, as the court considers just. The court is directed to remit statutory damages in any case where the infringer reasonably believed that use of the domain name was a fair or otherwise lawful use.

In Rem actions. The bill would also permit an in rem civil action filed by a trademark owner in circumstances where the domain name violates the owner's rights in the trademark and the court finds that the owner demonstrated due diligence and was not able to find the domain name holder to bring an in persona civil action. The remedies of an in rem action are limited to a court order for forfeiture or cancellation of the domain name or the transfer of the domain name to the trademark owner.

Liability limitations. The bill would limit the liability for monetary damages of domain name registrars, registries or other domain name registration authorities for any action they take to refuse to register, remove from registration, transfer, temporarily disable or permanently cancel a domain name pursuant to a court order or in the implementation of reasonable policies prohibiting the registration of domain names that are identical or similar to, or dilutive of, anothers trademark.

Prevention of reverse domain name hijacking. Reverse domain name hijacking is an effort by a trademark owner to take a domain name from a legitimate good faith domain name registrant. There have been some well-publicized cases of trademark owners demanding the take down of certain web sites set up by parents who have registered their children's names in the .org domain, such as two year old Veronica Sams's ''Little Veronica'' website and 12 year old Chris ''Pokey'' Van Allen's web page.

In order to protect the rights of domain name registrants in their domain names the bill provides that registrants may recover damages, including costs and attorney's fees, incurred as a result of a knowing and material misrepresentation by a person that a domain name is identical or similar to, or dilutive of, a trademark. In addition, the domain name or the transfer or return of a domain name to the domain name registrant.

Cybersquatting is an important issue both for trademark holders and for the future of electronic commerce on the Internet. Any legislative solution to cybersquatting must tread carefully to ensure that any remedies do not impede or stifle the free flow of information on the Internet. In many ways, the United States has been the incubator of the World Wide Web, and the world closely watches whenever we venture into laws, customs or standards that affect the Internet. We must only do so with great care and caution. Fair use principles are just as critical in cyberspace as in any other intellectual property arena.

I am pleased that Chairman HATCH and I, along with Senators ABRAHAM, TORRICELLI, and KOHL have worked together to find a legislative solution that respects these considerations. We also stand ready to make additional refinements to this legislation that prove necessary as this bill moves through the legislative process.

By Mr. JEFFORDS:

S. 1462. A bill to amend the Federal Food, Drug, and Cosmetic Act to permit importation in personal baggage and through mail order of certain covered products for personal use from Canada, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

PERSONAL USE PRESCRIPTION DRUG IMPORTATION ACT OF 1999

Mr. JEFFORDS. Mr. President, today I am introducing legislation that takes another positive step toward the goal of providing access to affordable prescription drugs for patients in my state of Vermont, and many other patients across the United States.

The high cost of prescription drugs is an issue that faces many Americans every single day, as they try to decide how to make ends meet, and whether they can afford to fill the prescription given to them by their doctor. Unfortunately, it is not uncommon to hear of patients who cut pills in half, or skip dosages in order to make prescriptions last longer. This is a serious health problem, and I am committed to legislative solutions that we can enact that provides immediate assistance to those who need it. I will soon introduce legislation that will provide prescription drug insurance for low-income Medicare beneficiaries. And today I am introducing legislation that will allow Americans of all ages who do not have sufficient coverage for prescription drugs, to purchase the medicines they need at prices they can afford.

Mr. President, it is well documented that the average price of prescription medicines is much lower in Canada than in the United States, with the price of some drugs in Vermont being twice that of the same drug available only a few miles away in a Canadian pharmacy. This is true even though many of the drugs sold in Canada are actually manufactured, packed, and distributed by American companies that sell the same products in both markets, but at drastically different prices. That is why many residents of my home state travel the short distance across the border into Canada to buy their prescription medicines at the lower price. Unfortunately, in most cases this is a violation of Federal law. This does not seem fair to many Vermonters, and it does not seem fair to me.

The legislation I am introducing today will change that, so that Americans who want to buy prescription medicines in Canada can legally do so. This legislation will require the Food and Drug Administration (FDA) to promulgate new regulations permitting patients to import prescription medications purchased in Canada. Currently, it is illegal for Americans to go to Canada and purchase drugs to be brought back to the United States. But FDA and U.S. Customs employ a ''discretionary enforcement policy'', allowing some Americans to enter the U.S. with drugs that they bought in Canada.

My legislation does a number of things. First, it requires the Secretary of Health and Human Services to promulgate regulations that will allow individuals to import prescription FDA-approved medicines from Canada in

personal baggage, so long as the appropriate use is identified and the product does not represent a significant health risk. Under this bill, patients could also be asked to identify the licensed U.S. health professional responsible for treatment, and to affirm that the product is for personal use, and provide other necessary information so that the FDA can continue to ensure the safety of the U.S. drug supply. All information collected under this provision will be subject to the Privacy Act of 1974.

Under this proposal, the Secretary of Health and Human Services will also be required to promulgate regulations regarding importation of prescription drugs from Canada by mail order. The Secretary will establish criteria which will ensure the safety of patients in the United States that wish to purchase drugs by mail order from Canada.

Finally, this legislation will require the Secretary of HHS to study the safety and purity of the prescription drug products that are imported under this Act.

Mr. President, it has often been said that we have the international gold standard when it comes to drug safety. Well, we have the platinum standard when it comes to prices. I want to emphasize, again, my commitment to helping Vermonters and all Americans have access to the prescription drugs that they need at prices that they can afford. As Chairman of the Health, Education, Labor and Pensions Committee, the safety of American patients is always one of my top priorities, and I am committed to achieving the goal of affordable prescription drugs without putting patients' lives at risk. This is a responsible proposal to help Vermonters and all Americans with the high prices of drugs, and I hope my colleagues will support it.

By Mr. DEWINE (for himself, Ms. SNOWE, Mr. TORRICELLI, Ms. COLLINS, Mr. DURBIN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. SCHUMER, Mr. BINGAMAN, Mr. CHAFEE, and Mr. KENNEDY):

S. 1463. A bill to establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, and for other purposes; to the Committee on Foreign Relations.

MICRO-ENTERPRISE FOR SELF RELIANCE ACT OF 1999

Mr. DEWINE. Mr. President, I rise today to introduce legislation that would ensure the future success of international micro-enterprise grant and loan programs. Many members of Congress have seen the success of micro-enterprise programs around the world. These programs reach the poorest of the poor with small loans to help them work their way out of poverty. These have proven to be very worthwhile and successful programs administered worldwide by the U.S. Agency for International Development (USAID).

Unlike other assistance programs, we do not give funds away. Instead, we lend these funds to people once considered credit risks. The record of these programs boasts a client repayment rate of between 95% to 98%. Micro-enterprise programs are proof that with access to credit, the poor can and do better their lives while repaying their loans.

To ensure the future of these programs and provide continued hope to others seeking to build out of poverty, I introduce today the Micro-Enterprise for Self Reliance Act of 1999. I am pleased to be introducing the legislation along with Senators SNOWE, TORRICELLI, COLLINS, DURBIN, FEINSTEIN, MIKULSKI, SCHUMER, BINGAMAN, CHAFEE and KENNEDY. This bill would strengthen the foundations of these programs to ensure their survival and provide the mechanisms necessary for their continued success as financial institutions. First, it would provide grant assistance to micro-enterprise programs to increase availability of credit and other services. We also target half of all micro-enterprise resources to support programs that serve the poorest of the poor with loans of $300 or less. This is a key provision of the bill and would give strong direction to USAID to work with sections of society that respond best to micro-lending programs.

Second, this bill would authorize credits to micro-lending programs. These credits generally are used to expand already successful programs. Further, we seek to guarantee these programs' survival by establishing a facility to help rescue micro-lending institutions that are imperiled by war, currency movements or natural disasters. The facility would provide for loans to successful institutions to help them get back on their feet.

Finally, we are interested in encouraging the future development and stability of these programs. Our bill calls for a report by USAID that would recommend other steps that could be taken to further the development of micro-lending institutions such as networks, regulations, a federal charter, financial instruments and coordination with multilateral institutions.

We believe that this investment in micro-enterprise programs now will reduce the need for foreign assistance in the future. Congress now has the chance to ensure the future of these very successful programs, and help provide a sense of hope and a future of possibilities for the poor in developing countries. I thank my fellow cosponsors for their support for this legislation and look forward to working with them to gain congressional approval.

Mr. President, I ask unanimous consent that the text of the Micro-Enterprise for Self-Reliance Act be printed in the RECORD.

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

S. 1463

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 ''Microenterprise for Self-Reliance Act of 1999''.

SEC. 2. FINDINGS AND DECLARATIONS OF POLICY.

The Congress makes the following findings and declarations:

(1) According to the World Bank, more than 1,200,000,000 people in the developing world, or one-fifth of the world's population, subsist on less than $1 a day.

(2) Over 32,000 of their children die each day from largely preventable malnutrition and disease.

(3)(A) Women in poverty generally have larger work loads and less access to educational and economic opportunities than their male counterparts.

(B) Directly aiding the poorest of the poor, especially women, in the developing world has a positive effect not only on family incomes, but also on child nutrition, health and education, as women in particular reinvest income in their families.

(4)(A) The poor in the developing world, particularly women, generally lack stable employment and social safety nets.

(B) Many turn to self-employment to generate a substantial portion of their livelihood. In Africa, over 80 percent of employment is generated in the informal sector of the self-employed poor.

(C) These poor entrepreneurs are often trapped in poverty because they cannot obtain credit at reasonable rates to build their asset base or expand their otherwise viable self-employment activities.

(D) Many of the poor are forced to pay interest rates as high as 10 percent per day to money lenders.

(5)(A) The poor are able to expand their incomes and their businesses dramatically when they can access loans at reasonable interest rates.

(B) Through the development of self-sustaining microfinance programs, poor people themselves can lead the fight against hunger and poverty.

(6)(A) On February 2–4, 1997, a global Microcredit Summit was held in Washington, District of Columbia, to launch a plan to expand access to credit for self-employment and other financial and business services to 100,000,000 of the world's poorest families, especially the women of those families, by 2005. While this scale of outreach may not be achievable in this short-time frame, the realization of this goal could dramatically alter the face of global poverty.

(B) With an average family size of five, achieving this goal will mean that the benefits of microfinance will thereby reach nearly half of the world's more than 1,000,000,000 absolute poor people.

(7)(A) Nongovernmental organizations, such as those that comprise the Microenterprise Coalition (such as the Grameen Bank (Bangladesh,) K–REP (Kenya), and networks such as Accion International, the Foundation for International Community Assistance (FINCA), and the credit union movement) are successful in lending directly to the very poor.

(B) Microfinance institutions such as BRAC (Bangladesh), BancoSol (Bolivia), SEWA Bank (India), and ACEP (Senegal) are

regulated financial institutions that can raise funds directly from the local and international capital markets.

(8)(A) Microenterprise institutions not only reduce poverty, but also reduce the dependency on foreign assistance.

(B) Interest income on the credit portfolio is used to pay recurring institutional costs, assuring the long-term sustainability of development assistance.

(9) Microfinance institutions leverage foreign assistance resources because loans are recycled, generating new benefits to program participants.

(10)(A) The development of sustainable microfinance institutions that provide credit and training, and mobilize domestic savings, are critical components to a global strategy of poverty reduction and broad-based economic development.

(B) In the efforts of the United States to lead the development of a new global financial architecture, microenterprise should play a vital role. The recent shocks to international financial markets demonstrate how the financial sector can shape the destiny of nations. Microfinance can serve as a powerful tool for building a more inclusive financial sector which serves the broad majority of the world's population including the very poor and women and thus generate more social stability and prosperity.

(C) Over the last two decades, the United States has been a global leader in promoting the global microenterprise sector, primarily through its development assistance programs at the United States Agency for International Development. Additionally, the United States Department of the Treasury and the Department of State have used their authority to promote microenterprise in the development programs of international financial institutions and the United Nations.

(11)(A) In 1994, the United States Agency for International Development launched the ''Microenterprise Initiative'' in partnership with the Congress.

(B) The initiative committed to expanding funding for the microenterprise programs of the Agency, and set a goal that, by the end of fiscal year 1996, half of all microenterprise resources would support programs and institutions that provide credit to the poorest, with loans under $300.

(C) In order to achieve the goal of the microcredit summit, increased investment in microcredit institutions serving the poorest will be critical.

(12) Providing the United States share of the global investment needed to achieve the goal of the microcredit summit will require only a small increase in United States funding for international microcredit programs, with an increased focus on institutions serving the poorest.

(13)(A) In order to reach tens of millions of the poorest with microcredit, it is crucial to expand and replicate successful microcredit institutions.

(B) These institutions need assistance in developing their institutional capacity to expand their services and tap commercial sources of capital.

(14) Nongovernmental organizations have demonstrated competence in developing networks of local microfinance institutions and other assistance delivery mechanisms so that they reach large numbers of the very poor, and achieve financial sustainability.

(15) Recognizing that the United States Agency for International Development has developed very effective partnerships with nongovernmental organizations, and that the Agency will have fewer missions to carry out its work, the Agency should place priority on investing in those nongovernmental network institutions that meet performance criteria through the central funding mechanisms of the Agency.

(16) By expanding and replicating successful microcredit institutions, it should be possible to create a global infrastructure to provide financial services to the world's poorest families.

(17)(A) The United States can provide leadership to other bilateral and multilateral development agencies as such agencies expand their support to the microenterprise sector.

(B) The United States should seek to improve coordination among G–7 countries in the support of the microenterprise sector in order to leverage the investment of the United States with that of other donor nations.

(18) Through increased support for microenterprise, especially credit for the poorest, the United States can continue to play a leadership role in the global effort to expand financial services and opportunity to 100,000,000 of the poorest families on the planet.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to make microenterprise development an important element of United States foreign economic policy and assistance;

(2) to provide for the continuation and expansion of the commitment of the United States Agency for International Development to the development of microenterprise institutions as outlined in its 1994 Microenterprise Initiative;

(3) to support and develop the capacity of United States and indigenous nongovernmental organization intermediaries to provide credit, savings, training and technical services to microentrepreneurs;

(4) to increase the amount of assistance devoted to credit activities designed to reach the poorest sector in developing countries, and to improve the access of the poorest, particularly women, to microenterprise credit in developing countries; and

(5) to encourage the United States Agency for International Development to coordinate microfinance policy, in consultation with the Department of the Treasury and the Department of State, and to provide global leadership in promoting microenterprise for the poorest among bilateral and multilateral donors.

SEC. 4. MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE.

Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended—

(1) by redesignating the second section 129 (as added by section 4 of the Torture Victims Relief Act of 1998 (Public Law 105–320)) as section 130; and

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

"SEC. 131. MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE.

''(a) FINDINGS AND POLICY.—The Congress finds and declares that—

''(1) the development of microenterprise is a vital factor in the stable growth of developing countries and in the development of free, open, and equitable international economic systems;

''(2) it is therefore in the best interest of the United States to assist the development of microenterprises in developing countries; and

''(3) the support of microenterprise can be served by programs providing credit, savings, training, and technical assistance.

''(b) AUTHORIZATION.—(1) In carrying out this part, the President is authorized to provide grant assistance for programs to increase the availability of credit and other services to microenterprises lacking full access to capital and training through—

''(A) grants to microfinance institutions for the purpose of expanding the availability of credit, savings, and other financial services to microentrepreneurs;

''(B) training, technical assistance, and other support for microenterprises to enable them to make better use of credit, to better manage their enterprises, and to increase their income and build their assets;

''(C) capacity building for microfinance institutions in order to enable them to better meet the credit and training needs of microentrepreneurs; and

''(D) policy and regulatory programs at the country level that improve the environment for microfinance institutions that serve the poor and very poor.

''(2) Assistance authorized under paragraph (1) shall be provided through organizations that have a capacity to develop and implement microenterprise programs, including particularly—

''(A) United States and indigenous private and voluntary organizations;

''(B) United States and indigenous credit unions and cooperative organizations;

''(C) other indigenous governmental and nongovernmental organizations; or

''(D) business development services, including indigenous craft programs.

''(3) In carrying out sustainable poverty-focused programs under paragraph (1), 50 percent of all microenterprise resources shall be used for direct support of programs under this subsection through practitioner institutions that provide credit and other financial services to the poorest with loans of $300 or less in 1995 United States dollars and can cover their costs of credit programs with revenue from lending activities or that demonstrate the capacity to do so in a reasonable time period.

''(4) The President should continue support for central mechanisms and missions that—

''(A) provide technical support for field missions;

''(B) strengthen the institutional development of the intermediary organizations described in paragraph (2);

''(C) share information relating to the provision of assistance authorized under paragraph (1) between such field missions and intermediary organizations; and

''(D) support the development of nonprofit global microfinance networks, including credit union systems, that—

''(i) are able to deliver very small loans through a vast grassroots infrastructure based on market principles; and

''(ii) act as wholesale intermediaries providing a range of services to microfinance retail institutions, including financing, technical assistance, capacity building and safety and soundness accreditation.

''(5) Assistance provided under this subsection may only be used to support microenterprise programs and may not be used to support programs not directly related to the purposes described in paragraph (1).

''(c) MONITORING SYSTEM.—In order to maximize the sustainable development impact of the assistance authorized under subsection (a)(1), the Administrator of the United States Agency for International Development shall establish a monitoring system that—

''(1) establishes performance goals for such assistance and expresses such goals in an objective and quantifiable form, to the extent feasible;

''(2) establishes performance indicators to be used in measuring or assessing the achievement of the goals and objectives of such assistance;

''(3) provides a basis for recommendations for adjustments to such assistance to enhance the sustainable development impact of such assistance, particularly the impact of such assistance on the very poor, particularly poor women; and

''(4) provides a basis for recommendations for adjustments to measures for reaching the poorest of the poor, including proposed legislation containing amendments to improve paragraph (3).

''(d) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—(A) There are authorized to be appropriated $152,000,000 for fiscal year 2000 and $167,000,000 for fiscal year 2001 to carry out this section.

''(B) Amounts appropriated pursuant to the authorization of appropriations under subparagraph (A) are authorized to remain available until expended.

''(2) RULE OF CONSTRUCTION.—Amounts authorized to be appropriated under paragraph (1) are in addition to amounts otherwise available to carry out this section.''.

SEC. 5. MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS.

Section 108 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151f) is amended to read as follows:

''SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS.

''(a) FINDINGS AND POLICY.—The Congress finds and declares that—

''(1) the development of micro- and small enterprises are a vital factor in the stable growth of developing countries and in the development and stability of a free, open, and equitable international economic system; and

''(2) it is, therefore, in the best interests of the United States to assist the development of the enterprises of the poor in developing countries and to engage the United States private sector in that process.

''(b) PROGRAM.—To carry out the policy set forth in subsection (a), the President is authorized to provide assistance to increase the availability of credit to micro- and small enterprises lacking full access to credit, including through—

''(1) loans and guarantees to credit institutions for the purpose of expanding the availability of credit to micro- and small enterprises;

''(2) training programs for lenders in order to enable them to better meet the credit needs of microentrepreneurs; and

''(3) training programs for microentrepreneurs in order to enable them to make better use of credit and to better manage their enterprises.

''(c) ELIGIBILITY CRITERIA.—The Administrator of the United States Agency for International Development shall establish criteria for determining which entities described in subsection (b) are eligible to carry out activities, with respect to micro- and small enterprises, assisted under this section. Such criteria may include the following:

''(1) The extent to which the recipients of credit from the entity do not have access to the local formal financial sector.

''(2) The extent to which the recipients of credit from the entity are among the poorest people in the country.

''(3) The extent to which the entity is oriented toward working directly with poor women.

''(4) The extent to which the entity recovers its cost of lending to the poor.

''(5) The extent to which the entity implements a plan to become financially sustainable.

''(d) ADDITIONAL REQUIREMENT.—Assistance provided under this section may only be used to support micro- and small enterprise programs and may not be used to support programs not directly related to the purposes described in subsection (b).

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—(A) There are authorized to be appropriated $1,500,000 for each of the fiscal years 2000 and 2001 to carry out this section.

''(B) Amounts authorized to be appropriated under subparagraph (A) shall be made available for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, for activities under this section.

''(2) ADMINISTRATIVE EXPENSES.—There are authorized to be appropriated $500,000 for each of the fiscal years 2000 and 2001 for the cost of administrative expenses in carrying out this section.

''(3) RULE OF CONSTRUCTION.—Amounts authorized to be appropriated under this subsection are in addition to amounts otherwise available to carry out this section.''.

SEC. 6. MICROFINANCE LOAN FACILITY.

Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), as amended by this Act, is further amended by adding the following new section:

''SEC. 132. UNITED STATES MICROFINANCE LOAN FACILITY.

''(a) ESTABLISHMENT.—The Administrator of the United States Agency for International Development is authorized to establish a United States Microfinance Loan Facility (hereinafter in this section referred to as the 'Facility') to pool and manage the risk from natural disasters, war or civil conflict, national financial crisis, or short-term financial movements that threaten the long-term development of United States-supported microfinance institutions.

''(b) SUPERVISORY BOARD OF THE FACILITY.—(1) The Facility shall be supervised by a board composed of the following representatives appointed by the President not later than 180 days after the date of the enactment of Microenterprise for Self-Reliance Act of 1999:

''(A) 1 representative from the Department of the Treasury.

''(B) 1 representative from the Department of State.

''(C) 1 representative from the United States Agency for International Development.

''(D)(i) 2 United States citizens from United States nongovernmental organizations that operate United States-sponsored microfinance activities.

''(ii) Individuals described in clause (i) shall be appointed for a term of 2 years.

''(2) The Administrator of the United States Agency for International Development or his designee shall serve as Chairman and an additional voting member of the board.

''(c) DISBURSEMENTS.—(1) The board shall make disbursements from the Facility to United States-sponsored microfinance institutions to prevent the bankruptcy of such institutions caused by (A) natural disasters, (B) national wars or civil conflict, or (C) national financial crisis or other short term financial movements that threaten the long-term development of United States-supported microfinance institutions. Such disbursements shall be made as concessional loans that are repaid maintaining the real value of the loan to microfinance institutions that demonstrate the capacity to resume self-sustained operations within a reasonable time period. The Facility shall provide for loan losses with each loan disbursed.

''(2) During each of the fiscal years 2001 and 2002, funds may not be made available from the Facility until 15 days after notification of the availability has been provided to the congressional committees specified in section 634A of this Act in accordance with the procedures applicable to reprogramming notifications under that section.

''(d) REPORT.—Not later than 60 days after the date on which the last representative to the board is appointed pursuant to subsection (b), the chairman of the board shall prepare and submit to the appropriate congressional committees a report on the policies, rules, and regulations of the Facility.

''(e) FUNDING.—

''(1) AVAILABILITY OF FUNDS TO COVER SUBSIDY COSTS.—Of the funds made available to carry out this part for fiscal years 2000 and 2001, up to $5,000,000 may be made available to cover the subsidy cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) to carry out this section for each such fiscal year. In addition, of such amount for each fiscal year, up to $_____ may be made available for administrative expenses in carrying out this section.

''(2) APPLICABLE AUTHORITIES.—The provisions of section 107A(d) of the Foreign Assistance Act of 1961 (as contained in section 306 of H.R. 1486, as reported to the House of Representatives on May 9, 1997) shall be applicable to assistance provided under this section, except that paragraphs (5) through (8) thereof shall not apply.

''(3) RELATION TO OTHER AMOUNTS AVAILABLE.—Amounts made available under paragraph (1) are in addition to amounts available to carry out this section under any other provision of law.

''(f) DEFINITIONS.—In this section:

''(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term 'appropriate congressional committees' means the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate.

''(2) UNITED STATES-SUPPORTED MICROFINANCE INSTITUTION.—The term 'United States-supported microfinance institution' means a financial intermediary that has received funds made available under this Act for fiscal year 1980 or any subsequent fiscal year.''.

SEC. 7. REPORT RELATING TO FUTURE DEVELOPMENT OF MICROFINANCE INSTITUTIONS.

(a) REPORT.—Not later than 180 days after the date of the enactment of this Act, the President, in consultation with the Administrator of the United States Agency for International Development, the Secretary of State, and the Secretary of the Treasury, shall prepare and transmit to the appropriate congressional committees a report on the most cost-effective methods for increasing the access of poor people to credit, other financial services, and related training.

(b) CONTENTS.—The report described in subsection (a)—

(1) should include how the President, in consultation with the Administrator of the United States Agency for International Development, the Secretary of State, and the

Secretary of the Treasury, will jointly develop a comprehensive strategy for advancing the global microenterprise sector in a way that maintains market principles while assuring that the very poor, particularly women, obtain access to financial services; and

(2) shall provide guidelines and recommendations for—

(A) instruments to assist microenterprise networks to develop multi-country and regional microlending programs;

(B) technical assistance to foreign governments, foreign central banks and regulatory entities to improve the policy environment for microfinance institutions, and to strengthen the capacity of supervisory bodies to supervise microcredit institutions;

(C) the potential for federal chartering of United States-based international microfinance network institutions, including proposed legislation;

(D) instruments to increase investor confidence in microcredit institutions which would strengthen the long-term financial position of the microcredit institutions and attract capital from private sector entities and individuals, such as a rating system for microcredit institutions and local credit bureaus;

(E) an agenda for integrating microfinance into United States foreign policy initiatives seeking to develop and strengthen the global finance sector; and

(F) innovative instruments to attract funds from the capital markets, such as instruments for leveraging funds from the local commercial banking sector, and the securitization of microloan portfolios.

(c) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term ''appropriate congressional committees'' means the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate.

SEC. 8. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT AS GLOBAL LEADER AND COORDINATOR OF BILATERAL AND MULTILATERAL MICROENTERPRISE ASSISTANCE ACTIVITIES.

(a) FINDINGS AND POLICY.—The Congress finds and declares that—

(1) the United States can provide leadership to other bilateral and multilateral development agencies as such agencies expand their support to the microenterprise sector; and

(2) the United States should seek to improve coordination among G–7 countries in the support of the microenterprise sector in order to leverage the investment of the United States with that of other donor nations.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the Administrator of the United States Agency for International Development and the Secretary of State should seek to support and strengthen the effectiveness of microfinance activities in United Nations agencies, such as the International Fund for Agricultural Development (IFAD) and the United Nations Development Program (UNDP), which have provided key leadership in developing the microenterprise sector; and

(2) the Secretary of the Treasury should instruct each United States Executive Director of the Multilateral Development Banks (MDBs) to advocate the development of a coherent and coordinated strategy to support the microenterprise sector and an increase of multilateral resource flows for the purposes of building microenterprise retail and wholesale intermediaries.

By Mr. HAGEL (for himself, Mrs. LINCOLN, Mr. ROBERTS, Ms. LANDRIEU, Mr. HUTCHINSON, Mr. COCHRAN, Mr. GRAMS, Mr. ABRAHAM, Mr. SMITH of Oregon, Mr. HOLLINGS, Mr. CRAIG, Mr. GORTON, Mr. GRASSLEY, Mr. CRAPO, Mr. BURNS, Mr. FRIST, Mr. BREAUX, Mr. ASHCROFT, Mr. COVERDELL, Mr. HELMS, and Mr. LOTT):

S. 1464. A bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

REGULATORY OPENNESS AND FAIRNESS ACT OF 1999

Mr. HAGEL. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1464

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Regulatory Openness and Fairness Act of 1999''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Findings.

TITLE I—ISSUANCE AND CONTINUATION OF TOLERANCES

Sec. 101. Transition analysis and description of basis for decisions relating to tolerance reviews.
Sec. 102. Interim procedures for reviews of tolerances.
Sec. 103. Implementation rules and guidance.
Sec. 104. Data in support of tolerances and registrations.
Sec. 105. Tolerances for emergency uses.

TITLE II—STUDIES AND REPORTS

Sec. 201. Definitions.
Sec. 202. Priorities and resources.
Sec. 203. International trade effects.
Sec. 204. Advisory committee.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The Food Quality Protection Act of 1996 (Public Law 104–170; 110 Stat. 1489), enacted on August 3, 1996, made many major modifications to section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) that require the Administrator of the Environmental Protection Agency to consider new kinds of information and use additional criteria in regulating pesticide chemical residues and in reviewing tolerances for pesticide chemical residues that had previously been found to be adequate to protect the public health.

(2)(A) Amendments made by the Food Quality Protection Act of 1996 prescribe the use of a number of new risk assessment criteria that require the development of major modifications to regulatory policies and procedures used by the Administrator to regulate pesticide chemical residues.

(B) Since the enactment of the Food Quality Protection Act of 1996, it has become clear that several of the new concepts embodied in that Act involve a high degree of complexity.

(C) Practical implementation of the concepts demands new scientific tools in addition to the tools that were available when the Food Quality Protection Act of 1996 was enacted.

(3)(A) To reach sound, suitably protective decisions on tolerance reviews under the new criteria, the Administrator also will need a great deal of new data, not only on the newly considered nondietary routes of exposure, but also, in some cases, on dietary exposure and toxicity, so that the Administrator can determine whether pesticide chemicals residues that were found safe under the former criteria satisfy the new criteria as well.

(B) Some data collection efforts are underway to obtain new data for tolerance reviews, but will not yield results for 1 or more years.

(C) In some areas, the need for new data depends on decisions not yet made by the Administrator about what kinds of tests should be conducted and which compounds should be tested, for tolerance reviews.

(4)(A) The Administrator has instituted public proceedings, relating to the regulations and tolerance reviews, on such topics as what new interpretations and policies are needed, what new kinds of data are needed, how the new data would be used, and how the needed regulatory transition can be achieved.

(B) These proceedings are not yet finished, and on some issues public notice and comment proceedings have been scheduled but have not yet begun.

(5)(A) The Food Quality Protection Act of 1996 amended the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) by adding several provisions that provide flexibility to the Administrator in making the transition to the new approach to regulating pesticide chemical residues.

(B) The Federal Food, Drug, and Cosmetic Act allows a continuing process of refinement and improvement in tolerance decisionmaking, as additional information is collected and as new policies and methods are developed and adopted for the practical implementation of the new requirements in that Act.

(C) The Federal Food, Drug, and Cosmetic Act provides that the data requirements for tolerances must be set out clearly in regulations and guidelines, so that the regulated community will know what types of information the Administrator requires and what testing procedures should be used to develop the information.

(D) Amendments made by the Food Quality Protection Act of 1996 relating to risk assessments affecting tolerances allow only the use of reliable information regarding nondietary exposure routes, which were not previously considered in risk assessments affecting tolerances.

(E) Congress did not anticipate that a tolerance would be revoked because of reliance by the Administrator on estimates or assumptions stemming from absence of that information, without first providing notice of what information is needed and a reasonable opportunity to collect the information.

(F) When a tolerance is under review and the Administrator determines that additional information is needed to support the continuation of the tolerance, the Federal Food, Drug, and Cosmetic Act authorizes the Administrator to postpone the effective date

of any tolerance rule resulting from the review, and this authority can be utilized as appropriate in cases in which additional information is pertinent to a tolerance review.

(G) The Federal Food, Drug, and Cosmetic Act permits the Administrator to conduct a tolerance review in stages, as allowed by the available, reliable information.

(6)(A) Although the authorities described in subparagraphs (F) and (G) of paragraph (5) already are provided by law, it appears that further congressional guidance is needed to ensure that decisions of the Administrator relating to tolerance reviews are reasonable, well supported, and balanced, and to avoid disruptions in agriculture, other sectors of the economy, and international trade.

(B) During the transition to revised standards, procedures, and requirements for the regulation of pesticide chemical residues, the Administrator must ensure that decisions are balanced, reasonable, and understandable, and are based on and supported by sound information, in order to avoid unnecessary disruptions in agriculture, the economy, and international trade, and to maintain the public trust in the food supply.

(7) Unless the Administrator implements section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) carefully and wisely, decisions made under that section could cause great harm to—

(A) the safe and affordable food supply of the United States;

(B) the agricultural system of the United States (including food, fiber, nursery, and forestry production, food storage, and transportation);

(C) related industries; and

(D) other private and public sector activities, such as—

(i) public health protection against bacteria and other microorganisms;

(ii) control of insects and diseases; and

(iii) residential and business pest control.

TITLE I—ISSUANCE AND CONTINUATION OF TOLERANCES

SEC. 101. TRANSITION ANALYSIS AND DESCRIPTION OF BASIS FOR DECISIONS RELATING TO TOLERANCE REVIEWS.

Section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) is amended by adding at the end the following:

''(t) TRANSITION ANALYSIS AND DESCRIPTIONS OF BASIS FOR DECISIONS RELATING TO TOLERANCE REVIEWS.—

''(1) APPLICATION OF REQUIREMENTS TO CERTAIN DOCUMENTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection applies to any proposed or final rule, order, notice, report, guidance document, or risk assessment (referred to in this subsection as a 'document') that is—

''(i) based on, or results from, any review (including a reassessment) by the Administrator of a tolerance or of the uses of a pesticide chemical for which a tolerance is in effect; and

''(ii) issued or disclosed as described in paragraph (2).

''(B) EXCEPTION.—This subsection does not apply to any document in which the Administrator determines or recommends that no revocation or denial of a tolerance, or other adverse action regarding a tolerance, is required.

''(2) PERIOD OF APPLICABILITY.—This subsection applies to a document that the Administrator issues or otherwise discloses to any member of the public during the period beginning on January 1, 1999, and ending on the date of completion of the process of reviewing tolerances under subsection (q).

''(3) TRANSITION ANALYSIS REPORT.—

''(A) TRANSITION ANALYSIS.—Before issuing any document to which this subsection applies, the Administrator shall conduct a transition analysis of the findings and regulatory steps recommended by or set forth in the document.

''(B) REPORT.—The Administrator shall prepare a report, to be issued with the document, that—

''(i) describes the results of the analysis;

''(ii) describes the extent to which the conclusions in the document are tentative, preliminary, or subject to possible modification because of policy reevaluation, correction of data deficiencies, or use of new data to replace assumptions; and

''(iii) contains the information described in subparagraphs (C) and (D).

''(C) CONTENTS OF REPORT RELATING TO BASIS FOR FINDINGS AND REGULATORY STEPS.—A transition analysis report prepared under this paragraph shall describe the extent to which any finding or regulatory step recommended by or set forth in the analyzed document is based in whole or in part on—

''(i) any assumption, if the Administrator is in possession of data that would make use of the assumption unnecessary;

''(ii) any information about possible exposure from drinking water, or another nonoccupational, nondietary exposure route, that is derived from use of—

''(I) a worst-case assumption;

''(II) a computation or modeling result that is—

''(aa) based on a high-end or upper-bound input; or

''(bb) designed to be a worst-case, high-end, or upper-bound estimate; or

''(III) information that otherwise is not reasonably representative of risks to consumers or to major identifiable subgroups of consumers, on a national or regional basis;

''(iii) any assumption about exposure from drinking water, or another nonoccupational, nondietary exposure route, if data that would make use of the assumption unnecessary, and would likely demonstrate a lower level of exposure than that used in the assumption—

''(I) are being developed and will be submitted to the Administrator within a reasonable period—

''(aa) in accordance with a request by the Administrator under subsection (f) or any of the authorities referred to in that subsection; or

''(bb) at the initiative of an interested person; or

''(II) could be obtained by the Administrator by an action taken in accordance with subsection (f);

''(iv) any assumption regarding the method for determining the aggregate exposure to a pesticide chemical or the cumulative effect of exposure to 2 or more pesticide chemicals having a common mechanism of toxicity, if the use of the assumption is based in whole or in part on the absence of data that could be obtained by the Administrator by an action taken in accordance with subsection (f), unless the data that would eliminate the need for use of the assumption have been identified and made known by the Administrator to interested persons and sufficient time has been provided to allow the data to be developed, submitted, and subsequently evaluated by the Administrator;

''(v) any calculation developed by use of the margin of safety described in subsection (b)(2)(C), if the use of the margin of safety is based in whole or in part on the absence of data that could be obtained by the Administrator by an action taken in accordance with subsection (f), unless the data that would eliminate the need for use of the margin of safety have been identified and made known by the Administrator to interested persons and sufficient time has been provided to allow the data to be developed, submitted, and subsequently evaluated by the Administrator; or

''(vi) any information about an alleged adverse effect relating to a pesticide chemical, if the information is anecdotal, unverified, or scientifically implausible, or comes from any study whose design and conduct has not been found by the Administrator to be scientifically sound with regard to design, conduct, reporting, and data availability.

''(D) ADDITIONAL CONTENTS OF REPORT.—A transition analysis report prepared under this paragraph shall contain information—

''(i) summarizing and responding briefly to comments received by the Administrator from any other person regarding the applicability of any provision of subparagraph (C) to the document analyzed under this subsection;

''(ii) describing briefly the availability and suitability of pesticidal and nonpesticidal alternatives to the pesticide chemical uses being reviewed, including a description of—

''(I) the extent to which (as determined by the Administrator, in consultation with the Secretary of Agriculture) an alternative to the use for which the tolerance under review has been approved that is effective and economical; and

''(II) whether revocation or modification of the tolerance will result in—

''(aa) a significant regional shift of production of food within the United States;

''(bb) an increase in imports of corresponding commodities;

''(cc) an increase in pest control costs;

''(dd) an increase in pest crop damage and yield loss, including quality degradation, due to the lack of an effective alternative; or

''(ee) a disruption of domestic production of an adequate, wholesome, and economical food supply;

''(iii) identifying the data that, if available, would make unnecessary any reliance on any information, assumption, or calculation that is described in clause (ii), (iii), (iv), or (v) of subparagraph (C) and identified in the report;

''(iv) describing the extent to which any finding or regulatory step recommended by or set forth in the document is based in whole or in part on any assumption about toxicity, dietary exposure, or risk from dietary exposure, if data that would make use of the assumption unnecessary—

''(I) are being developed and will be submitted to the Administrator within a reasonable period—

''(aa) in accordance with a request by the Administrator under subsection (f) or any of the authorities referred to in that subsection; or

''(bb) at the initiative of an interested person; or

''(II) could be obtained by the Administrator by an action taken in accordance with subsection (f); and

''(v) describing the extent to which any finding or regulatory step recommended by or set forth in the document is based in whole or in part on—

''(I) any use of data on the presence or absence of nonadverse effects, rather than data on the presence or absence of adverse effects, as the basis for calculation of allowable exposure levels; or

''(II) any policy that the Administrator may revise after completion of any reevaluation of that policy that is being conducted or is scheduled to be conducted.

''(4) DEFINITION.—In this subsection and subsection (u), the term 'tolerance' has the meaning given the term in section 201 of the Regulatory Openness and Fairness Act of 1999.''.

SEC. 102. INTERIM PROCEDURES FOR REVIEWS OF TOLERANCES.

Section 408 of the Federal Food, Drug, and Cosmetic Act, as amended by section 101, is further amended by adding at the end the following:

''(u) INTERIM PROCEDURES FOR REVIEWS OF TOLERANCES.—

''(1) APPLICATION OF REQUIREMENTS TO CERTAIN ACTIONS.—This subsection applies to—

''(A) any review (including a reassessment) by the Administrator of a tolerance, whether initiated by the Administrator or by petition by another person; and

''(B) any review (including a reassessment) by the Administrator of any registration of a pesticide chemical under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.) that is associated with or results from such a tolerance review;

that the Administrator issues during the period described in paragraph (2).

''(2) PERIOD OF APPLICABILITY.—The period referred to in paragraph (1) is the period beginning on January 1, 1999, and ending on the date of completion of the process of reviewing tolerances under subsection (q).

''(3) LIMITATION.—Notwithstanding any other provision of law—

''(A) in any tolerance review (including a reassessment) to which this subsection applies, the Administrator may not base the revocation or denial of, or other adverse action regarding, a tolerance on any information, calculation, or assumption described in subsection (t)(3)(C); and

''(B) in any review (including a reassessment) to which this subsection applies of the registration of a pesticide chemical under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.), the Administrator may not base any adverse action regarding a registration on any such information, calculation, or assumption.''.

SEC. 103. IMPLEMENTATION RULES AND GUIDANCE.

Section 408(e) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(e)) is amended by adding at the end the following:

''(3) IMPLEMENTATION RULES AND GUIDANCE.—

''(A) IN GENERAL.—In establishing general procedures and requirements to implement this section in accordance with paragraph (1)(C), the Administrator shall issue rules and guidance, including guidance regarding the provisions of this Act regarding aggregate exposure to pesticide chemicals and cumulative effects of exposure to 2 or more pesticide chemicals having a common mechanism of toxicity. The Administrator shall include in such rules and guidance general procedures and requirements to implement the provisions of this Act that were added by amendments made by the Regulatory Openness and Fairness Act of 1999.

''(B) ISSUANCE.—The Administrator shall issue—

''(i) proposed rules and guidance described in subparagraph (A) not later than 180 days after the date of enactment of the Regulatory Openness and Fairness Act of 1999;

''(ii) final rules and guidance described in subparagraph (A) not later than 1 year after the date of enactment of the Regulatory Openness and Fairness Act of 1999; and

''(iii) such revisions to the rules and guidance as the Administrator determines to be necessary and appropriate.''.

SEC. 104. DATA IN SUPPORT OF TOLERANCES AND REGISTRATIONS.

(a) FEDERAL FOOD, DRUG, AND COSMETIC ACT.—Section 408(f) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(f)) is amended by adding at the end the following:

''(3) ISSUANCE OF GUIDELINES.—

''(A) IN GENERAL.—The Administrator shall issue guidelines specifying the kinds of information that will be required to support the issuance or continuation of a tolerance for a pesticide chemical residue or the exemption from the requirement of such a tolerance, established under this section. The Administrator shall revise the guidelines from time to time. The guidelines shall specify the conditions under which data requirements will apply to particular types of pesticide chemical residues.

''(B) PROCEDURES.—In issuing the guidelines described in subparagraph (A), the Administrator shall provide notice and an opportunity for comment, except for those guidelines that already have been issued after notice and an opportunity for comment under section 3(c)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(2)(A)).''.

(b) FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT.—The first sentence of section 3(c)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(2)(A)) is amended by striking the period and inserting '', after providing notice and an opportunity for comment on the guidelines or revisions by interested parties.''.

SEC. 105. EXPEDITED ACTION.

(a) EXPEDITED ACTION TO PROVIDE EFFECTIVE, ECONOMIC ALTERNATIVES.—Section 3(c)(3) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(3)) is amended by adding at the end the following:

''(E) EXPEDITED ACTION TO PROVIDE EFFECTIVE, ECONOMIC ALTERNATIVES.—The Administrator shall expedite the review of any complete application for registration or amended registration of a pesticide under this section, for an experimental use permit under section 5, or for an emergency exemption under section 18, if the application seeks approval for the registration or use of a pesticide—

''(i) that, in the opinion of the Administrator, is likely to provide an effective and economic alternative to the use of a pesticide that has been or is likely to be removed from the market as a result of a review conducted under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a); and

''(ii) for which—

''(I) there is no registered effective and economical alternative (as of the date of submission of the application); or

''(II) the number of the alternatives is insufficient to avoid problems such as pest resistance.''.

(b) COORDINATION.—Section 408(d)(4)(B) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(d)(4)(B)) is amended—

(1) by striking ''tolerance or exemption for'' and inserting ''tolerance or exemption—

''(i) for'';

(2) by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(ii) that is needed in connection with an application under section 3(c)(3)(E) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(3)(E)) for approval of an effective and economic alternative.''.

(c) TOLERANCES FOR EMERGENCY USES.—Section 408(l)(6) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(l)(6)) is amended—

(1) by inserting before the first sentence the following:

''(A) IN GENERAL.—'';

(2) by inserting before the third sentence the following:

''(B) PROCEDURE.—'';

(3) by inserting before the fifth sentence the following:

''(C) SAFETY STANDARD.—'';

(4) in the fifth sentence, by striking the period and inserting '', except as described in subparagraph (D).''; and

(5) by adding at the end the following:

''(D) EMERGENCY EXEMPTIONS.—The Administrator may establish a tolerance for a pesticide chemical residue associated with an emergency exemption without regard to other tolerances for a pesticide chemical residue and before reviewing those other tolerances, if the Administrator determines that any incremental exposure that may result from the tolerance associated with the emergency exemption will not pose any significant risk to food consumers.''.

TITLE II—STUDIES AND REPORTS

SEC. 201. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) PESTICIDE CHEMICAL; PESTICIDE CHEMICAL RESIDUE.—The terms ''pesticide chemical'' and ''pesticide chemical residue'' have the meanings given the terms in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(4) TOLERANCE.—The term ''tolerance'' means a tolerance for a pesticide chemical residue or an exemption from the requirement of such a tolerance, established under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a).

SEC. 202. PRIORITIES AND RESOURCES.

(a) ENVIRONMENTAL PROTECTION AGENCY PROPOSAL.—The Administrator shall prepare a proposal for revising the priorities of and resources available to the Administrator that will allow the Administrator—

(1) to process promptly all—

(A) applications for registration of pesticide chemicals under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.);

(B) petitions for tolerances (including exemptions) under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a);

(C) requests for experimental use permits, for approval of new inert ingredients, and for emergency exemptions, relating to pesticide chemicals under an Act described in subparagraph (A) or (B); and

(D) requests for decisions on the merits of the applications, petitions, and requests described in subparagraphs (A) through (C); and

(2) to perform tolerance reviews (including reassessments) and other duties relating to pesticide chemicals, as required by the Federal Food, Drug, and Cosmetic Act or the Federal Insecticide, Fungicide, and Rodenticide Act.

(b) DEPARTMENT OF AGRICULTURE PROPOSAL.—The Secretary shall prepare a proposal for revising the priorities of and resources available to the Secretary that will allow the Secretary—

(1) to obtain and provide to the Administrator adequate and timely information on food consumption, pesticide chemical residues in or on food and drinking water, and pesticide chemical use;

(2) to review actions proposed by the Administrator under section 408 of the Federal Food, Drug, and Cosmetic Act and the Federal Insecticide, Fungicide, and Rodenticide Act; and

(3) to perform other duties related to the regulation of pesticide chemicals (including pesticide chemical residues).

(c) REPORT.—The Administrator and the Secretary shall prepare and submit to Congress a report containing the proposals described in subsections (a) and (b) not later than 180 days after the date of enactment of this Act.

SEC. 203. INTERNATIONAL TRADE EFFECTS.

(a) ASSESSMENT.—

(1) ASSESSMENT PROGRAM.—The Secretary shall establish and administer a program to continuously assess the strength of major United States agricultural commodities and products in the international marketplace. The commodities and products assessed shall include fruits and vegetables, corn, wheat, cotton, rice, soybeans, and nursery and forest products.

(2) FACTORS.—In carrying out paragraph (1), the Secretary shall examine factors pertinent to assessing the sustainability and competitive strength of each commodity and product in the international marketplace and the relationship of the factors to regulatory actions taken under the Federal Food, Drug, and Cosmetic Act and the Federal Insecticide, Fungicide, and Rodenticide Act. The factors examined for each commodity and product shall include commodity changes, regional changes, prices, quality, input costs and availability, and the ratio of imports to exports.

(b) REPORT.—The Secretary shall prepare periodic reports describing the results obtained from the assessment program conducted under subsection (a). The Secretary shall submit the reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. The Secretary shall submit the reports not later than October 1, 2000, and October 1 of every second year thereafter through 2010.

SEC. 204. ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—There is established an advisory committee to be known as the Pesticide Advisory Committee (referred to in this section as the ''Advisory Committee'').

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Advisory Committee shall be composed of 20 members, appointed by the Administrator and the Secretary. The members of the Advisory Committee shall represent a wide variety of interests and viewpoints and shall be appointed from among individuals who are representatives of organizations who are interested in the regulation of pesticide chemicals, including representatives of—

(A) organizations that represent—

(i) food consumers;

(ii) persons with a special interest in environmental protection;

(iii) farmworkers;

(iv) agricultural producers (including persons engaged in crop production, livestock and poultry production, or nursery and forestry production);

(v) nonagricultural pesticide chemical users;

(vi) food manufacturers and processors;

(vii) food distributors and marketers; and

(viii) manufacturers of agricultural and nonagricultural pesticide chemicals; and

(B) Federal and State agencies.

(2) PUBLICATION.—The Administrator shall publish in the Federal Register the name, address, and professional affiliation of each member of the Advisory Committee.

(3) TERMS OF APPOINTMENT.—Each member of the Advisory Committee shall serve for a term of years determined by the Administrator and the Secretary, except that—

(A) the terms of service of the members initially appointed shall be (as specified by the Administrator and the Secretary) for such fewer number of years as will provide for the expiration of terms on a staggered basis;

(B) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of the term; and

(C) the Secretary and the Administrator may extend the term of a member of the Advisory Committee until a new member is appointed to fill the vacancy.

(4) VACANCIES.—Any vacancy occurring in the membership of the Advisory Committee shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Advisory Committee.

(c) DUTIES.—The Advisory Committee shall—

(1) provide advice to the Administrator and the Secretary on matters related to implementation of section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.), including proposed and final rules, policies, procedures, and testing guidelines used to regulate tolerances and pesticide chemical registrations;

(2) foster communication between the Administrator, the Secretary, and the various organizations who represent persons having particular interest in the regulation of pesticide chemicals under the Federal Food, Drug, and Cosmetic Act and the Federal Insecticide, Fungicide, and Rodenticide Act; and

(3) carry out the functions performed by the Tolerance Reassessment Advisory Committee.

(d) MEETINGS.—

(1) FREQUENCY.—The Advisory Committee shall meet at least 2 times per year, at times determined jointly by the Administrator and the Secretary. Not later than 14 days before the date of each meeting, the Administrator shall publish a notice regarding the meeting in the Federal Register.

(2) OPEN MEETINGS.—The Advisory Committee shall conduct its principal business—

(A) in meetings that are—

(i) open to the public; and

(ii) in facilities that can accommodate the reasonably foreseeable number of persons attending; or

(B) by teleconference, with open access.

(3) FACILITIES.—The Secretary shall be responsible for providing or making arrangements for the meeting facilities or teleconferences.

(e) COMMUNICATIONS.—The Administrator or the Secretary shall ensure that written communications between the Administrator or Secretary, respectively, and the Advisory Committee, are recorded and made available to any person upon request.

(f) CHAIRPERSON.—The Advisory Committee shall select a Chairperson from among its members.

(g) POWERS OF THE ADVISORY COMMITTEE.—

(1) HEARINGS.—The Advisory Committee may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Advisory Committee considers advisable to carry out this section.

(2) INFORMATION FROM FEDERAL AGENCIES.—Except as otherwise provided in Federal law, the Advisory Committee may secure directly from any Federal department or agency such information as the Advisory Committee considers necessary to carry out this section. Upon request of the Chairperson of the Advisory Committee, the head of the department or agency shall furnish the information to the Advisory Committee.

(3) POSTAL SERVICES.—The Advisory Committee may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(4) GIFTS.—The Advisory Committee may accept, use, and dispose of gifts or donations of services or property.

(h) ADVISORY COMMITTEE PERSONNEL MATTERS.—

(1) TRAVEL EXPENSES.—

(A) IN GENERAL.—The members of the Advisory Committee shall not receive compensation for the performance of services for the Advisory Committee, but 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 Advisory Committee.

(B) FUNDS.—Funds used to provide travel expenses under subparagraph (A) shall be paid by the Administrator from appropriations available for those purposes.

(2) DETAIL OF GOVERNMENT EMPLOYEES.—Any employee of the Department of Agriculture (and no other Federal employee) may be detailed to the Advisory Committee without reimbursement, and the detail shall be without interruption or loss of civil service status or privilege.

(i) PERMANENT COMMITTEE.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Advisory Committee.

By Mr. THOMPSON (for himself and Mr. ASHCROFT):

S. 1466. A bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of rules establishing or increasing taxes; to the Committee on Governmental Affairs.

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

TAXPAYER'S DEFENSE ACT OF 1999

Mr. THOMPSON. Mr. President, today I rise to introduce the Taxpayer's Defense Act of 1999. I am pleased to be working with my good friend from Missouri, JOHN ASHCROFT, who has been a leader on this issue in the Senate. I also want to thank Chairman GEORGE GEKAS for all of his hard work and leadership in the House. Our objective is clear and simple: no federal agency should set or raise a tax without the approval of Congress.

America was founded on the principle that there should be no taxation without representation. In *The Second Treatise of Government*, John Locke said, ''[I]f any one shall claim a power to lay and levy taxes on the people * * * without * * * consent of the people, he thereby * * * subverts the end of government.'' Consent, according to Locke, could only be given by a majority of the people, ''either by themselves or their representatives chosen by them.'' The Boston Tea Party celebrated Americans' opposition to taxation without representation. And the Declaration of Independence listed, among the despotic acts of King George, his ''imposing Taxes on us without our Consent.'' First among the powers that the Constitution gave to the Congress, our new government's representative branch, was the power to levy taxes.

The logic of allowing only Congress to establish federal taxes is clear: Congress considers and weighs the economic and social issues that rise to national importance. While any agency or government office may view its own priorities as paramount, only Congress can decide which goals of the people merit spending hard-earned taxpayer dollars. Only Congress can determine how many taxpayer dollars should be spent. Congress' decisions are made through an open political process that the public can see and participate in. And if the public is unhappy with a tax, they can hold Congress and the President responsible on election day.

The accountability of lawmakers is a core feature of our representative democracy. But over time, Congress has delegated more and more of its legislative authority to unaccountable federal agencies. The Taxpayer's Defense Act would help restore constitutional balance and authority by requiring congressional approval for a rule that sets or raises a tax before the rule could take effect. Unelected agency officials could not directly establish or raise a tax, but would still have a chance to advance their proposals through an open political process in Congress.

Few would publicly dispute the American principle of no taxation without representation. But increasingly, in ways often subtle or hidden, federal agencies are taking on—or receiving from Congress—the power to tax. Federal agency taxes pass the costs of government programs on to American consumers in the form of higher prices. These secret taxes often are regressive—hitting many who struggle to get by. They also put a drag on the economy. These taxes take money from everyone, and they are imposed without accountability.

One big example of agency taxation is the Federal Communications Commission's Universal Service Tax. ''Universal service'' is the idea that everyone should have access to affordable telecommunications services. It originated at the beginning of the century when the nation was still being strung with telephone wires. The Telecommunications Act of 1996 included provisions that allowed the FCC to extend universal service, ensuring that telecommunications are available to all areas of the country and to institutions that benefit the community, such as schools, libraries, and rural health care facilities.

Most importantly, the Act gave the FCC the power to decide the level of ''contributions''—taxes—that telecommunications providers would have to pay to support universal service. The FCC must determines how much can be collected in taxes to subsidize a variety of ''universal service'' spending programs. It charges telecommunications providers, who pass the costs on to consumers in the form of higher telephone bills. The FCC recently nearly doubled the tax to $2.5 billion per year, and Administration's budget have projected a rise to $10 billion per year. This agency tax is already out of control.

The FCC's provisions for universal service have many flaws. These include the three ''administrative corporations'' set by the FCC. The General Accounting Office determined that the establishment of these corporations was illegal, and the FCC has collapsed them into one, no less questionable corporation. The head of one of these corporations was originally paid $200,000 per year—as much as the President of the United States.

It seems that the more you look, the more you find that a number of federal agencies have been given, or discovered on their own, the power of tax. Congress has given taxing authority to the Nuclear Regulatory Commission and the U.S. Department of Agriculture. Because these taxes are within statutory parameters, we have less concern with them than others, but they are still taxes. And an important principle is at stake: no taxation within representation. The Constitution gives the taxing power only to Congress. In practice, we often see a direct correlation between an agency taxing and the agency overspending taxpayer dollars. Congress must retain the power and accountability of the purse.

More egregious examples are those where agencies have spontaneously discovered the power to tax. There's the FCC's telecommunications tax, and two new taxes, past and proposed, on Internet domain name registration. The first, sponsored by the National Science Foundation, collected more than $60 million before a federal judge put a stop to it. The second, under the aegis of the Commerce Department, proposes to charge $1 per Internet domain name per year. What Commerce Department official stands to be voted out of office if he or she sponsors an increase in this tax?

The burden of this activity falls, of course, on the American taxpayer, whose money is being taken, laundered through the Washington bureaucracy, and returned (in dramatically reduced amounts) for purposes set by unelected agency staffers. This is why we must require the FCC, and all agencies, to get the approval of Congress before setting future tax rates.

Some of my colleagues may question why Congress should shoulder the responsibility for taxes. Let me just note that in a recent fee-dispute case, the FCC argued, amazingly, that it had the unreviewable power to raise taxes. As the Court of Appeals put it:

> [A]ccording to counsel, the Commission could impose a tax on an unregulated railroad or a tax on an individual for eating ice cream . . . . This is a preposterous position, one that we will not countenance. As this court [has] said . . . ''it goes without saying that the bald assertion of power by [an] agency cannot legitimize it. Unable to link its assertion of authority to any statutory provision, the [FCC's] position in this case amounts to be bare suggestion that it possesses plenary authority to act within a given area simply because Congress has endowed it with some authority to act in that area. We categorically reject that suggestion.''—*Comsat Corporation* v. *FCC*, 114 F. 3d 223, 227 (D.C. Cir. 1997) (citations omitted).

Should tax dollars be used for federal programs? In what amounts? Or should Americans spend what they earn on their own, locally determined priorities? Requiring Congress to review agency taxes would answer this question.

This legislation would create a new subchapter within the Congressional Review Act for mandatory review of certain rules. The portion of any agency rule that establishes or raises a tax would have to be submitted to Congress and receive the approval of Congress and the President before the agency could put it into effect. The Act would allow the agencies to formulate tax proposals for Congress to consider under existing rulemaking procedures. It is a version of a bill introduced last Congress by Chairman GEKAS in the House and JOHN ASHCROFT in the Senate.

Once submitted to Congress, a bill noting the taxing portion of a regulation would be introduced (by request) in each House of Congress by the Majority Leader. The bill would then be subject to expedited procedures, allowing a prompt decision on whether or not the agency may put the rule into effect. The rule could take effect once a bill approving it was passed by both Houses of Congress and signed by the President. If the rule were approved, the agency would retain power to reverse the regulation, lower the amount of the tax, or take any otherwise legal actions with respect to the rule.

Mr. President, the rallying cry of ''no taxation without representation'' has been heard in America before, and now we are hearing it again. Congress must

not allow unelected bureaucrats determine the amount of taxes hardworking Americans must pay. While preserving needed flexibility, the Taxpayer's Defense Act will allow elected officials alone to decide whether to raise taxes, and where to direct precious tax dollars.

I ask unanimous consent that a copy of the Taxpayer's Defense Act be printed in the RECORD.

S. 1466

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 ''Taxpayer's Defense Act''.

SEC. 2. MANDATORY CONGRESSIONAL REVIEW.

Chapter 8 of title 5, United States Code, is amended by inserting after section 808 the following:

''SUBCHAPTER II—MANDATORY REVIEW OF CERTAIN RULES

''§ 815. Rules subject to mandatory congressional review

''(a) In this section, the term 'tax' means a non-penal, mandatory payment of money or its equivalent to the extent such payment does not compensate the Federal Government or other payee for a specific benefit conferred directly on the payer.

''(b) A rule that establishes or increases a tax, however denominated, shall not take effect before the date of the enactment of a bill described in section 816 and is not subject to review under subchapter I. This section does not apply to a rule promulgated under the Internal Revenue Code of 1986.

''§ 816. Agency submission

''Whenever an agency promulgates a rule subject to section 815, the agency shall submit to each House of Congress a report containing the text of only the part of the rule that causes the rule to be subject to section 815 and an explanation of that part. An agency shall submit such a report separately for each such rule the agency promulgates. The explanation shall consist of the concise general statement of the rule's basis and purpose required under section 553 and such explanatory documents as are mandated by other statutory requirements.

''§ 817. Approval bill

''(a)(1) Not later than 3 legislative days after the date on which an agency submits a report under section 816, the Majority Leader of each House of Congress shall introduce (by request) a bill the matter after the enacting clause of which is as follows: ''The following agency rule may take effect:''. The text submitted under section 816 shall be set forth after the colon. If such a bill is not introduced in a House of Congress as provided in the first sentence of this subsection, any Member of that House may introduce such a bill not later than 7 legislative days after the period for introduction by the Majority Leader.

''(2) A bill introduced under paragraph (1) shall be referred to the Committees in each House of Congress with jurisdiction over the subject matter of the rule involved.

''(b)(1)(A) Any committee of the House of Representatives to which a bill is referred shall report the bill without amendment, and with or without recommendation, not later than the 30th calendar day of session after the date of its introduction. If any committee fails to report the bill within that period, it is in order to move that the House discharge the committee from further consideration of the bill. A motion to discharge may be made only by a Member favoring the bill (but only at a time designated by the Speaker on the legislative day after the calendar day on which the Member offering the motion announces to the House that Member's intention to do so and the form of the motion). The motion is highly privileged. Debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between the proponent and an opponent. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

''(B) After a bill is reported or a committee has been discharged from further consideration, it is in order to move that the House resolve into the Committee of the Whole House on the State of the Union for consideration of the bill. If reported and the report has been available for at least 1 calendar day, all points of order against the bill and against consideration of the bill are waived. If discharged, all points of order against the bill and against consideration of the bill are waived. The motion is highly privileged. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. During consideration of the bill in the Committee of the Whole, the first reading of the bill shall be dispensed with. General debate shall proceed, shall be confined to the bill, and shall not exceed 1 hour equally divided and controlled by a proponent and an opponent of the bill. After general debate, the bill shall be considered as read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill, the Committee shall rise and report the bill to the House without intervening motion. The previous question shall be considered as ordered on the bill to final passage without intervening motion. A motion to reconsider the vote on passage of the bill shall not be in order.

''(C) Appeals from decisions of the Chair regarding application of the rules of the House of Representatives to the procedure relating to a bill shall be decided without debate.

''(2)(A) Any bill introduced in the Senate shall be referred to the appropriate committee or committees. A committee to which a bill has been referred shall report the bill without amendment not later than the 30th day of session following the date of introduction of that bill. If any committee fails to report the bill within that period, that committee shall be automatically discharged from further consideration of the bill and the bill shall be placed on the calendar.

''(B) When the Senate receives from the House of Representatives a bill, such bill shall not be referred to committee and shall be placed on the calendar.

''(C) A motion to proceed to consideration of a bill under this subsection shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed was adopted or rejected, although subsequent motions to proceed may be made under this paragraph.

''(D)(i) After no more than 10 hours of consideration of a bill, the Senate shall proceed, without intervening action or debate (except as permitted under subparagraph (F)), to vote on the final disposition thereof to the exclusion of all motions, except a motion to reconsider or to table.

''(ii) A single motion to extend the time for consideration under clause (i) for no more than an additional 5 hours is in order before the expiration of such time and shall be decided without debate.

''(iii) The time for debate on the disapproval bill shall be equally divided between the Majority Leader and the Minority Leader or their designees.

''(E) A motion to recommit a bill shall not be in order.

''(F) If the Senate has read for the third time a bill that originated in the Senate, then it shall be in order at any time thereafter to move to proceed to the consideration of a bill for the same special message received from the House of Representatives and placed on the calendar under subparagraph (B), strike all after the enacting clause, substitute the text of the Senate bill, agree to the Senate amendment, and vote on final disposition of the House bill, all without any intervening action or debate.

''(G) Consideration in the Senate of all motions, amendments, or appeals necessary to dispose of a message from the House of Representatives on a bill shall be limited to not more than 4 hours. Debate on each motion or amendment shall be limited to 30 minutes. Debate on any appeal or point of order that is submitted in connection with the disposition of the House message shall be limited to 20 minutes. Any time for debate shall be equally divided and controlled by the proponent and the majority manager, unless the majority manager is a proponent of the motion, amendment, appeal, or point of order, in which case the minority manager shall be in control of the time in opposition.''.

SEC. 3. TECHNICAL AMENDMENTS.

(a) SUBCHAPTER HEADING.—Chapter 8 of title 5, United States Code, is amended by inserting before section 801 the following:

''SUBCHAPTER I—DISCRETIONARY CONGRESSIONAL REVIEW''.

(b) TABLE OF SECTIONS.—The table of sections for chapter 8 of title 5, United States Code, is amended by inserting before the reference to section 801 the following:

''SUBCHAPTER I—DISCRETIONARY CONGRESSIONAL REVIEW'';

and by inserting after the reference to section 808 the following:

''SUBCHAPTER II—MANDATORY REVIEW OF CERTAIN RULES

''815. Rules subject to mandatory congressional review.
''816. Agency submission.
''817. Approval bill.''.

(c) REFERENCE.—Section 804 of title 5, United States Code, is amended by striking ''this chapter'' and inserting ''this subchapter''.

ADDITIONAL COSPONSORS

S. 311

At the request of Mr. MCCAIN, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 311, a bill to authorize the Disabled Veterans' LIFE Memorial Foundation to establish a memorial in the District of Columbia or its environs, and for other purposes.

S. 429

At the request of Mr. DURBIN, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 429, a bill to designate the legal public

holiday of ''Washington's Birthday'' as ''Presidents' Day'' in honor of George Washington, Abraham Lincoln, and Franklin Roosevelt and in recognition of the importance of the institution of the Presidency and the contributions that Presidents have made to the development of our Nation and the principles of freedom and democracy.

S. 469

At the request of Mr. BREAUX, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 469, a bill to encourage the timely development of a more cost effective United States commercial space transportation industry, and for other purposes.

S. 635

At the request of Mr. MACK, the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of S. 635, a bill to amend the Internal Revenue Code of 1986 to more accurately codify the depreciable life of printed wiring board and printed wiring assembly equipment.

S. 727

At the request of Mr. CAMPBELL, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 727, a bill to exempt qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed firearms and to allow States to enter into compacts to recognize other States' concealed weapons permits.

S. 751

At the request of Mr. LEAHY, the name of the Senator from Iowa (Mr. HARKIN) 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. 770

At the request of Mr. CONRAD, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 770, a bill to provide reimbursement under the medicare program for telehealth services, and for other purposes.

S. 784

At the request of Mr. ROCKEFELLER, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 784, a bill to establish a demonstration project to study and provide coverage of routine patient care costs for medicare beneficiaries with cancer who are enrolled in an approved clinical trial program.

S. 894

At the request of Mr. CLELAND, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 894, a bill to amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees and annuitants, and for other purposes.

S. 1016

At the request of Mr. DEWINE, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 1016, a bill to provide collective bargaining for rights for public safety officers employed by States or their political subdivisions.

S. 1017

At the request of Mr. MACK, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1017, a bill to amend the Internal Revenue Code of 1986 to increase the State ceiling on the low-income housing credit.

S. 1041

At the request of Mr. FRIST, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1041, a bill to amend title 38, United States Code, to permit certain members of the Armed Forces not currently participating in the Montgomery GI Bill educational assistance program to participate in that program, and for other purposes.

S. 1172

At the request of Mr. TORRICELLI, the names of the Senator from Alabama (Mr. SHELBY), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors 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 names of the Senator from Idaho (Mr. CRAPO), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors 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. 1197

At the request of Mr. ROTH, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1197, a bill to prohibit the importation of products made with dog or cat fur, to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States, and for other purposes.

S. 1211

At the request of Mr. BENNETT, the name of the Senator from Arizona (Mr. KYL) was added as a cosponsor of S. 1211, a bill 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. 1334

At the request of Mr. AKAKA, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 1334, a bill to amend chapter 63 of title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

S. 1414

At the request of Mr. MACK, the names of the Senator from North Carolina (Mr. HELMS), the Senator from Tennessee (Mr. FRIST), and the Senator from California (Mrs. FEINSTEIN) were added as cosponsors of S. 1414, a bill to amend title XVIII of the Social Security Act to restore access to home health services covered under the medicare program, and to protect the medicare program from financial loss while preserving the due process rights of home health agencies.

S. 1428

At the request of Mr. KOHL, his name was added as a cosponsor of S. 1428, a bill to amend the Controlled Substances Act and the Controlled Substances Import and Export Act relating to the manufacture, traffick, import, and export of amphetamine and methamphetamine, and for other purposes.

S. 1438

At the request of Mr. CAMPBELL, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1438, a bill to establish the National Law Enforcement Museum on Federal land in the District of Columbia.

S. 1443

At the request of Mr. HARKIN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 1443, a bill to amend section 10102 of the Elementary and Secondary Education Act of 1965 regarding elementary school and secondary school counseling.

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the names of the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Wisconsin (Mr. FEINGOLD) were added as cosponsors of Senate Concurrent Resolution 9, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 28

At the request of Mr. JEFFORDS, the names of the Senator from Georgia (Mr. CLELAND) and the Senator from North Dakota (Mr. CONRAD) were added as cosponsors of Senate Concurrent Resolution 28, a concurrent resolution urging the Congress and the President to increase funding for the Pell Grant Program and existing Campus-Based Aid Programs.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of Senate Resolution 95, a resolution designating August 16, 1999, as ''National Airborne Day''.

SENATE RESOLUTION 99

At the request of Mr. REID, the names of the Senator from Georgia (Mr. COVERDELL), and the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of Senate Resolution 99, a resolution designating November 20, 1999, as ''National Survivors for Prevention of Suicide Day.''

AMENDMENT NO. 1398

At the request of Mr. HAGEL his name was added as a cosponsor of amendment No. 1398 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

At the request of Mr. ABRAHAM the names of the Senator from Washington (Mr. GORTON), the Senator from Maine (Ms. COLLINS), and the Senator from Ohio (Mr. VOINOVICH) were added as cosponsors of amendment No. 1398 proposed to S. 1429, supra.

AMENDMENTS SUBMITTED

TAXPAYERS REFUND ACT OF 1999

STEVENS AMENDMENT NO. 1403

(Ordered to lie on the table)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000; as follows:

At page 180, line 18 before the period insert the following new phrase: ''and passengers permitted to utilize otherwise empty seats on aircraft''.

At page 180, between lines 21 and 22 insert the following new subsection:

''(b) Subsection (j) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

''(9) SPECIAL RULE FOR CERTAIN NONCOMMERCIAL AIR TRANSPORTATION.—Notwithstanding any other provision of this section, the term ''no-additional-cost service'' includes the value of transportation provided to any person on a noncommercially operated aircraft if—

''(A) such transportation is provided on a flight made in the ordinary course of the trade or business of the taxpayer owning or leasing such aircraft for use in such trade or business,

(B) the flight on which the transportation is provided would have been made whether or not such person was transported on the flight, and

''(C) no substantial additional cost is incurred in providing such transportation to such person.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation thereon is not provided or made available to the general public by purchase of a ticket or other fare.''

At page 180 line 22 strike ''(b)'' and insert in lieu thereof ''(c)''.

LANDRIEU AMENDMENT NO. 1404

(Ordered to lie on the table)

Ms. LANDRIEU submitted an amendment to be proposed by her to the bill, S. 1429, supra, as follows:

At the end of title II, insert the following:

SEC. ___. EXPANSION DEPENDENT TO INCLUDE SPECIAL NEEDS ADOPTED CHILDREN.

(a) IN GENERAL.—Section 152 (relating to definition of dependent) is amended by adding at the end the following new subsection:

''(f) SPECIAL RULE FOR SUPPORT RECEIVED FOR SPECIAL NEEDS ADOPTED CHILD.—For purposes of subsection (a), in the case of a legally adopted son or daughter of a taxpayer, who is a child with special needs (as defined in section 23(d)(3)), support of the child received from funds under a Federal, State, or local program for special needs expenses shall be treated as received from the taxpayer.''

(b) CONFORMING AMENDMENT.—Section 152(a) is amended by striking ''subsection (c) or (e)'' and inserting ''subsection (c), (e), or (f)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

GRAMM (AND OTHERS) AMENDMENT NO. 1405

Mr. GRAMM (for himself, Mr. LOTT, Mr. NICKLES, Mr. MACK, Mr. COVERDELL, Mr. CRAIG, Mr. MCCONNELL, Mr. INHOFE, Mrs. HUTCHISON, Mr. BUNNING, Mr. KYL, Mr. SMITH of New Hampshire, Mr. ALLARD, and Mr. HAGEL) proposed an amendment to the bill, S. 1429, supra; as follows:

Strike all after the enacting clause and insert:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Taxpayer Refund 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—ACROSS-THE-BOARD TAX CUTS

Sec. 101. 10-percent reduction in individual income tax rates.

TITLE II—MARRIAGE TAX PENALTY ELIMINATION

Sec. 201. Marriage tax penalty elimination.
Sec. 202. Reduction in marriage tax penalty during transition.
Sec. 203. Marriage tax penalty relief for earned income credit.

TITLE III—DEATH TAX REPEAL

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

Sec. 301. Repeal of estate, gift, and generation-skipping taxes.
Sec. 302. Termination of step up in basis at death.
Sec. 303. Carryover basis at death.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

Sec. 311. Additional reductions of estate and gift tax rates.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

Sec. 321. Unified credit against estate and gift taxes replaced with unified exemption amount.

TITLE IV—CAPITAL FORMATION

Sec. 401. Indexing of capital assets for purposes of determining gain or loss.

TITLE V—FULL DEDUCTION FOR HEALTH INSURANCE

Sec. 501. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 502. Deduction for health insurance costs of individuals not participating in employer-subsidized health plans.

TITLE I—ACROSS-THE-BOARD TAX CUTS

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	—
2002 through 2004	2.5
2005 through 2006	5.0
2007	—
2008 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.

TITLE II—MARRIAGE TAX PENALTY ELIMINATION

SEC. 201. MARRIAGE TAX PENALTY ELIMINATION.

(a) IN GENERAL.—Subpart B of part II of subchapter A of chapter 61 (relating to income tax returns) is amended by inserting after section 6013 the following new section:

''SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.

''(a) GENERAL RULE.—A husband and wife may make a combined return of income taxes under subtitle A under which—

''(1) a separate taxable income is determined for each spouse by applying the rules provided in this section, and

''(2) the tax imposed by section 1 is the aggregate amount resulting from applying the separate rates set forth in section 1(c) to each such taxable income.

''(b) DETERMINATION OF TAXABLE INCOME.—

''(1) IN GENERAL.—For purposes of subsection (a)(1), the taxable income for each spouse shall be one-half of the taxable income computed as if the spouses were filing a joint return.

''(2) NONITEMIZERS.—For purposes of paragraph (1), if an election is made not to itemize deductions for any taxable year, the basic standard deduction shall be equal to the amount which is twice the basic standard deduction under section 63(c)(2)(C) for the taxable year.

''(c) TREATMENT OF CREDITS.—Credits shall be determined (and applied against the joint liability of the couple for tax) as if the spouses had filed a joint return.

''(d) TREATMENT AS JOINT RETURN.—Except as otherwise provided in this section or in the regulations prescribed hereunder, for purposes of this title (other than sections 1 and 63(c)) a combined return under this section shall be treated as a joint return.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section.''

(b) UNMARRIED RATE MADE APPLICABLE.—So much of subsection (c) of section 1 as precedes the table is amended to read as follows:

''(c) SEPARATE OR UNMARRIED RETURN RATE.—There is hereby imposed on the taxable income of every individual (other than a married individual (as defined in section 7703) filing a joint return or a separate return, a surviving spouse as defined in section 2(a), or a head of household as defined in section 2(b)) a tax determined in accordance with the following table:''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part II of subchapter A of chapter 61 is amended by inserting after the item relating to section 6013 the following:

''Sec. 6013A. Combined return with separate rates.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 202. REDUCTION IN MARRIAGE TAX PENALTY DURING TRANSITION.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 25A the following new section:

''SEC. 25B. CREDIT TO REDUCE MARRIAGE PENALTY.

''(a) ALLOWANCE OF CREDIT.—In the case of a joint return for the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the marriage penalty reduction credit.

''(b) CREDIT DISALLOWED FOR INDIVIDUALS CLAIMING SECTION 911, ETC.—No credit shall be allowed under this section for any taxable year if either spouse claims the benefits of section 911, 931, or 933 for such taxable year.

''(c) MARRIAGE PENALTY REDUCTION CREDIT.—For purposes of this section—

''(1) IN GENERAL.—The marriage penalty reduction credit is an amount equal to the product of—

''(A) the excess (if any) of—

''(i) the amount of tax determined for such taxable year before the application of this section, over

''(ii) the amount of tax which would be determined for the taxable year if section 6013A (as added by section 201 of the Taxpayer Refund Act of 1999) were in effect, and

''(B) the applicable percentage for such taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	The applicable percentage is:
2000, 2001, and 2002	25
2003, 2004, and 2005	50
2006 and thereafter	75.

''(3) SUNSET UPON IMPLEMENTATION OF COMBINED RETURN.—The credit allowed under this section shall not apply to any taxable year for which section 6013A (as added by section 201 of the Taxpayer Refund Act of 1999) is in effect.

''(d) AMOUNT OF CREDIT TO BE DETERMINED BY USING TABLES.—

''(1) IN GENERAL.—The amount of the credit allowed by this section shall be determined by using tables prescribed by the Secretary.

''(2) REQUIREMENTS FOR TABLES.—The tables prescribed under paragraph (1) shall reflect the provisions of subsection (c).''

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

''Sec. 25B. Credit to reduce marriage tax penalty.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 203. MARRIAGE TAX PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking ''AMOUNTS.—The earned'' and inserting ''AMOUNTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the earned'', and

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

''(B) JOINT RETURNS.—In the case of a joint return for taxable years beginning after December 31, 2004, the phaseout amount determined under subparagraph (A) shall be increased by $2,000.''

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

''(i) in the case of amounts in subsections (b)(1)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

''(ii) in the case of the $2,000 amount in subsection (b)(1)(B), by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) of such section 1.''

(c) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking ''subsection (b)(2)'' and inserting ''subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE III—DEATH TAX REPEAL

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 301. 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. 302. 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. 303. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application), as amended by title IV, is amended by redesignating section 1023 as section 1024 and inserting after section 1022 the following:

''SEC. 1023. 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 this section, 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 this section:

''(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 1023)'' 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 1023.''

(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 after the item relating to section 1022 the following new item:

''Sec. 1023. 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. 311. 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. 321. 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 this section).

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 this section).''

(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 section 2052).''

(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 section 2052) 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 section 2052) 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.

TITLE IV—CAPITAL FORMATION

SEC. 401. INDEXING OF CAPITAL ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

''SEC. 1022. INDEXING OF CAPITAL ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

''(a) GENERAL RULE.—

''(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Except as provided in paragraph (2), if an indexed asset which has been held for more than 1 year is sold or otherwise disposed of, then, for purposes of this title, the indexed basis of the asset shall be substituted for its adjusted basis.

''(2) EXCEPTION FOR DEPRECIATION, ETC.—The deduction for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

''(b) INDEXED ASSET.—

''(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

''(A) stock in a corporation, and

''(B) tangible property (or any interest therein), which is a capital asset or property used in the trade or business (as defined in section 1231(b)).

''(2) CERTAIN PROPERTY EXCLUDED.—For purposes of this section, the term 'indexed asset' does not include—

''(A) CREDITOR'S INTEREST.—Any interest in property which is in the nature of a creditor's interest.

''(B) OPTIONS.—Any option or other right to acquire an interest in property.

''(C) NET LEASE PROPERTY.—In the case of a lessor, net lease property (within the meaning of subsection (h)(1)).

''(D) CERTAIN PREFERRED STOCK.—Stock which is preferred as to dividends and does not participate in corporate growth to any significant extent.

''(E) STOCK IN CERTAIN CORPORATIONS.—Stock in—

''(i) an S corporation (within the meaning of section 1361),

''(ii) a personal holding company (as defined in section 542), and

''(iii) a foreign corporation.

''(3) EXCEPTION FOR STOCK IN FOREIGN CORPORATION WHICH IS REGULARLY TRADED ON NATIONAL OR REGIONAL EXCHANGE.—Clause (iii) of paragraph (2)(E) shall not apply to stock in a foreign corporation the stock of which is listed on the New York Stock Exchange, the American Stock Exchange, or any domestic regional exchange for which quotations are published on a regular basis other than—

''(A) stock of a foreign investment company (within the meaning of section 1246(b)), and

''(B) stock in a foreign corporation held by a United States person who meets the requirements of section 1248(a)(2).

''(c) INDEXED BASIS.—For purposes of this section—

''(1) GENERAL RULE.—The indexed basis for any asset is—

''(A) the adjusted basis of the asset, increased by

''(B) the applicable inflation adjustment.

''(2) APPLICABLE INFLATION ADJUSTMENT.—The applicable inflation adjustment for any asset is an amount equal to—

''(A) the adjusted basis of the asset, multiplied by

''(B) the percentage (if any) by which—

''(i) the chain-type price index for GDP for the last calendar quarter ending before the asset is disposed of, exceeds

''(ii) the chain-type price index for GDP for the last calendar quarter ending before the asset was acquired by the taxpayer.

The percentage under subparagraph (B) shall be rounded to the nearest 1/10 of 1 percentage point.

''(3) CHAIN-TYPE PRICE INDEX FOR GDP.—The chain-type price index for GDP for any

calendar quarter is such index for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

''(d) SPECIAL RULES.—For purposes of this section—

''(1) TREATMENT AS SEPARATE ASSET.—In the case of any asset, the following shall be treated as a separate asset:

''(A) a substantial improvement to property,

''(B) in the case of stock of a corporation, a substantial contribution to capital, and

''(C) any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

''(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—

''(A) IN GENERAL.—The applicable inflation ratio shall be appropriately reduced for calendar months at any time during which the asset was not an indexed asset.

''(B) CERTAIN SHORT SALES.—For purposes of applying subparagraph (A), an asset shall be treated as not an indexed asset for any short sale period during which the taxpayer or the taxpayer's spouse sells short property substantially identical to the asset. For purposes of the preceding sentence, the short sale period begins on the day after the substantially identical property is sold and ends on the closing date for the sale.

''(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

''(4) SECTION CANNOT INCREASE ORDINARY LOSS.—To the extent that (but for this paragraph) this section would create or increase a net ordinary loss to which section 1231(a)(2) applies or an ordinary loss to which any other provision of this title applies, such provision shall not apply. The taxpayer shall be treated as having a long-term capital loss in an amount equal to the amount of the ordinary loss to which the preceding sentence applies.

''(5) ACQUISITION DATE WHERE THERE HAS BEEN PRIOR APPLICATION OF SUBSECTION (a)(1) WITH RESPECT TO THE TAXPAYER.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not earlier than the date of the most recent such prior application.

''(6) COLLAPSIBLE CORPORATIONS.—The application of section 341(a) (relating to collapsible corporations) shall be determined without regard to this section.

''(e) CERTAIN CONDUIT ENTITIES.—

''(1) REGULATED INVESTMENT COMPANIES; REAL ESTATE INVESTMENT TRUSTS; COMMON TRUST FUNDS.—

''(A) IN GENERAL.—Stock in a qualified investment entity shall be an indexed asset for any calendar month in the same ratio as the fair market value of the assets held by such entity at the close of such month which are indexed assets bears to the fair market value of all assets of such entity at the close of such month.

''(B) RATIO OF 90 PERCENT OR MORE.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 90 percent or more, such ratio for such month shall be 100 percent.

''(C) RATIO OF 10 PERCENT OR LESS.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 10 percent or less, such ratio for such month shall be zero.

''(D) VALUATION OF ASSETS IN CASE OF REAL ESTATE INVESTMENT TRUSTS.—Nothing in this paragraph shall require a real estate investment trust to value its assets more frequently than once each 36 months (except where such trust ceases to exist). The ratio under subparagraph (A) for any calendar month for which there is no valuation shall be the trustee's good faith judgment as to such valuation.

''(E) QUALIFIED INVESTMENT ENTITY.—For purposes of this paragraph, the term 'qualified investment entity' means—

''(i) a regulated investment company (within the meaning of section 851),

''(ii) a real estate investment trust (within the meaning of section 856), and

''(iii) a common trust fund (within the meaning of section 584).

''(2) PARTNERSHIPS.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

''(3) SUBCHAPTER S CORPORATIONS.—In the case of an electing small business corporation, the adjustment under subsection (a) at the corporate level shall be passed through to the shareholders.

''(f) DISPOSITIONS BETWEEN RELATED PERSONS.—

''(1) IN GENERAL.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

''(2) RELATED PERSONS DEFINED.—For purposes of this section, the term 'related persons' means—

''(A) persons bearing a relationship set forth in section 267(b), and

''(B) persons treated as single employer under subsection (b) or (c) of section 414.

''(g) TRANSFERS TO INCREASE INDEXING ADJUSTMENT OR DEPRECIATION ALLOWANCE.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is—

''(1) to secure or increase an adjustment under subsection (a), or

''(2) to increase (by reason of an adjustment under subsection (a)) a deduction for depreciation, depletion, or amortization,

the Secretary may disallow part or all of such adjustment or increase.

''(h) DEFINITIONS.—For purposes of this section—

''(1) NET LEASE PROPERTY DEFINED.—The term 'net lease property' means leased real property where—

''(A) the term of the lease (taking into account options to renew) was 50 percent or more of the useful life of the property, and

''(B) for the period of the lease, the sum of the deductions with respect to such property which are allowable to the lessor solely by reason of section 162 (other than rents and reimbursed amounts with respect to such property) is 15 percent or less of the rental income produced by such property.

''(2) STOCK INCLUDES INTEREST IN COMMON TRUST FUND.—The term 'stock in a corporation' includes any interest in a common trust fund (as defined in section 584(a)).

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of such chapter 1 is amended by inserting after the item relating to section 1021 the following new item:

''Sec. 1022. Indexing of capital assets for purposes of determining gain or loss.''

(c) ADJUSTMENT TO APPLY FOR PURPOSES OF DETERMINING EARNINGS AND PROFITS.—Subsection (f) of section 312 (relating to effect on earnings and profits of gain or loss and of receipt of tax-free distributions) is amended by adding at the end thereof the following new paragraph:

''(3) EFFECT ON EARNINGS AND PROFITS OF INDEXED BASIS.—

''For substitution of indexed basis for adjusted basis in the case of the disposition of capital assets after December 31, 1999, see section 1022(a)(1).''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to the disposition of any property the holding period of which begins after December 31, 1999.

(2) CERTAIN TRANSACTIONS BETWEEN RELATED PERSONS.—The amendments made by this section shall not apply to the disposition of any property acquired after December 31, 1999, from a related person (as defined in section 1022(f)(2) of the Internal Revenue Code of 1986, as added by this section) if—

(A) such property was so acquired for a price less than the property's fair market value, and

(B) the amendments made by this section did not apply to such property in the hands of such related person.

TITLE V—FULL DEDUCTION FOR HEALTH INSURANCE

SEC. 501. 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. 502. DEDUCTION FOR HEALTH 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 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 (including amounts paid as premiums under part B of title XVIII of the Social Security Act) which constitutes medical care (as defined in section 213(d)(1)(A) and (B)) for the taxpayer and 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, 2002, 2003	25
2004 and 2005	50
2006 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 and without regard to payments made with respect to any coverage described in subsection (e)) 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.

''(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) EXCEPTION FOR CONTINUATION COVERAGE OF FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

''(d) DEDUCTION NOT AVAILABLE FOR PAYMENT OF ANCILLARY COVERAGE PREMIUMS.—Any amount paid as a premium for insurance which provides for—

''(1) coverage for accidents, disability, dental care, vision care, or a specified illness, or

''(2) making payments of a fixed amount per day (or other period) by reason of being hospitalized.

shall not 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 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 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.

NICKLES AMENDMENTS NOS. 1406–1407

(Ordered to lie on the table.)

Mr. NICKLES submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1406

At the end of title VI, insert:

SEC. ___. DEFINITION OF FACILITIES FOR AGENT-DRIVERS AND COMMISSION-DRIVERS.

(a) INTERNAL REVENUE CODE.—The flush language at the end of section 3121(d)(3) is amended by inserting ''(including distribution routes or territories)'' after ''facilities'' the first place it appears.

(b) SOCIAL SECURITY ACT.—The flush language at the end of section 210(j)(3) of the Social Security Act is amended by inserting ''(including distribution routes or territories) after ''facilities'' the first place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services performed after December 31, 1999.

AMENDMENT NO. 1407

On page 432, line 12, after the end period, insert the following: ''For purposes of the preceding sentence, an entity shall be treated as such a controlled entity on July 14, 1999, if it becomes such an entity after such date in a transaction—

''(A) made pursuant to a written agreement which was binding on such date and at all times thereafter, or

''(B) described on or before such date in a filing with the Securities and Exchange Commission required solely by reason of the transaction.''

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

BURNS (AND CRAIG) AMENDMENT NO. 1408

(Ordered to lie on the table.)

Mr. BURNS (for himself and Mr. CRAIG) submitted an amendment intended to be proposed by them to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

Insert in general provisions the following:

None of the funds made available by this Act may be used for the physical relocation of grizzly bears into the Selway-Bitterroot Wilderness of Idaho and Montana.

TAXPAYER REFUND ACT OF 1999

SHELBY AMENDMENTS NOS. 1409–1410

(Ordered to lie on the table.)

Mr. SHELBY submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1409

On page 245, between lines 3 and 4, insert the following:

Subtitle E—Miscellaneous Provisions

SECTION 741. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CERTAIN TIMBER STANDS.

(a) IN GENERAL.—Subchapter B of chapter 62 (relating to extensions of time for payment) is amended by adding at the end the following:

''SEC. 6168. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CERTAIN TIMBER STANDS.

''(a) IN GENERAL.—In the case of an interest in a qualified timber property which is included in determining the gross estate of a decedent who was (at the date of his death) a citizen or resident of the United States, the executor may elect to pay part or all of the tax imposed by section 2001 on or before the date which is the earliest of—

''(1) the date the property is no longer qualified timber property,

''(2) the date the individual who inherited the interest in the qualified timber property either transfers the interest or dies, or

''(3) the date which is 25 years after the date of death of the decedent.

''(b) LIMITATION.—The maximum amount of tax which may be paid under this subsection shall be an amount which bears the same ratio to the tax imposed by section 2001 (reduced by the credits against such tax) as—

''(1) the fair market value of the interest in the qualified timber property, bears to

''(2) the adjusted gross estate of the decedent.

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

''(1) QUALIFIED TIMBER PROPERTY.—The term 'qualified timber property' means trees and any real property on which such trees are growing which is—

''(A) located in the United States, and

''(B) used in timber operations (as defined in section 2032A(e)(13)(C)).

''(2) ADJUSTED GROSS ESTATE.—The term, 'adjusted gross estate' means the value of the gross estate reduced by the sum of the amounts allowable as a deduction under section 2053 or 2054. Such sum shall be determined on the basis of the facts and circumstances in existence on the date (including extensions) for filing the return of tax imposed by section 2001 (or, if earlier, the date on which such return is filed).

''(3) CERTAIN TRANSFERS AT DEATH OF HEIR DISREGARDED.—Subsection (a)(2) shall not apply to any transfer by reason of death so long as such transfer is to a member of the family (within the meaning of section 267(c)(4)) of the transferor in such transfer.

''(d) ELECTION.—Any election under subsection (a) shall be made not later than the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof), and shall be made in such manner as the Secretary shall by regulations prescribe. If an election under subsection (a) is made, the provisions of this subtitle shall apply as though the Secretary were extending the time for payment of the tax.

''(e) TIME FOR PAYMENT OF INTEREST.—If the time for payment of any amount of tax has been extended under this section, interest payable under section 6601 on any unpaid portion of such amount shall be paid at the time of the payment of the tax.

''(f) SPECIAL RULE FOR CERTAIN DIRECT SKIPS.—To the extent that an interest in a qualified timber property is the subject of a direct skip (within the meaning of section 2612(c)) occurring at the same time as and as a result of the decedent's death, then for purposes of this section any tax imposed by section 2601 on the transfer of such interest shall be treated as if it were additional tax imposed by section 2001.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to the application of this section.

''(h) CROSS REFERENCES.—

''(1) SECURITY.—For authority of the Secretary to require security in the case of an extension under this section, see section 6165.

''(2) LIEN.—For special lien (in lieu of bond) in the case of an extension under this section, see section 6324A.

''(3) PERIOD OF LIMITATION.—For extension of the period of limitation in the case of an extension under this section, see section 6503(d).

''(4) INTEREST.—For provisions relating to interest on tax payable under this section, see subsection (j) of section 6601.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 163(k) is amended by striking ''6166'' in the heading and the text and inserting ''6166 or 6168''.

(2) Section 2053(c)(1)(D) is amended—

(A) by striking ''6166'' and inserting ''6166 or 6168'', and

(B) by striking ''6166'' in the heading and inserting ''6166 OR 6168''.

(3) The following provisions are amended by striking ''or 6166'' each place it appears and inserting ''6166, or 6168'':

(A) Section 2056A(b)(10)(A).

(B) Section 2204(a).

(C) Section 2204(b).

(D) Section 6503(d).

(4) Section 2011(c)(2) is amended by striking ''or 6166'' and inserting '', 6166, or 6168'':

(5) The following provisions are amended by inserting ''or 6168'' after ''6166'' each place it appears:

(A) Section 2204(c).

(B) Section 6601(j) (except the second sentence of paragraph (1)).

(C) Section 7481(d).

(6) Section 6161(a)(2) is amended—

(A) in subparagraph (A), by striking ''or'' at the end,

(B) in subparagraph (B), by adding ''or'' at the end,

(C) in the matter following subparagraph (B)—

(i) by striking ''subparagraph (B)'' and inserting ''subparagraph (B) or (C)'', and

(ii) by inserting ''or payment'' after ''installment'', and

(D) by inserting after subparagraph (B) the following:

''(C) any part of the payment determined under section 6168,''.

(7) Section 6324A is amended—

(A) by adding at the end the following:

''(f) APPLICATION OF SECTION TO DEFERRED TAX UNDER SECTION 6168.—Rules similar to the rules of this section shall apply to the amount of tax and interest deferred under section 6168 (determined as of the date prescribed by section 6151(a) for payment of the tax imposed by chapter 11).'', and

(B) in the title, by striking ''ESTATE TAX DEFERRED UNDER SECTION 6166'' and inserting ''DEFERRED ESTATE TAX''.

(8) The table of sections for subchapter B of chapter 62 is amended by adding at the end the following:

''Sec. 6168. Extension of time for payment of estate tax on certain timber stands.''.

(9) The item relating to section 6324A in the table of sections for subchapter C of chapter 64 is amended by striking ''estate tax deferred under section 6166'' and inserting ''deferred estate tax''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after the date of enactment of this Act.

AMENDMENT NO. 1410

On page 371, between lines 16 and 17, insert the following:

SEC. 1122. CONGRESSIONAL REVIEW OF INTERNAL REVENUE SERVICE RULES THAT INCREASE REVENUE.

Section 804(2) of title 5, United States Code, is amended to read as follows:

''(2) The term 'major rule'—

''(A) means any rule that—

''(i) the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget finds has resulted in or is likely to result in—

''(I) an annual effect on the economy of $100,000,000 or more;

''(II) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or

''(III) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets; or

''(ii)(I) is promulgated by the Internal Revenue Service; and

''(II) the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget finds that the implementation and enforcement of the rule has resulted in or is likely to result in any net increase in Federal revenues over current practices in tax collection or revenues anticipated from the rule on the date of the enactment of the statute under which the rule is promulgated; and

''(B) does not include any rule promulgated under the Telecommunications Act of 1996 and the amendments made by that Act.''.

ABRAHAM (AND OTHERS) AMENDMENT NO. 1411

Mr. ROTH (for Mr. ABRAHAM (for himself, Mr. FITZGERALD, Mr. MOYNIHAN, and Mr. SCHUMER)) proposed an amendment to the bill, S. 1429, supra; as follows:

At the end of title XI, insert the following:

SEC. ___. NO FEDERAL INCOME TAX ON AMOUNTS AND LANDS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include—

(1) any amount received by an individual (or any heir of the individual)—

(A) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(B) as a result of the settlement of the action entitled ''In re Holocaust Victims' Asset Litigation'', (E.D. NY), C.A. No. 96–4849, or as a result of any similar action; and

(2) the value of any land (including structures thereon) recovered by an individual (or any heir of the individual) from a government of a foreign country as a result of a settlement of a claim arising out of the confiscation of such land in connection with the Holocaust.

(b) EFFECTIVE DATE.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

SESSIONS AMENDMENT NO. 1412

Mr. ROTH (for Mr. SESSIONS) proposed an amendment to the bill, S. 1429, supra; as follows:

On page 193, after line 23, add:

(h) SHORT TITLE.—This section may be cited as the ''Collegiate Learning and Student Savings (CLASS) Act''.

LANDRIEU AMENDMENT NO. 1413

(Ordered to lie on the table.)

Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

At the end of title II, insert the following:

SEC. ___. EXPANSION OF ADOPTION CREDIT.

(a) IN GENERAL.—Section 23(a) (relating to allowance of credit) is amended to read as follows:

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

''(A) in the case of an eligible adoption, $5,000, or

''(B) in the case of an eligible special needs adoption, $10,000.

''(2) YEAR CREDIT ALLOWED.—The credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.''

(b) INCOME LIMITATION.—Section 23(b) is amended to read as follows:

''(b) INCOME LIMITATION.—

''(1) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year (determined without regard to subsection (c)) shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph) as—

''(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $90,000, bears to

''(B) $45,000.

''(2) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of paragraph (1), adjusted gross income shall be determined without regard to sections 911, 931, and 933.''

(c) DEFINITION OF ELIGIBLE ADOPTION; ELIGIBLE SPECIAL NEEDS ADOPTION.—Section 23(d) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4) and amending paragraph (1) to read as follows:

''(1) ELIGIBLE ADOPTION.—The term 'eligible adoption' means the final adoption of an individual during the taxable year who is an eligible child and is not a child with special needs.

''(2) ELIGIBLE SPECIAL NEEDS ADOPTION.—The term 'eligible special needs adoption' means the final adoption of an individual during the taxable year who is an eligible child and who is a child with special needs.''

(d) DEFINITION OF CHILD WITH SPECIAL NEEDS.—Section 23(d)(4) (defining child with special needs), as redesignated by subsection (c), is amended to read as follows:

''(4) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs means any child if a State has determined that the child's ethnic background, age, membership in a minority or sibling groups, medical condition or

physical impairment, or emotional handicap makes some form of adoption assistance necessary.''

(e) CONFORMING AMENDMENTS.—

(1) Subclauses (A) and (B) of section 23(d)(3), as redesignated by subsection (c), are amended to read as follows:

''(A) who has not attained age 18, or

''(B) who is physically or mentally incapable of caring for himself.''

(2) Section 23 is amended by striking subsections (e) and (g) and redesignating subsections (f) and (h) as subsections (e) and (f), respectively.

(3) Section 23(f), as redesignated by paragraph (2), is amended to read as follows:

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section.''

(4) Section 137(d) is amended by inserting ''(as in effect on the date before the date of the enactment of the Taxpayer Refund Act of 1999)'' after ''23(d)''.

(5) Section 137(e) is amended by inserting ''(as in effect on the date before the date of the enactment of the Taxpayer Refund Act of 1999)'' after ''23''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

KENNEDY AMENDMENT NO. 1414

(Ordered to lie on the table.)

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. ___. FAIR MINIMUM WAGE.

(a) SHORT TITLE.—This section may be cited as the ''Fair Minimum Wage Act of 1999''.

(b) MINIMUM WAGE INCREASE.—

(1) WAGE.—Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.65 an hour during the year beginning on September 1, 1999; and

''(B) $6.15 an hour beginning on September 1, 2000;''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect on September 1, 1999.

(c) APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.—The provisions of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

SCHUMER AMENDMENT NO. 1415

(Ordered to lie on the table.)

Mr. SCHUMER submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 303, strike lines 17 through 19, and insert the following:

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 2000.

SEC. 1012. FIRST-TIME HOMEBUYER CREDIT FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) IN GENERAL.—Subchapter U of chapter 1 (relating to designation and treatment of empowerment zones, enterprise communities, and rural development investment areas) is amended by redesignating part V as part VI, by redesignating section 1397F as section 1397G, and by inserting after part IV the following new part:

''PART V—FIRST-TIME HOMEBUYER CREDIT

''Sec. 1397F. First-time homebuyer credit.

''SEC. 1397F. FIRST-TIME HOMEBUYER CREDIT.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual who is a first-time homebuyer of a principal residence in an empowerment zone or an enterprise community during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to so much of the purchase price of the residence as does not exceed $2,000.

''(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(1) IN GENERAL.—The amount allowable as a credit under subsection (a) (determined without regard to this subsection) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

''(A) the excess (if any) of—

''(i) the taxpayer's modified adjusted gross income for such taxable year, over

''(ii) $70,000 ($110,000 in the case of a joint return), bears to

''(B) $20,000.

''(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of paragraph (1), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

''(c) FIRST-TIME HOMEBUYER.—For purposes of this section—

''(1) IN GENERAL.—The term 'first-time homebuyer' means any individual if such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence in either an empowerment zone or an enterprise community during the 1-year period ending on the date of the purchase of the principal residence to which this section applies.

''(2) ONE-TIME ONLY.—If an individual is treated as a first-time homebuyer with respect to any principal residence, such individual may not be treated as a first-time homebuyer with respect to any other principal residence.

''(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

''(d) CARRYOVER OF CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(e) SPECIAL RULES.—For purposes of this section, rules similar to the rules of subsections (e), (f), (g), and (h) of section 1400C shall apply.

''(f) APPLICATION OF SECTION.—This section shall apply to property purchased after December 31, 1999, and before January 1, 2005.''

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 1016 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 thereof the following new paragraph:

''(28) in the case of a residence with respect to which a credit was allowed under section 1397F, to the extent provided under such section 1397F.''

(2) The table of parts for subchapter U of chapter 1 is amended by striking the last item and inserting the following new items:

''Part V. First-time homebuyer credit.

''Part VI. Regulations.''

(3) The table of sections for part VI, as so redesignated, is amended to read as follows:

''Sec. 1397G. Regulations.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SCHUMER (AND OTHERS) AMENDMENT NO. 1416

(Ordered to lie on the table.)

Mr. SCHUMER (for himself, Ms. SNOWE, Mr. BAYH, Mr. SMITH of Oregon, Mr. WYDEN, and Mr. KOHL) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 32, strike lines 1 through 14, and insert:

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1999.

(b) PERSONAL EXEMPTIONS ALLOWED IN COMPUTING MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (E) of section 56(b)(1) is amended by striking '', the deduction for personal exemptions under section 151,''.

(2) CONFORMING AMENDMENT.—The heading to section 56(b)(1)(E) is amended by striking ''AND DEDUCTION FOR PERSONAL EXEMPTIONS''.

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

SEC. ___. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

''SEC. 222. HIGHER EDUCATION EXPENSES.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable dollar amount of the qualified higher education expenses paid by the taxpayer during the taxable year.

''(2) APPLICABLE DOLLAR AMOUNT.—

''(i) AMOUNT.—The applicable dollar amount for any taxable year year shall be determined as follows:

''Taxable year:	Applicable dollar amount:
2003	$4,000
2004	$8,000
2005 and thereafter	$12,000.

''(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(1) IN GENERAL.—The amount which would (but for this subsection) be taken into account under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

''(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph equals the amount which bears the same ratio to the amount which would be so taken into account as—

''(A) the excess of—

''(i) the taxpayer's modified adjusted gross income for such taxable year, over

''(ii) $62,450 ($104,050 in the case of a joint return, $89,150 in the case of a return filed by a head of household, and $52,025 in the case of a return by a married individual filing separately), bears to

''(B) $15,000.

''(3) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined—

''(A) without regard to this section and sections 911, 931, and 933, and

''(B) after the application of sections 86, 135, 219, 220, and 469.

For purposes of the sections referred to in subparagraph (B), adjusted gross income shall be determined without regard to the deduction allowed under this section.

''(c) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of this section—

''(1) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition and fees charged by an educational institution and required for the enrollment or attendance of—

''(i) the taxpayer,

''(ii) the taxpayer's spouse,

''(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, or

''(iv) any grandchild of the taxpayer,

as an eligible student at an institution of higher education.

''(B) ELIGIBLE COURSES.—Amounts paid for qualified higher education expenses of any individual shall be taken into account under subsection (a) only to the extent such expenses—

''(i) are attributable to courses of instruction for which credit is allowed toward a baccalaureate degree by an institution of higher education or toward a certificate of required course work at a vocational school, and

''(ii) are not attributable to any graduate program of such individual.

''(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include any student activity fees, athletic fees, insurance expenses, or other expenses unrelated to a student's academic course of instruction.

''(D) ELIGIBLE STUDENT.—For purposes of subparagraph (A), the term 'eligible student' means a student who—

''(i) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

''(ii) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education.

''(E) IDENTIFICATION REQUIREMENT.—No deduction shall be allowed under subsection (a) to a taxpayer with respect to an eligible student unless the taxpayer includes the name, age, and taxpayer identification number of such eligible student on the return of tax for the taxable year.

''(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution which—

''(A) is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

''(B) is eligible to participate in programs under title IV of such Act.

''(d) SPECIAL RULES.—

''(1) NO DOUBLE BENEFIT.—

''(A) IN GENERAL.—No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowable to the taxpayer under any other provision of this chapter unless the taxpayer irrevocably waives his right to the deduction of such expense under such other provision.

''(B) DENIAL OF DEDUCTION IF CREDIT ELECTED.—No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual if the taxpayer elects to have section 25A apply with respect to such individual for such year.

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

''(D) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a) for qualified higher education expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135 or 530(d)(2) for the taxable year.

''(2) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—

''(A) IN GENERAL.—A deduction shall be allowed under subsection (a) for qualified higher education expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

''(B) CERTAIN PREPAYMENTS ALLOWED.—Subparagraph (A) shall not apply to qualified higher education expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the first 3 months of the next taxable year.

''(3) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS BENEFITS.—The amount of qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the sum of the amounts received with respect to such individual for the taxable year as—

''(A) a qualified scholarship which under section 117 is not includable in gross income,

''(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or

''(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for educational expenses, or attributable to enrollment at an eligible educational institution, which is exempt from income taxation by any law of the United States.

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

''(5) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

''(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information reporting.''

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) of such Code is amended by inserting after paragraph (17) the following:

''(18) HIGHER EDUCATION EXPENSES.—The deduction allowed by section 222.''

(c) CONFORMING AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 222 and inserting the following:

''Sec. 222. Higher education expenses.

''Sec. 223. Cross reference.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made in taxable years beginning after December 31, 2002.

SEC. ___. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

''SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

''(b) MAXIMUM CREDIT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $1,500.

''(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(A) IN GENERAL.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $50,000 ($80,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this section shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $20,000.

''(B) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 911, 931, and 933.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2005, the $50,000 and $80,000 amounts referred to in subparagraph (A) 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 the calendar year in which the taxable year begins, by substituting '2004' for '1992'.

''(D) ROUNDING.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

''(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

''(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

''(e) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED EDUCATION LOAN.—The term 'qualified education loan' means any indebtedness incurred to pay qualified higher education expenses—

''(A) which are incurred on behalf of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred,

''(B) which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred, and

''(C) which are attributable to education furnished during a period during which the recipient was at least a half-time student.

Such term includes indebtedness used to refinance indebtedness which qualifies as a qualified education loan. The term 'qualified education loan' shall not include any indebtedness owed to a person who is related (within the meaning of section 267(b) or 707(b)(1)) to the taxpayer.

''(2) QUALIFIED HIGHER EDUCATION EXPENSES.—The term 'qualified higher education expenses' means 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 day before the date of the enactment of this Act) of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer at an eligible educational institution, reduced by the sum of—

''(A) the amount excluded from gross income under section 135 by reason of such expenses, and

''(B) the amount of the reduction described in section 135(d)(1).

For purposes of the preceding sentence, the term 'eligible educational institution' has the same meaning given such term by section 135(c)(3), except that such term shall also include an institution conducting an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility which offers postgraduate training.

''(3) HALF-TIME STUDENT.—The term 'half-time student' means any individual who would be a student as defined in section 151(c)(4) if 'half-time' were substituted for 'full-time' each place it appears in such section.

''(4) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

''(f) SPECIAL RULES.—

''(1) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount for which a deduction is allowable under any other provision of this chapter.

''(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703.''

(b) REPORTING REQUIREMENT.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050S the following new section:

''SEC. 6050T. RETURNS RELATING TO EDUCATION LOAN INTEREST RECEIVED IN TRADE OR BUSINESS FROM INDIVIDUALS.

''(a) EDUCATION LOAN INTEREST OF $600 OR MORE.—Any person—

''(1) who is engaged in a trade or business, and

''(2) who, in the course of such trade or business, receives from any individual interest aggregating $600 or more for any calendar year on 1 or more qualified education loans, shall make the return described in subsection (b) with respect to each individual from whom such interest was received at such time as the Secretary may by regulations prescribe.

''(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

''(1) is in such form as the Secretary may prescribe, and

''(2) contains—

''(A) the name, address, and TIN of the individual from whom the interest described in subsection (a)(2) was received,

''(B) the amount of such interest received for the calendar year, and

''(C) such other information as the Secretary may prescribe.

''(c) APPLICATION TO GOVERNMENTAL UNITS.—For purposes of subsection (a)—

''(1) TREATED AS PERSONS.—The term 'person' includes any governmental unit (and any agency or instrumentality thereof).

''(2) SPECIAL RULES.—In the case of a governmental unit or any agency or instrumentality thereof—

''(A) subsection (a) shall be applied without regard to the trade or business requirement contained therein, and

''(B) any return required under subsection (a) shall be made by the officer or employee appropriately designated for the purpose of making such return.

''(d) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

''(1) the name and address of the person required to make such return, and

''(2) the aggregate amount of interest described in subsection (a)(2) received by the person required to make such return from the individual to whom the statement is required to be furnished.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

''(e) QUALIFIED EDUCATION LOAN DEFINED.—For purposes of this section, except as provided in regulations prescribed by the Secretary, the term 'qualified education loan' has the meaning given such term by section 25B(e)(1).

''(f) RETURNS WHICH WOULD BE REQUIRED TO BE MADE BY 2 OR MORE PERSONS.—Except to the extent provided in regulations prescribed by the Secretary, in the case of interest received by any person on behalf of another person, only the person first receiving such interest shall be required to make the return under subsection (a).''

(2) ASSESSABLE PENALTIES.—Section 6724(d) (relating to definitions) is amended—

(A) in paragraph (1)(B), by redesignating clauses (xi) through (xvii) as clauses (xii) through (xviii), respectively, and by inserting after clause (ix) the following new clause:

''(xi) section 6050T (relating to returns relating to education loan interest received in trade or business from individuals),'', and

(B) in paragraph (2), by striking ''or'' at the end of the next to last subparagraph, by striking the period at the end of the last subparagraph and inserting '', or'', and by adding at the end the following new subparagraph:

''(BB) section 6050S(d) (relating to returns relating to education loan interest received in trade or business from individuals).''

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

''Sec. 25B. Interest on higher education loans.''

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050S the following new section:

''Sec. 6050T. Returns relating to education loan interest received in trade or business from individuals.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 25B(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to any loan interest payment due after December 31, 2004.

FEINGOLD AMENDMENT NO. 1417

(Ordered to lie on the table.)

Mr. FEINGOLD submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. REPEAL OF PERCENTAGE DEPLETION ALLOWANCE FOR CERTAIN HARDROCK MINES.

(a) IN GENERAL.—Section 613(a) (relating to percentage depletion) is amended by inserting ''(other than hardrock mines located on lands subject to the general mining laws or on land patented under the general mining laws)'' after ''In the case of the mines''.

(b) GENERAL MINING LAWS DEFINED.—Section 613 is amended by adding at the end the following:

''(f) GENERAL MINING LAWS.—For purposes of subsection (a), the term 'general mining laws' means those Acts which generally comprise chapters 2, 12A, and 16, and sections 161 and 162 of title 30 of the United States Code.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

LEAHY AMENDMENT NO. 1418

(Ordered to lie on the table.)

Mr. LEAHY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

Subsection (g)(3) of section 3121 of the Internal Revenue Code of 1986 is amended by inserting at the end thereof: ''or in connection with the harvesting of maple syrup.''

BOXER AMENDMENT NO. 1419

(Ordered to lie on the table.)

Mrs. BOXER submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

On page 202, beginning with line 12, strike through page 207, line 22, and insert the following:

SEC. ___. FIRST $2,000 OF HEALTH INSURANCE PREMIUMS FULLY DEDUCTIBLE.

(a) IN GENERAL.—Section 213 (relating to medical, dental, etc., expenses) is amended by adding at the end the following:

''(f) DEDUCTION FOR FIRST $2,000 OF HEALTH INSURANCE PREMIUMS.—There shall also be

allowed as a deduction under subsection (a) an amount equal to so much of the expenses paid during the taxable year for insurance which constitutes medical care under subsection (d)(1)(D) (other than for a qualified long-term care insurance contract) for such taxpayer, spouse, and dependents as does not exceed $2,000. Such expenses shall not be taken into account in determining the amount of any other deduction allowable under subsection (a).''

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES DEDUCTION.—Section 62(a) (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

''(18) HEALTH INSURANCE PREMIUMS.—The deduction allowed by section 213(a)(2).''

(c) CONFORMING AMENDMENTS.—

(1) Section 162(l)(1) (relating to special rules for health insurance costs of self-employed individuals), as amended by section 601, 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 the sum of—

''(A) so much of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents as does not exceed $2,000, plus

''(B) subject to paragraph (2), the amount so paid in excess of $2,000.

Subparagraph (A) shall not apply to amounts paid for coverage under a qualified long-term care insurance contract.''

(2) Section 162(l)(2) is amended—

(A) by striking ''paragraph (1)'' each place it appears and inserting ''paragraph (1)(B)'', and

(B) by striking ''Paragraph (1)'' and inserting ''Paragraph (1)(B)''.

(d) REVENUE OFFSET.—Sections 301, 302, 304, 312, 901 through 908, and 1103 of this Act are null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such sections had not been enacted.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

DURBIN AMENDMENTS NOS. 1420–1423

(Ordered to lie on the table.)

Mr. DURBIN submitted four amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1420

On page 371, between lines 16 and 17, insert the following:

SEC. ___. EXCLUSION FROM GROSS INCOME FOR AMOUNTS RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL DISCRIMINATION.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140) and by inserting after section 138 the following new section:

''SEC. 139. AMOUNTS RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL DISCRIMINATION.

''(a) IN GENERAL.—

''(1) EXCLUSION.—Gross income does not include amounts received by a claimant (whether by suit or agreement and whether as lump sums or periodic payments) on account of a claim of unlawful discrimination.

''(2) AMOUNTS COVERED.—For purposes of paragraph (1), the term 'amounts' does not include—

''(A) backpay or frontpay, as defined in section 1302(b), or

''(B) punitive damages.

''(b) UNLAWFUL DISCRIMINATION DEFINED.—For purposes of this section, the term 'unlawful discrimination' means an act that is unlawful under any of the following:

''(1) Section 302 of the Civil Rights Act of 1991 (2 U.S.C. 1202).

''(2) Section 201, 202, 203, 204, 205, 206, or 207 of the Congressional Accountability Act of 1995 (2 U.S.C. 1311, 1312, 1313, 1314, 1315, 1316, or 1317)

''(3) The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

''(4) Section 4 or 15 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623 or 633a).

''(5) Section 501 or 504 of the Rehabilitation Act of 1973 (29 U.S.C. 791 or 794).

''(6) Section 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1140).

''(7) Title IX of the Education Amendments of 1972 (29 U.S.C. 1681 et seq.).

''(8) The Employee Polygraph Protection Act of 1988 (29 U.S.C. 201 et seq.).

''(9) The Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102 et seq.).

''(10) Section 105 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2615).

''(11) Chapter 43 of title 38, United States Code (relating to employment and reemployment rights of members of the uniformed services).

''(12) Section 1977, 1979, or 1980 of the Revised Statutes (42 U.S.C. 1981, 1983, or 1985).

''(13) Section 703, 704, or 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–2, 2000e–3, or 2000e–16).

''(14) Section 804 or 805 of the Fair Housing Act (42 U.S.C. 3604 or 3605).

''(15) Section 102, 202, 302, or 503 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12112, 12132, 12182, or 12203).

''(16) Section 40302 of the Violence Against Women Act of 1994 (42 U.S.C. 13981).

''(17) Any provision of Federal law (popularly known as whistleblower protection provisions) prohibiting the discharge of an employee, the discrimination against an employee, or any other form of retaliation or reprisal against an employee for asserting rights or taking other actions permitted under Federal law.

''(18) Any provision of State or local law, or common law claims permitted under Federal, State, or local law, providing for the enforcement of civil rights, regulating any aspect of the employment relationship, or prohibiting the discharge of an employee, the discrimination against an employee, or any other form of retaliation or reprisal against an employee for asserting rights or taking other actions permitted by law.''.

(b) LIMITATION ON TAX BASED ON INCOME AVERAGING FOR BACKPAY AND FRONTPAY RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL EMPLOYMENT DISCRIMINATION.—Part I of subchapter Q of chapter 1 (relating to income averaging) is amended by adding at the end the following new section:

''SEC. 1302. INCOME FROM BACKPAY AND FRONTPAY RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL EMPLOYMENT DISCRIMINATION.

''(a) GENERAL RULE.—If employment discrimination backpay or frontpay is received by a taxpayer during a taxable year, the tax imposed by this chapter for such taxable year shall not exceed the sum of—

''(1) the tax which would be so imposed if—

''(A) no amount of such backpay or frontpay were included in gross income for such year, and

''(B) no deduction were allowed for such year for expenses (otherwise allowable as a deduction to the taxpayer for such year) in connection with making or prosecuting any claim of unlawful employment discrimination by or on behalf of the taxpayer, plus

''(2) the product of—

''(A) the number of years in the backpay period and frontpay period, and

''(B) the amount of tax that would be imposed on the average annual net backpay and frontpay amount, determined as if such average amount were the only income of the taxpayer for the taxable year and the taxpayer had no deductions for such year.

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

''(1) EMPLOYMENT DISCRIMINATION BACKPAY OR FRONTPAY.—The term 'employment discrimination backpay or frontpay' means backpay or frontpay receivable (whether as lump sums or periodic payments) on account of a claim of unlawful employment discrimination.

''(2) UNLAWFUL EMPLOYMENT DISCRIMINATION.—The term 'unlawful employment discrimination' has the meaning provided the term 'unlawful discrimination' in section 139(b).

''(3) BACKPAY AND FRONTPAY.—The terms 'backpay' and 'frontpay' mean amounts includible in gross income in the taxable year—

''(A) as compensation which is attributable—

''(i) in the case of backpay, to services performed, or that would have been performed but for a claimed violation of law, as an employee, former employee, or prospective employee before such taxable year for the taxpayer's employer, former employer, or prospective employer; and

''(ii) in the case of frontpay, to employment that would have been performed but for a claimed violation of law, in a taxable year or taxable years following the taxable year; and

''(B) which are—

''(i) ordered, recommended, or approved by any governmental entity to satisfy a claim for a violation of law, or

''(ii) received from the settlement of such a claim.

''(4) BACKPAY PERIOD.—The term 'backpay period' means the period during which services are performed (or would have been performed) to which backpay is attributable. If such period is not equal to a whole number of taxable years, such period shall be increased to the next highest number of whole taxable years.

''(5) FRONTPAY PERIOD.—The term 'frontpay period' means the period of foregone employment to which frontpay is attributable. If such period is not equal to a whole number of taxable years, such period shall be increased to the next highest number of whole taxable years.

''(6) AVERAGE ANNUAL NET BACKPAY AND FRONTPAY AMOUNT.—The term 'average annual net backpay and frontpay amount' means the amount equal to—

''(A) the excess of—

''(i) employment discrimination backpay and frontpay, over

''(ii) the amount of deductions that would have been allowable but for subsection (a)(1)(B), divided by

''(B) the number of years in the backpay period and frontpay period.''.

(c) INCOME AVERAGING FOR BACKPAY AND FRONTPAY RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL EMPLOYMENT DISCRIMINATION NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.—Section 55(c) (defining regular tax)

is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

''(2) COORDINATION WITH INCOME AVERAGING FOR AMOUNTS RECEIVED ON ACCOUNT OF EMPLOYMENT DISCRIMINATION.—Solely for purposes of this section, section 1302 (relating to averaging of income from backpay or frontpay received on account of certain unlawful employment discrimination) shall not apply in computing the regular tax.''.

(d) CLERICAL AMENDMENTS.—

(1) 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 item:

''Sec. 139. Amounts received on account of certain unlawful discrimination.''

(2) The table of sections for part I of subchapter Q of chapter 1 is amended by inserting after section 1301 the following new item:

''Sec. 1302. Income from backpay or frontpay received on account of certain unlawful employment discrimination.''

(e) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to damages received in taxable years beginning after December 31, 2000.

(2) The amendments made by subsection (b) shall apply to amounts received in taxable years beginning after December 31, 2000.

(3) The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2000.

(d) REVENUE OFFSET.—Section 302(a) of this Act is null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such section had not been enacted.

AMENDMENT NO. 1421

On page 184, between lines 6 and 7, insert the following:

(c) INCREASE IN MAXIMUM DEDUCTION.—

(1) IN GENERAL.—The table contained in section 221(b)(1) (relating to maximum deduction) is amended by striking ''$2,500'' and inserting ''$5,000''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2000.

(3) REVENUE OFFSET.—Section 302(a) of this Act is null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such section had not been enacted.

AMENDMENT NO. 1422

On page 255, strike lines 3 through 25 and insert:

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 59½, and

''(ii) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

''(I) an organization described in section 170(c), or

''(II) a trust, fund, or annuity described in subparagraph (B).

''(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 for qualified charitable distributions shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which (but for this paragraph) would have been includible in the gross income of the taxpayer for such year.''

(b) REVENUE OFFSET.—

(1) IN GENERAL.—Section 408A(c)(3), as amended by section 302, is amended to read as follows:

''(3) LIMITS BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year shall not exceed an amount equal to the amount determined under paragraph (2)(A) for such taxable year, reduced (but not below zero) by the amount which bears the same ratio to such amount as—

''(i) the excess of—

''(I) the taxpayer's adjusted gross income for such taxable year, over

''(II) the applicable dollar amount, bears to

''(ii) $15,000 ($10,000 in the case of a joint return or a married individual filing a separate return).

The rules of subparagraphs (B) and (C) of section 219(g)(2) shall apply to any reduction under this subparagraph.

''(B) ROLLOVER FROM IRA.—A taxpayer shall not be allowed to make a qualified rollover contribution to a Roth IRA from an individual retirement plan other than a Roth IRA during any taxable year if, for the taxable year of the distribution to which such contribution relates—

''(i) the taxpayer's adjusted gross income exceeds $1,000,000, or

''(ii) the taxpayer is a married individual filing a separate return.

''(C) DEFINITIONS.—For purposes of this paragraph—

''(i) adjusted gross income shall be determined in the same manner as under section 219(g)(3), except that any amount included in gross income under subsection (d)(3) shall not be taken into account, and

''(ii) the applicable dollar amount is—

''(I) in the case of a taxpayer filing a joint return, $150,000,

''(II) in the case of any other taxpayer (other than a married individual filing a separate return), $95,000, and

''(III) in the case of a married individual filing a separate return, zero.

''(D) MARITAL STATUS.—Section 219(g)(4) shall apply for purposes of this paragraph.''

(2) REQUIRED DISTRIBUTION.—Section 408A(c)(3)(C)(i), as amended by paragraph (1), is amended by inserting ''and any amount included in gross income by reason of a required distribution under a provision described in paragraph (5) shall not be taken into account for purposes of subparagraph (B)(i),'' after ''account,''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) REQUIRED DISTRIBUTIONS.—The amendment made by subsection (b)(2) shall apply to taxable years beginning after December 31, 2004.

AMENDMENT NO. 1423

At the end of title VI, insert:

SEC. ___. INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) IN GENERAL.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking ''$675,000'' and inserting ''$1,975,000''.

(b) CONFORMING AMENDMENTS.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking ''$675,000'' each place it appears in the text and heading and inserting ''$1,975,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

SEC. ___. CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

''SEC. 45D. EMPLOYEE HEALTH INSURANCE EXPENSES.

''(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the employee health insurance expenses credit determined under this section is an amount equal to the applicable percentage of the amount paid by the taxpayer during the taxable year for qualified employee health insurance expenses.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is equal to—

''(1) 60 percent in the case of self-only coverage, and

''(2) 70 percent in the case of family coverage (as defined in section 220(c)(5)).

''(c) PER EMPLOYEE DOLLAR LIMITATION.—The amount of qualified employee health insurance expenses taken into account under subsection (a) with respect to any qualified employee for any taxable year shall not exceed—

''(1) $1,000 in the case of self-only coverage, and

''(2) $1,715 in the case of family coverage (as so defined).

''(d) DEFINITIONS.—For purposes of this section—

''(1) SMALL EMPLOYER.—

''(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 9 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

''(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

''(2) QUALIFIED EMPLOYEE HEALTH INSURANCE EXPENSES.—

''(A) IN GENERAL.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

''(B) EXCEPTION FOR AMOUNTS PAID UNDER SALARY REDUCTION ARRANGEMENTS.—No amount paid or incurred for health insurance coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

''(C) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning given such term by section 9832(b)(1).

''(3) QUALIFIED EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, an employee of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000 but does not exceed $16,000.

''(B) TREATMENT OF CERTAIN EMPLOYEES.—For purposes of subparagraph (A), the term 'employee'—

''(i) shall not include an employee within the meaning of section 401(c)(1), but

''(ii) shall include a leased employee within the meaning of section 414(n).

''(C) WAGES.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

''(D) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2001, the $16,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

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

''(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

''(e) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 52 shall apply.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to qualified employee health insurance expenses taken into account under subsection (a).''

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following:

''(13) the employee health insurance expenses credit determined under section 45D.''

(c) NO CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(9) NO CARRYBACK OF SECTION 45D CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the employee health insurance expenses credit determined under section 45D may be carried back to a taxable year ending before January 1, 2001.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

''Sec. 45D. Employee health insurance expenses.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2000.

SEC. ___. MODIFICATION OF INDIVIDUAL RETIREMENT CONTRIBUTION LIMITS.

(a) DEDUCTION LIMIT.—Section 219(b)(5), as added by section 301(a)(2), is amended to read as follows:

''(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

''(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

"For taxable years beginning in:	The deductible amount is:
2001, 2002, and 2003	$3,000
2004, 2005, and 2006	$4,000
2007 and thereafter	$5,000.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2009, the $5,000 amount under subparagraph (A) 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 2008' for 'calendar year 1992' in subparagraph (B) thereof.''

(b) INCOME LIMITS.—The amendments made by section 302 are null and void and the Internal Revenue Code of 1986 shall be applied as if they had not been enacted.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

KERREY (AND OTHERS) AMENDMENT NO. 1424

(Ordered to lie on the table.)

Mr. KERREY (for himself, Mr. GREGG, Mr. BREAUX, Mr. GRASSLEY, Mr. ROBB, Mr. THOMPSON, and Mr. THOMAS) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the end, add the following:

DIVISION B—BIPARTISAN SOCIAL SECURITY REFORM

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Bipartisan Social Security Reform Act of 1999''.

(b) TABLE OF CONTENTS.—The table of contents of this division is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INDIVIDUAL SAVINGS ACCOUNTS

Sec. 101. Individual savings accounts.
Sec. 102. Social security KidSave Accounts.
Sec. 103. Adjustments to primary insurance amounts under part A of title II of the Social Security Act.

TITLE II—SOCIAL SECURITY SYSTEM ADJUSTMENTS

Sec. 201. Adjustments to bend points in determining primary insurance amounts.
Sec. 202. Adjustment of widows' and widowers' insurance benefits.
Sec. 203. Elimination of earnings test for individuals who have attained early retirement age.
Sec. 204. Gradual increase in number of benefit computation years; use of all years in computation.
Sec. 205. Maintenance of benefit and contribution base.
Sec. 206. Reduction in the amount of certain transfers to Medicare Trust Fund.
Sec. 207. Actuarial adjustment for retirement.
Sec. 208. Improvements in process for cost-of-living adjustments.
Sec. 209. Modification of increase in normal retirement age.
Sec. 210. Modification of PIA factors to reflect changes in life expectancy.
Sec. 211. Mechanism for remedying unforeseen deterioration in social security solvency.

TITLE I—INDIVIDUAL SAVINGS ACCOUNTS

SEC. 101. INDIVIDUAL SAVINGS ACCOUNTS.

(a) ESTABLISHMENT AND MAINTENANCE OF INDIVIDUAL SAVINGS ACCOUNTS.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by inserting before section 201 the following:

''PART A—INSURANCE BENEFITS'';

and

(2) by adding at the end the following:

''PART B—INDIVIDUAL SAVINGS ACCOUNTS

''INDIVIDUAL SAVINGS ACCOUNTS

''SEC. 251. (a) ESTABLISHMENT.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT IN ABSENCE OF KIDSAVE ACCOUNT.—Except as provided in subparagraph (B), the Commissioner of Social Security, within 30 days of the receipt of the first contribution received pursuant to subsection (b) with respect to an eligible individual, shall establish in the name of such individual an individual savings account. The individual savings account shall be identified to the account holder by means of the account holder's Social Security account number.

''(B) USE OF KIDSAVE ACCOUNT.—If a KidSave Account has been established in the name of an eligible individual under section 262(a) before the date of the first contribution received by the Commissioner pursuant to subsection (b) with respect to such individual, the Commissioner shall redesignate the KidSave Account as an individual savings account for such individual.

''(2) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this part, the term 'eligible individual' means any individual born after December 31, 1937.

''(b) CONTRIBUTIONS.—

''(1) AMOUNTS TRANSFERRED FROM THE TRUST FUND.—The Secretary of the Treasury shall transfer from the Federal Old-Age and Survivors Insurance Trust Fund, for crediting by the Commissioner of Social Security to an individual savings account of an eligible individual, an amount equal to the sum of any amount received by such Secretary on behalf of such individual under section 3101(a)(2) or 1401(a)(2) of the Internal Revenue Code of 1986.

''(2) OTHER CONTRIBUTIONS.—For provisions relating to additional contributions credited to individual savings accounts, see sections 531(c)(2) and 6402(l) of the Internal Revenue Code of 1986.

''(c) DESIGNATION OF INVESTMENT TYPE OF INDIVIDUAL SAVINGS ACCOUNT.—

''(1) DESIGNATION.—Each eligible individual who is employed or self-employed shall designate the investment type of individual savings account to which the contributions described in subsection (b) on behalf of such individual are to be credited.

''(2) FORM OF DESIGNATION.—The designation described in paragraph (1) shall be made in such manner and at such intervals as the Commissioner of Social Security may prescribe in order to ensure ease of administration and reductions in burdens on employers.

''(3) SPECIAL RULE FOR 2000.—Not later than January 1, 2000, any eligible individual that is employed or self-employed as of such date shall execute the designation required under paragraph (1).

''(4) DESIGNATION IN ABSENCE OF DESIGNATION BY ELIGIBLE INDIVIDUAL.—In any case in which no designation of the individual savings account is made, the Commissioner of Social Security shall make the designation of the individual savings account in accordance with regulations that take into account the competing objectives of maximizing returns on investments and minimizing the risk involved with such investments.

''(d) TREATMENT OF INCOMPETENT INDIVIDUALS.—Any designation under subsection (c)(1) to be made by an individual mentally incompetent or under other legal disability may be made by the person who is constituted guardian or other fiduciary by the law of the State of residence of the individual or is otherwise legally vested with the

care of the individual or his estate. Payment under this part due an individual mentally incompetent or under other legal disability may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of the claimant or is otherwise legally vested with the care of the claimant or his estate. In any case in which a guardian or other fiduciary of the individual under legal disability has not been appointed under the law of the State of residence of the individual, if any other person, in the judgment of the Commissioner, is responsible for the care of such individual, any designation under subsection (c)(1) which may otherwise be made by such individual may be made by such person, any payment under this part which is otherwise payable to such individual may be made to such person, and the payment of an annuity payment under this part to such person bars recovery by any other person.

''DEFINITION OF INDIVIDUAL SAVINGS ACCOUNT; TREATMENT OF ACCOUNTS

''SEC. 252. (a) INDIVIDUAL SAVINGS ACCOUNT.—In this part, the term 'individual savings account' means any individual savings account in the Individual Savings Fund (established under section 254) which is administered by the Individual Savings Fund Board.

''(b) TREATMENT OF ACCOUNT.—Except as otherwise provided in this part and in section 531 of the Internal Revenue Code of 1986, any individual savings account described in subsection (a) shall be treated in the same manner as an individual account in the Thrift Savings Fund under subchapter III of chapter 84 of title 5, United States Code.

''INDIVIDUAL SAVINGS ACCOUNT DISTRIBUTIONS

''SEC. 253. (a) DATE OF INITIAL DISTRIBUTION.—Except as provided in subsection (c), distributions may only be made from an individual savings account of an eligible individual on and after the earliest of—

''(1) the date the eligible individual attains normal retirement age, as determined under section 216 (or early retirement age (as so determined) if elected by such individual), or

''(2) the date on which funds in the eligible individual's individual savings account are sufficient to provide a monthly payment over the life expectancy of the eligible individual (determined under reasonable actuarial assumptions) which, when added to the eligible individual's monthly benefit under part A (if any), is at least equal to an amount equal to 1/12 of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2) and determined on such date for a family of the size involved) and adjusted annually thereafter by the adjustment determined under section 215(i).

''(b) FORMS OF DISTRIBUTION.—

''(1) REQUIRED MONTHLY PAYMENTS.—Except as provided in paragraph (2), beginning with the date determined under subsection (a), the balance in an individual savings account available to provide monthly payments not in excess of the amount described in subsection (a)(2) shall be paid, as elected by the account holder (in such form and manner as shall be prescribed in regulations of the Individual Savings Fund Board), by means of the purchase of annuities or equal monthly payments over the life expectancy of the eligible individual (determined under reasonable actuarial assumptions) in accordance with requirements (which shall be provided in regulations of the Board) similar to the requirements applicable to payments of benefits under subchapter III of chapter 84 of title 5, United States Code, and providing for indexing for inflation.

''(2) PAYMENT OF EXCESS FUNDS.—To the extent funds remain in an eligible individual's individual savings account after the application of paragraph (1), such funds shall be payable to the eligible individual in such manner and in such amounts as determined by the eligible individual, subject to the provisions of subchapter III of chapter 84 of title 5, United States Code.

''(c) DISTRIBUTION IN THE EVENT OF DEATH BEFORE THE DATE OF INITIAL DISTRIBUTION.—If the eligible individual dies before the date determined under subsection (a), the balance in such individual's individual savings account shall be distributed in a lump sum, under rules established by the Individual Savings Fund Board, to the individual's heirs.

''INDIVIDUAL SAVINGS FUND

''SEC. 254. (a) ESTABLISHMENT.—There is established and maintained in the Treasury of the United States an Individual Savings Fund in the same manner as the Thrift Savings Fund under sections 8437, 8438, and 8439 (but not section 8440) of title 5, United States Code.

''(b) INDIVIDUAL SAVINGS FUND BOARD.—

''(1) IN GENERAL.—There is established and operated in the Social Security Administration an Individual Savings Fund Board in the same manner as the Federal Retirement Thrift Investment Board under subchapter VII of chapter 84 of title 5, United States Code.

''(2) SPECIFIC INVESTMENT AND REPORTING DUTIES.—

''(A) IN GENERAL.—The Individual Savings Fund Board shall manage and report on the activities of the Individual Savings Fund and the individual savings accounts of such Fund in the same manner as the Federal Retirement Thrift Investment Board manages and reports on the Thrift Savings Fund and the individual accounts of such Fund under subchapter VII of chapter 84 of title 5, United States Code.

''(B) STUDY AND REPORT ON INCREASED INVESTMENT OPTIONS.—

''(i) STUDY.—The Individual Savings Fund Board shall conduct a study regarding ways to increase an eligible individual's investment options with respect to such individual's individual savings account and with respect to rollovers or distributions from such account.

''(ii) REPORT.—Not later than 2 years after the date of enactment of the Bipartisan Social Security Reform Act of 1999, the Individual Savings Fund Board shall submit a report to the President and Congress that contains a detailed statement of the results of the study conducted pursuant to clause (i), together with the Board's recommendations for such legislative actions as the Board considers appropriate.

''BUDGETARY TREATMENT OF INDIVIDUAL SAVINGS FUND AND ACCOUNTS

''SEC. 255. The receipts and disbursements of the Individual Savings Fund and any accounts within such fund shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.''.

(b) MODIFICATION OF FICA RATES.—

(1) EMPLOYEES.—Section 3101(a) of the Internal Revenue Code of 1986 (relating to tax on employees) is amended to read as follows:

''(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—

''(1) IN GENERAL.—

''(A) INDIVIDUALS COVERED UNDER PART A OF TITLE II OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there is hereby imposed on the income of every individual who is not a part B eligible individual a tax equal to 6.2 percent of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b)).

''(B) INDIVIDUALS COVERED UNDER PART B OF TITLE II OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there is hereby imposed on the income of every part B eligible individual a tax equal to 4.2 percent of the wages (as defined in section 3121(a)) received by such individual with respect to employment (as defined in section 3121(b)).

''(2) CONTRIBUTION OF OASDI TAX REDUCTION TO INDIVIDUAL SAVINGS ACCOUNTS.—

''(A) IN GENERAL.—In addition to other taxes, there is hereby imposed on the income of every part B eligible individual an individual savings account contribution equal to the sum of—

''(i) 2 percent of the wages (as so defined) received by such individual with respect to employment (as so defined), plus

''(ii) so much of such wages (not to exceed $2,000) as designated by the individual in the same manner as described in section 251(c) of the Social Security Act.

''(B) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any calendar year beginning after 2000, the dollar amount in subparagraph (A)(ii) 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 the calendar year, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any dollar amount after being increased under clause (i) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.''.

(2) SELF-EMPLOYED.—Section 1401(a) of the Internal Revenue Code of 1986 (relating to tax on self-employment income) is amended to read as follows:

''(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—

''(1) IN GENERAL.—

''(A) INDIVIDUALS COVERED UNDER PART A OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual who is not a part B eligible individual for the calendar year ending with or during such taxable year, a tax equal to 12.40 percent of the amount of the self-employment income for such taxable year.

''(B) INDIVIDUALS COVERED UNDER PART B OF TITLE II OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every part B eligible individual, a tax equal to 10.4 percent of the amount of the self-employment income for such taxable year.

''(2) CONTRIBUTION OF OASDI TAX REDUCTION TO INDIVIDUAL SAVINGS ACCOUNTS.—

''(A) IN GENERAL.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every individual, an individual savings account contribution equal to the sum of—

''(i) 2 percent of the amount of the self-employment income for each individual for such taxable year, and

''(ii) so much of such self-employment income (not to exceed $2,000) as designated by

the individual in the same manner as described in section 251(c) of the Social Security Act.

''(B) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning after 2000, the dollar amount in subparagraph (A)(ii) 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any dollar amount after being increased under clause (i) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.''.

(3) PART B ELIGIBLE INDIVIDUAL.—

(A) TAXES ON EMPLOYEES.—Section 3121 of such Code (relating to definitions) is amended by inserting after subsection (s) the following:

''(t) PART B ELIGIBLE INDIVIDUAL.—For purposes of this chapter, the term 'part B eligible individual' means, for any calendar year, an individual who is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year.''.

(B) SELF-EMPLOYMENT TAX.—Section 1402 of such Code (relating to definitions) is amended by adding at the end the following:

''(k) PART B ELIGIBLE INDIVIDUAL.—The term 'part B eligible individual' means, for any calendar year, an individual who is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year.''.

(4) EFFECTIVE DATES.—

(A) EMPLOYEES.—The amendments made by paragraphs (1) and (3)(A) apply to remuneration paid after December 31, 1999.

(B) SELF-EMPLOYED INDIVIDUALS.—The amendments made by paragraphs (2) and (3)(B) apply to taxable years beginning after December 31, 1999.

(c) MATCHING CONTRIBUTIONS.—

(1) IN GENERAL.—Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to credits against tax) is amended by adding at the end the following:

"Subpart H—Individual Savings Account Credits

''Sec. 54. Individual savings account credit.''.

"SEC. 54. INDIVIDUAL SAVINGS ACCOUNT CREDIT.

''(a) ALLOWANCE OF CREDIT.—Each part B eligible individual is entitled to a credit for the taxable year in an amount equal to the sum of—

''(1) $100, plus

''(2) 100 percent of the designated wages of such individual for the taxable year, plus

''(3) 100 percent of the designated self-employment income of such individual for the taxable year.

''(b) LIMITATIONS.—

''(1) AMOUNT.—The amount determined under subsection (a) with respect to such individual for any taxable year may not exceed the excess (if any) of—

''(A) an amount equal to 1 percent of the contribution and benefit base for such taxable year (as determined under section 230 of the Social Security Act), over

''(B) the sum of the amounts received by the Secretary on behalf of such individual under sections 3101(a)(2)(A)(i) and 1401(a)(2)(A)(i) for such taxable year.

''(2) FAILURE TO MAKE VOLUNTARY CONTRIBUTIONS.—In the case of a part B eligible individual with respect to whom the amount of wages designated under section 3101(a)(2)(A)(ii) plus the amount self-employment income designated under section 1401(a)(2)(A)(ii) for the taxable year is less that $1, the credit to which such individual is entitled under this section shall be equal to zero.

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

''(1) PART B ELIGIBLE INDIVIDUAL.—The term 'part B eligible individual' means, for any calendar year, an individual who—

''(A) is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year, and

''(B) is not an individual with respect to whom another taxpayer is entitled to a deduction under section 151(c).

''(2) DESIGNATED WAGES.—The term 'designated wages' means with respect to any taxable year the amount designated under section 3101(a)(2)(A)(ii).

''(3) DESIGNATED SELF-EMPLOYMENT INCOME.—The term 'designated self-employment income' means with respect to any taxable year the amount designated under section 1401(a)(2)(A)(ii) for such taxable year.

''(d) CREDIT USED ONLY FOR INDIVIDUAL SAVINGS ACCOUNT.—For purposes of this title, the credit allowed under this section with respect to any part B eligible individual—

''(1) shall not be treated as a credit allowed under this part, but

''(2) shall be treated as an overpayment of tax under section 6401(b)(3) which may, in accordance with section 6402(l), only be transferred to an individual savings account established under part B of title II of the Social Security Act with respect to such individual.''.

(2) CONTRIBUTION OF CREDITED AMOUNTS TO INDIVIDUAL SAVINGS ACCOUNT.—

(A) CREDITED AMOUNTS TREATED AS OVERPAYMENT OF TAX.—Subsection (b) of section 6401 of such Code (relating to excessive credits) is amended by adding at the end the following:

''(3) SPECIAL RULE FOR CREDIT UNDER SECTION 54.—Subject to the provisions of section 6402(l), the amount of any credit allowed under section 54 for any taxable year shall be considered an overpayment.''.

(B) TRANSFER OF CREDIT AMOUNT TO INDIVIDUAL SAVINGS ACCOUNT.—Section 6402 of such Code (relating to authority to make credits or refunds) is amended by adding at the end the following:

''(l) OVERPAYMENTS ATTRIBUTABLE TO INDIVIDUAL SAVINGS ACCOUNT CREDIT.—In the case of any overpayment described in section 6401(b)(3) with respect to any individual, the Secretary shall transfer for crediting by the Commissioner of Social Security to the individual savings account of such individual, an amount equal to the amount of such overpayment.''.

(4) CONFORMING AMENDMENTS.—

(A) Section 1324(b)(2) of title 31, United States Code, is amended by inserting before the period at the end '', or enacted by the Bipartisan Social Security Reform Act of 1999''.

(B) The table of subparts for part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''Subpart H. Individual Savings Account Credits.''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to refunds payable after December 31, 1999.

(d) TAX TREATMENT OF INDIVIDUAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subchapter F of chapter 1 of the Internal Revenue Code of 1986 (relating to exempt organizations) is amended by adding at the end the following:

"PART IX—INDIVIDUAL SAVINGS FUND AND ACCOUNTS

''Sec. 531. Individual Savings Fund and Accounts.

"SEC. 531. INDIVIDUAL SAVINGS FUND AND ACCOUNTS.

''(a) GENERAL RULE.—The Individual Savings Fund and individual savings accounts shall be exempt from taxation under this subtitle.

''(b) INDIVIDUAL SAVINGS FUND AND ACCOUNTS DEFINED.—For purposes of this section, the terms 'Individual Savings Fund' and 'individual savings account' means the fund and account established under sections 254 and 251, respectively, of part B of title II of the Social Security Act.

''(c) CONTRIBUTIONS.—

''(1) IN GENERAL.—No deduction shall be allowed for contributions credited to an individual savings account under section 251 of the Social Security Act or section 6402(l).

''(2) ROLLOVER OF INHERITANCE.—Any portion of a distribution to an heir from an individual savings account made by reason of the death of the beneficiary of such account may be rolled over to the individual savings account of the heir after such death.

''(d) DISTRIBUTIONS.—

''(1) IN GENERAL.—Any distribution from an individual savings account under section 253 of the Social Security Act shall be included in gross income under section 72.

''(2) PERIOD IN WHICH DISTRIBUTIONS MUST BE MADE FROM ACCOUNT OF DECEDENT.—In the case of amounts remaining in an individual savings account from which distributions began before the death of the beneficiary, rules similar to the rules of section 401(a)(9)(B) shall apply to distributions of such remaining amounts.

''(3) ROLLOVERS.—Paragraph (1) shall not apply to amounts rolled over under subsection (c)(2) in a direct transfer by the Commissioner of Social Security, under regulations which the Commissioner shall prescribe.''.

(2) CLERICAL AMENDMENT.—The table of parts for subchapter F of chapter 1 of such Code is amended by adding after the item relating to part VIII the following:

''Part IX. Individual savings fund and accounts.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1999.

SEC. 102. SOCIAL SECURITY KIDSAVE ACCOUNTS.

Title II of the Social Security Act (42 U.S.C. 401 et seq.), as amended by section 101(a), is amended by adding at the end the following:

''PART C—KIDSAVE ACCOUNTS

''KIDSAVE ACCOUNTS

''SEC. 261. (a) ESTABLISHMENT.—The Commissioner of Social Security shall establish in the name of each individual born on or after January 1, 1995, a KidSave Account upon the later of—

''(1) the date of enactment of this part, or

''(2) the date of the issuance of a Social Security account number under section 205(c)(2) to such individual.

The KidSave Account shall be identified to the account holder by means of the account holder's Social Security account number.

''(b) CONTRIBUTIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated and are appropriated such

sums as are necessary in order for the Secretary of the Treasury to transfer from the general fund of the Treasury for crediting by the Commissioner to each account holder's KidSave Account under subsection (a), an amount equal to the sum of—

''(A) in the case of any individual born on or after January 1, 2000, $1,000, on the date of the establishment of such individual's KidSave Account, and

''(B) in the case of any individual born on or after January 1, 1995, $500, on the 1st, 2nd, 3rd, 4th, and 5th birthdays of such individual occurring on or after January 1, 2000.

''(2) ADJUSTMENT FOR INFLATION.—For any calendar year after 2009, each of the dollar amounts under paragraph (1) shall be increased by the cost-of-living adjustment determined under section 215(i) for the calendar year.

''(c) DESIGNATIONS REGARDING KIDSAVE ACCOUNTS.—

''(1) INITIAL DESIGNATIONS OF INVESTMENT VEHICLE.—A person described in subsection (d) shall, on behalf of the individual described in subsection (a), designate the investment vehicle for the KidSave Account to which contributions on behalf of such individual are to be deposited. Such designation shall be made on the application for such individual's Social Security account number.

''(2) CHANGES IN INVESTMENT VEHICLES.—The Commissioner shall by regulation provide the time and manner by which an individual or a person described in subsection (d) on behalf of such individual may change 1 or more investment vehicles for a KidSave Account.

''(d) TREATMENT OF MINORS AND INCOMPETENT INDIVIDUALS.—Any designation under subsection (c) to be made by a minor, or an individual mentally incompetent or under other legal disability, may be made by the person who is constituted guardian or other fiduciary by the law of the State of residence of the individual or is otherwise legally vested with the care of the individual or his estate. Payment under this part due a minor, or an individual mentally incompetent or under other legal disability, may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of the claimant or is otherwise legally vested with the care of the claimant or his estate. In any case in which a guardian or other fiduciary of the individual under legal disability has not been appointed under the law of the State of residence of the individual, if any other person, in the judgment of the Commissioner, is responsible for the care of such individual, any designation under subsection (c) which may otherwise be made by such individual may be made by such person, any payment under this part which is otherwise payable to such individual may be made to such person, and the payment of an annuity payment under this part to such person bars recovery by any other person.

''DEFINITIONS AND SPECIAL RULES

''SEC. 262. (a) KIDSAVE ACCOUNTS.—In this part, the term 'KidSave Account' means any KidSave Account in the Individual Savings Fund (established under section 254) which is administered by the Individual Savings Fund Board.

''(b) TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any KidSave Account described in subsection (a) shall be treated in the same manner as an individual savings account under part B.

''(2) DISTRIBUTIONS.—Notwithstanding any other provision of law, distributions may only be made from a KidSave Account of an individual on or after the earlier of—

''(A) the date on which the individual begins receiving benefits under this title, or

''(B) the date of the individual's death.''.

SEC. 103. ADJUSTMENTS TO PRIMARY INSURANCE AMOUNTS UNDER PART A OF TITLE II OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Section 215 of the Social Security Act (42 U.S.C. 415) is amended by adding at the end the following:

''Adjustment of Primary Insurance Amount in Relation to Deposits Made to Individual Savings Accounts and KidSave Accounts

''(j)(1) Except as provided in paragraph (2), an individual's primary insurance amount as determined in accordance with this section (before adjustments made under subsection (i)) shall be equal to the excess (if any) of—

''(A) the amount which would be so determined without the application of this subsection, over

''(B) the monthly amount of an immediate life annuity, determined on the basis of the sum of—

''(A) the total of all amounts which have been credited pursuant to section 251(b) (indexed in the same manner as is applicable with respect to average indexed monthly earnings under subsection (b)) to the individual savings account held by such individual, plus

''(B) 50 percent of the accumulated value of the KidSave Account (established on behalf of such individual under section 261(a)) determined on the date such KidSave Account is redesignated as an individual savings account held by such individual under section 251(a)(1)(B), plus

''(C) accrued interest on such amounts compounded annually—

''(i) assuming an interest rate equal to the projected interest rate of the Federal Old-Age and Survivors Trust Fund, and

''(ii) using the mortality table used under 412(*l*)(7)(C)(ii) of the Internal Revenue Code of 1986.

''(2) In the case of an individual who becomes entitled to disability insurance benefits under section 223, such individual's primary insurance amount shall be determined without regard to paragraph (1).

''(3) For purposes of this subsection, the term 'immediate life annuity' means an annuity—

''(A) the annuity starting date (as defined in section 72(c)(4) of the Internal Revenue Code of 1986) of which commences with the first month following the date of the determination, and

''(B) which provides for a series of substantially equal monthly payments over the life expectancy of the individual.''.

(b) CONFORMING AMENDMENT TO RAILROAD RETIREMENT ACT OF 1974.—Section 1 of the Railroad Retirement Act of 1974 (45 U.S.C. 231) is amended by adding at the end the following:

''(s) In applying applicable provisions of the Social Security Act for purposes of determining the amount of the annuity to which an individual is entitled under this Act, section 215(j) of the Social Security Act and part B of title II of such Act shall be disregarded.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to computations and recomputations of primary insurance amounts occurring after December 31, 1999.

TITLE II—SOCIAL SECURITY SYSTEM ADJUSTMENTS

SEC. 201. ADJUSTMENTS TO BEND POINTS IN DETERMINING PRIMARY INSURANCE AMOUNTS.

(a) ADDITIONAL BEND POINT.—Section 215(a)(1)(A) of the Social Security Act (42 U.S.C. 415(a)(1)(A)) is amended—

(1) in clause (ii), by striking ''and'' at the end;

(2) in clause (iii)—

(A) by striking ''15 percent'' and inserting ''32 percent'';

(B) by striking ''clause (ii),'' and inserting the following: ''clause (ii) but do not exceed the amount established for purposes of this clause by subparagraph (B), and''; and

(3) by inserting after clause (iii) the following:

''(iv) 15 percent of the individual's average indexed monthly earnings to the extent that such earnings exceed the amount established for purposes of clause (iii),''.

(b) INITIAL LEVEL OF ADDITIONAL BEND POINT.—Section 215(a)(1)(B)(i) of such Act (42 U.S.C. 415(a)(1)(B)(i)) is amended—

(1) by striking ''clause (i) and (ii)'' and inserting ''clauses (i) and (iii)''; and

(2) by adding at the end the following: ''For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefit), in the calendar year 2000, the amount established for purposes of clause (ii) of subparagraph (A) shall be equal to 197.5 percent of the amount established for purposes of clause (i).''.

(c) ADJUSTMENTS TO PIA FORMULA FACTORS.—Section 215(a)(1)(B) of such Act (42 U.S.C. 415(a)(1)(B)) is amended further—

(1) by redesignating clause (iii) as clause (iv);

(2) by inserting after clause (ii) the following:

''(iii) For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefits), in any calendar year after 2005, effective for such calendar year—

''(I) the percentage in effect under clause (ii) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 increased the applicable number of times by 3.8 percentage points,

''(II) the percentage in effect under clause (iii) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 decreased the applicable number of times by 1.2 percentage points, and

''(III) the percentage in effect under clause (iv) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 decreased the applicable number of times by 0.5 percentage points.

For purposes of the preceding sentence, the term 'applicable number of times' means a number equal to the lesser of 10 or the number of years beginning with 2006 and ending with the year of initial eligibility or death.''; and

(3) in clause (iv) (as redesignated), by striking ''amount'' and inserting ''dollar amount''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to primary insurance amounts of individuals attaining early retirement age (as defined in section 216(l) of the Social Security Act), or dying, after December 31, 1999.

SEC. 202. ADJUSTMENT OF WIDOWS' AND WIDOWERS' INSURANCE BENEFITS.

(a) WIDOW'S BENEFIT.—Section 202(e)(2)(A) of the Social Security Act (42 U.S.C.

402(e)(2)(A)) is amended by striking ''equal to'' and all that follows and inserting ''equal to the greater of—

''(i) the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual, or

''(ii) the applicable percentage of the joint benefit which would have been received by the widow or surviving divorced wife and the deceased individual for such month if such individual had not died.

For purposes of clause (ii), the applicable percentage is equal to 50 percent in 2000, increased (but not above 75 percent) by 1 percentage point in every second year thereafter.''.

(b) WIDOWER'S BENEFIT.—Section 202(f)(3)(A) of the Social Security Act (42 U.S.C. 402(b)(3)(A)) is amended by striking ''equal to'' and all that follows and inserting ''equal to the greater of—

''(i) the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual, or

''(ii) the applicable percentage of the joint benefit which would have been received by the widow or surviving divorced husband and the deceased individual for such month if such individual had not died.

For purposes of clause (ii), the applicable percentage is equal to 50 percent in 2000, increased (but not above 75 percent) by 1 percentage point in every second year thereafter.''.

SEC. 203. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED EARLY RETIREMENT AGE.

(a) IN GENERAL.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking ''the age of seventy'' and inserting ''early retirement age (as defined in section 216(l))'';

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking ''the age of seventy'' each place it appears and inserting ''early retirement age (as defined in section 216(l))'';

(3) in subsection (f)(1)(B), by striking ''was age seventy or over'' and inserting ''was at or above early retirement age (as defined in section 216(l))'';

(4) in subsection (f)(3)—

(A) by striking ''33⅓ percent'' and all that follows through ''any other individual,'' and inserting ''50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8),''; and

(B) by striking ''age 70'' and inserting ''early retirement age (as defined in section 216(l))'';

(5) in subsection (h)(1)(A), by striking ''age 70'' each place it appears and inserting ''early retirement age (as defined in section 216(l))''; and

(6) in subsection (j)—

(A) in the heading, by striking ''Age Seventy'' and inserting ''Early Retirement Age''; and

(B) by striking ''seventy years of age'' and inserting ''having attained early retirement age (as defined in section 216(l))''.

(b) CONFORMING AMENDMENTS ELIMINATING THE SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED AGE 62.—

(1) UNIFORM EXEMPT AMOUNT.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking ''the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable'' and inserting ''a new exempt amount which shall be applicable''.

(2) CONFORMING AMENDMENTS.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(A) in the matter preceding clause (i), by striking ''Except'' and all that follows through ''whichever'' and inserting ''The exempt amount which is applicable for each month of a particular taxable year shall be whichever'';

(B) in clauses (i) and (ii), by striking ''corresponding'' each place it appears; and

(C) in the last sentence, by striking ''an exempt amount'' and inserting ''the exempt amount''.

(3) REPEAL OF BASIS FOR COMPUTATION OF SPECIAL EXEMPT AMOUNT.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(A) in subsection (c), in the last sentence, by striking ''nor shall any deduction'' and all that follows and inserting ''nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.''; and

(B) in subsection (f)(1), by striking clause (D) and inserting the following: ''(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60,''.

(2) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(A) by striking ''either''; and

(B) by striking ''or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit''.

(3) PROVISIONS RELATING TO EARNINGS TAKEN INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking ''if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted'' and inserting the following: ''if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by the Bipartisan Social Security Reform Act of 1999 had not been enacted''.

(d) STUDY OF THE EFFECT OF TAKING EARNINGS INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF DISABLED INDIVIDUALS.—

(1) IN GENERAL.—Not later than February 15, 2001, the Commissioner of Social Security shall conduct a study on the effect that taking earnings into account in determining substantial gainful activity of individuals receiving disability insurance benefits has on the incentive for such individuals to work and submit to Congress a report on the study.

(2) CONTENTS OF STUDY.—The study conducted under paragraph (1) shall include the evaluation of—

(A) the effect of the current limit on earnings on the incentive for individuals receiving disability insurance benefits to work;

(B) the effect of increasing the earnings limit or changing the manner in which disability insurance benefits are reduced or terminated as a result of substantial gainful activity (including reducing the benefits gradually when the earnings limit is exceeded) on—

(i) the incentive to work; and

(ii) the financial status of the Federal Disability Insurance Trust Fund;

(C) the effect of extending eligibility for the Medicare program to individuals during the period in which disability insurance benefits of the individual are gradually reduced as a result of substantial gainful activity and extending such eligibility for a fixed period of time after the benefits are terminated on—

(i) the incentive to work; and

(ii) the financial status of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund; and

(D) the relationship between the effect of substantial gainful activity limits on blind individuals receiving disability insurance benefits and other individuals receiving disability insurance benefits.

(3) CONSULTATION.—The analysis under paragraph (2)(C) shall be done in consultation with the Administrator of the Health Care Financing Administration.

(e) EFFECTIVE DATE.—The amendments and repeals made by subsections (a), (b), and (c) shall apply with respect to taxable years ending after December 31, 2002.

SEC. 204. GRADUAL INCREASE IN NUMBER OF BENEFIT COMPUTATION YEARS; USE OF ALL YEARS IN COMPUTATION.

(a) IN GENERAL.—Section 215(b)(2)(A) of the Social Security Act (42 U.S.C. 415(b)(2)(A)) is amended—

(1) in clause (i), by striking ''5 years'' and inserting ''the applicable number of years for purposes of this clause''; and

(2) by striking ''Clause (ii),'' in the matter following clause (ii) and inserting the following:

''For purposes of clause (i), the applicable number of years is the number of years specified in connection with the year in which such individual reaches early retirement age (as defined in section 216(l)(2)), or, if earlier, the calendar year in which such individual dies, as set forth in the following table:

''If such calendar year is:	The applicable number of years is:
2002	4.
2003	4.
2004	3.
2005	3.
2006	2.
2007	2.
2008	1.
2009	1.
After 2009	0.

Notwithstanding the preceding sentence, the applicable number of years is 5, in the case of any individual who is entitled to old-age insurance benefits, and has a spouse who is also so entitled (or who died without having become so entitled) who has greater total wages and self-employment income credited to benefit computation years than the individual. Clause (ii),''.

(b) USE OF ALL YEARS IN COMPUTATION.—

(1) IN GENERAL.—Section 215(b)(2)(B) of the Social Security Act (42 U.S.C. 415(b)(2)(B)) is amended by striking clauses (i) and (ii) and inserting the following:

''(i)(I) for calendar years after 2001 and before 2010, the term 'benefit computation years' means those computation base years equal in number to the number determined under subparagraph (A) plus the applicable number of years determined under subclause (III), for which the total of such individual's

wages and self-employment income, after adjustment under paragraph (3), is the largest;

''(II) for calendar years after 2009, the term 'benefit computation years' means all of the computation base years; and

''(III) for purposes of subclause (I), the applicable number of years is the number of years specified in connection with the year in which such individual reaches early retirement age (as defined in section 216(l)(2)), or, if earlier, the calendar year in which such individual dies, as set forth in the following table:

"If such calendar year is:	The applicable number of years is:
Before 2002	0.
2002	1.
2003	1.
2004	2.
2005	2.
2006	3.
2007	3.
2008	4.
2009	4.

''(ii) the term 'computation base years' means the calendar years after 1950, except that such term excludes any calendar year entirely included in a period of disability; and''.

(2) CONFORMING AMENDMENT.—Section 215(b)(1)(B) of the Social Security Act (42 U.S.C. 415(b)(1)(B)) is amended by striking ''in those years'' and inserting ''in an individual's computation base years determined under paragraph (2)(A)''.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply with respect to individuals attaining early retirement age (as defined in section 216(l)(2) of the Social Security Act) after December 31, 2001.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to benefit computation years beginning after December 31, 1999.

SEC. 205. MAINTENANCE OF BENEFIT AND CONTRIBUTION BASE.

(a) IN GENERAL.—Section 230 of the Social Security Act (42 U.S.C. 430) is amended to read as follows:

''MAINTENANCE OF THE CONTRIBUTION AND BENEFIT BASE

''SEC. 230. (a) The Commissioner of Social Security shall determine and publish in the Federal Register on or before November 1 of each calendar year the contribution and benefit base determined under subsection (b) which shall be effective with respect to remuneration paid after such calendar year and taxable years beginning after such year.

''(b) For purposes of this section, for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 54, 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1986, and for purposes of section 4022(b)(3)(B) of Public Law 93–406, the contribution and benefit base with respect to remuneration paid in (and taxable years beginning in) any calendar year is an amount equal to 86 percent of the total wages for the preceding calendar year (within the meaning of section 209).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to remuneration paid in (and taxable years beginning in) any calendar year after 1999.

SEC. 206. REDUCTION IN THE AMOUNT OF CERTAIN TRANSFERS TO MEDICARE TRUST FUND.

Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (42 U.S.C. 401 note), as amended by section 13215(c)(1) of the Omnibus Budget Reconciliation Act of 1993, is amended—

(1) in clause (ii), by striking ''the amounts'' and inserting ''the applicable percentage of the amounts''; and

(2) by adding at the end the following: ''For purposes of clause (ii), the applicable percentage for a year is equal to 100 percent, reduced (but not below zero) by 10 percentage points for each year after 2004.''.

SEC. 207. ACTUARIAL ADJUSTMENT FOR RETIREMENT.

(a) EARLY RETIREMENT.—

(1) IN GENERAL.—Section 202(q) of the Social Security Act (42 U.S.C. 402(q)) is amended—

(A) in paragraph (1)(A), by striking ''5/9'' and inserting ''the applicable fraction (determined under paragraph (12))''; and

(B) by adding at the end the following:

''(12) For purposes of paragraph (1)(A), the 'applicable fraction' for an individual who attains the age of 62 in—

''(A) any year before 2001, is 5/9;

''(B) 2001, is 7/12;

''(C) 2002, is 11/18;

''(D) 2003, is 23/36;

''(E) 2004, is 2/3; and

''(F) 2005 or any succeeding year, is 25/36.''.

(2) MONTHS BEYOND FIRST 36 MONTHS.—Section 202(q) of such Act (42 U.S.C. 402(q)(9)) (as amended by paragraph (1)) is amended—

(A) in paragraph (9)(A), by striking ''five-twelfths'' and inserting ''the applicable fraction (determined under paragraph (13))''; and

(B) by adding at the end the following:

''(13) For purposes of paragraph (9)(A), the 'applicable fraction' for an individual who attains the age of 62 in—

''(A) any year before 2001, is 5/12;

''(B) 2001, is 16/36;

''(C) 2002, is 16/36;

''(D) 2003, is 17/36;

''(E) 2004, is 17/36; and

''(F) 2005 or any succeeding year, is 1/2.''.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) shall apply to individuals who attain the age of 62 in years after 1999.

(b) DELAYED RETIREMENT.—Section 202(w)(6) of the Social Security Act (42 U.S.C. 402(w)(6)) is amended—

(1) in subparagraph (C), by striking ''and'' at the end;

(2) in subparagraph (D), by striking ''2004.'' and inserting ''2004 and before 2007;''; and

(3) by adding at the end the following:

''(E) 17/24 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2006 and before 2009;

''(F) 3/4 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2008 and before 2011;

''(G) 19/24 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2010 and before 2013; and

''(H) 5/6 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2012.''.

SEC. 208. IMPROVEMENTS IN PROCESS FOR COST-OF-LIVING ADJUSTMENTS.

(a) ANNUAL DECLARATIONS OF PERSISTING UPPER LEVEL SUBSTITUTION BIAS, QUALITY-CHANGE BIAS, AND NEW-PRODUCT BIAS.—Not later than December 1, 1999, and annually thereafter, the Commissioner of the Bureau of Labor Statistics shall publish in the Federal Register an estimate of the upper level substitution bias, quality-change bias, and new-product bias retained in the Consumer Price Index, expressed in terms of a percentage point effect on the annual rate of change in the Consumer Price Index determined through the use of a superlative index that accounts for changes that consumers make in the quantities of goods and services consumed.

(b) MODIFICATION OF COST-OF-LIVING ADJUSTMENT.—Notwithstanding any other provision of law, for each calendar year after 1999 any cost-of-living adjustment described in subsection (f) shall be further adjusted by the greater of—

(1) 0.5 percentage point, or

(2) the correction for the upper level substitution bias, quality-change bias, and new-product bias (as last published by the Commissioner of the Bureau of Labor Statistics pursuant to subsection (a)).

(c) FUNDING FOR CPI IMPROVEMENTS.—

(1) IN GENERAL.—There is hereby appropriated to the Bureau of Labor Statistics in the Department of Labor, for each of fiscal years 2000, 2001, and 2002, $60,000,000 for use by the Bureau for the following purposes:

(A) Research, evaluation, and implementation of a superlative index to estimate upper level substitution bias, quality-change bias, and new-product bias in the Consumer Price Index.

(B) Expansion of the Consumer Expenditure Survey and the Point of Purchase Survey.

(2) REPORTS.—The Commissioner of the Bureau of Labor Statistics shall submit reports regarding the use of appropriations made under paragraph (1) to the Committee on Appropriations of the House of Representative and the Committee on Appropriations of the Senate upon the request of each Committee.

(d) INFORMATION SHARING.—The Commissioner of the Bureau of Labor Statistics may secure directly from the Secretary of Commerce information necessary for purposes of calculating the Consumer Price Index. Upon request of the Commissioner of the Bureau of Labor Statistics, the Secretary of Commerce shall furnish that information to the Commissioner.

(e) ADMINISTRATIVE ADVISORY COMMITTEE.—The Bureau of Labor Statistics shall, in consultation with the National Bureau of Economic Research, the American Economic Association, and the National Academy of Statisticians, establish an administrative advisory committee. The advisory committee shall periodically advise the Bureau of Labor Statistics regarding revisions of the Consumer Price Index and conduct research and experimentation with alternative data collection and estimating approaches.

(f) COST-OF-LIVING ADJUSTMENT DESCRIBED.—A cost-of-living adjustment described in this subsection is any cost-of-living adjustment for a calendar year after 1999 determined by reference to a percentage change in a consumer price index or any component thereof (as published by the Bureau of Labor Statistics of the Department of Labor and determined without regard to this section) and used in any of the following:

(1) The Internal Revenue Code of 1986.

(2) The provisions of this Act (other than programs under title XVI and any adjustment in the case of an individual who attains early retirement age before January 1, 2000).

(3) Any other Federal program.

(g) RECAPTURE OF CPI REFORM REVENUES DEPOSITED INTO THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following:

''(n) On July 1 of each calendar year specified in the following table, the Secretary of

the Treasury shall transfer, from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, an amount equal to the applicable percentage for such year, specified in such table, of the total wages paid in and self-employment income credited to such year.

"For a calendar year—	The applicable percentage for the year is—
After 1999 and before 2020	0.6 percent.
After 2019 and before 2040	0.8 percent.
After 2039 and before 2060	1.0 percent.
After 2059	1.2 percent.''.

SEC. 209. MODIFICATION OF INCREASE IN NORMAL RETIREMENT AGE.

(a) IN GENERAL.—Section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)) is amended—

(1) in subparagraph (B)—

(A) by striking ''2005'' and inserting ''2011''; and

(B) by adding ''and'' at the end; and

(2) by striking subparagraphs (C), (D), and (E) and inserting the following:

''(C) With respect to an individual who attains early retirement age after December 31, 2010, 67 years of age.''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 216(l) of the Social Security Act (42 U.S.C. 416(l)) is amended to read as follows:

''(3) The age increase factor for any individual who attains early retirement age in the period consisting of the calendar years 2000 through 2010, the age increase factor shall be equal to two-twelfths of the number of months in the period beginning with January 2000 and ending with December of the year in which the individual attains early retirement age.''.

SEC. 210. MODIFICATION OF PIA FACTORS TO REFLECT CHANGES IN LIFE EXPECTANCY.

(a) MODIFICATION OF PIA FACTORS.—Section 215(a)(1) of the Social Security Act (42 U.S.C. 415(a)(1)(B)) is amended by redesignating subparagraph (D) as subparagraph (F) and by inserting after subparagraph (C) the following:

''(D)(i) For individuals who initially become eligible for old-age insurance benefits in any calendar year after 2011, each of the percentages under clauses (i), (ii), (iii), and (iv) of subparagraph (A) shall be multiplied the applicable number of times by the applicable factor.

''(ii) For purposes of clause (i)—

''(I) the term 'applicable number of times' means a number equal to the lesser of 54 or the number of years beginning with 2012 and ending with the year of initial eligibility; and

''(II) the term 'applicable factor' means .988 with respect to the first 6 applicable number of times and .997 with respect to the applicable number of times in excess of 6.

''(E) For any individual who initially becomes eligible for disability insurance benefits in any calendar year after 2011, the primary insurance amount for such individual shall be equal to the greater of—

''(i) such amount as determined under this paragraph, or

''(ii) such amount as determined under this paragraph without regard to subparagraph (D) thereof.''.

(b) STUDY OF THE EFFECT OF INCREASES IN LIFE EXPECTANCY.—

(1) STUDY PLAN.—Not later than February 15, 2001, the Commissioner of Social Security shall submit to Congress a detailed study plan for evaluating the effects of increases in life expectancy on the expected level of retirement income from social security, pensions, and other sources. The study plan shall include a description of the methodology, data, and funding that will be required in order to provide to Congress not later than February 15, 2006—

(A) an evaluation of trends in mortality and their relationship to trends in health status, among individuals approaching eligibility for social security retirement benefits;

(B) an evaluation of trends in labor force participation among individuals approaching eligibility for social security retirement benefits and among individuals receiving retirement benefits, and of the factors that influence the choice between retirement and participation in the labor force;

(C) an evaluation of changes, if any, in the social security disability program that would reduce the impact of changes in the retirement income of workers in poor health or physically demanding occupations;

(D) an evaluation of the methodology used to develop projections for trends in mortality, health status, and labor force participation among individuals approaching eligibility for social security retirement benefits and among individuals receiving retirement benefits; and

(E) an evaluation of such other matters as the Commissioner deems appropriate for evaluating the effects of increases in life expectancy.

(2) REPORT ON RESULTS OF STUDY.—Not later than February 15, 2006, the Commissioner of Social Security shall provide to Congress an evaluation of the implications of the trends studied under paragraph (1), along with recommendations, if any, of the extent to which the conclusions of such evaluations indicate that projected increases in life expectancy require modification in the social security disability program and other income support programs.

SEC. 211. MECHANISM FOR REMEDYING UNFORESEEN DETERIORATION IN SOCIAL SECURITY SOLVENCY.

(a) IN GENERAL.—Section 709 of the Social Security Act (42 U.S.C. 910) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking ''SEC. 709. (a) If the Board of Trustees'' and all that follows through ''any such Trust Fund'' and inserting the following:

''SEC. 709. (a)(1)(A) If the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund determines at any time, using intermediate actuarial assumptions, that the balance ratio of either such Trust Fund for any calendar year during the succeeding period of 75 calendar years will be zero, the Board shall promptly submit to each House of the Congress and to the President a report setting forth its recommendations for statutory adjustments affecting the receipts and disbursements of such Trust Fund necessary to maintain the balance ratio of such Trust Fund at not less than 20 percent, with due regard to the economic conditions which created such inadequacy in the balance ratio and the amount of time necessary to alleviate such inadequacy in a prudent manner. The report shall set forth specifically the extent to which benefits would have to be reduced, taxes under section 1401, 3101, or 3111 of the Internal Revenue Code of 1986 would have to be increased, or a combination thereof, in order to obtain the objectives referred to in the preceding sentence.

''(B) In addition to any reports under subparagraph (A), the Board shall, not later than May 30, 2001, prepare and submit to Congress and the President recommendations for statutory adjustments to the disability insurance program under title II of this Act to modify the changes in disability benefits under the Bipartisan Social Security Reform Act of 1999 without reducing the balance ratio of the Federal Disability Insurance Trust Fund. The Board shall develop such recommendations in consultation with the National Council on Disability, taking into consideration the adequacy of benefits under the program, the relationship of such program with old age benefits under such title, and changes in the process for determining initial eligibility and reviewing continued eligibility for benefits under such program.

''(2)(A) The President shall, no later than 30 days after the submission of the report to the President, transmit to the Board and to the Congress a report containing the President's approval or disapproval of the Board's recommendations.

''(B) If the President approves all the recommendations of the Board, the President shall transmit a copy of such recommendations to the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

''(C) If the President disapproves the recommendations of the Board, in whole or in part, the President shall transmit to the Board and the Congress the reasons for that disapproval. The Board shall then transmit to the Congress and the President, no later than 60 days after the date of the submission of the original report to the President, a revised list of recommendations.

''(D) If the President approves all of the revised recommendations of the Board transmitted to the President under subparagraph (C), the President shall transmit a copy of such revised recommendations to the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

''(E) If the President disapproves the revised recommendations of the Board, in whole or in part, the President shall transmit to the Board and the Congress the reasons for that disapproval, together with such revisions to such recommendations as the President determines are necessary to bring such recommendations within the President's approval. The President shall transmit a copy of such recommendations, as so revised, to the Board and the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

''(3)(A) This paragraph is enacted by Congress—

''(i) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution described in subparagraph (B), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

''(ii) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

''(B) For purposes of this paragraph, the term 'joint resolution' means only a joint resolution which is introduced within the 10-day period beginning on the date on which the President transmits the President's recommendations, together with the President's

certification, to the Congress under subparagraph (B), (D), or (E) of paragraph (2), and—

''(i) which does not have a preamble;

''(ii) the matter after the resolving clause of which is as follows: 'That the Congress approves the recommendations of the President as transmitted on ____ pursuant to section 709(a) of the Social Security Act, as follows: _____', the first blank space being filled in with the appropriate date and the second blank space being filled in with the statutory adjustments contained in the recommendations; and

''(iii) the title of which is as follows: 'Joint resolution approving the recommendations of the President regarding social security.'.

''(C) A joint resolution described in subparagraph (B) that is introduced in the House of Representatives shall be referred to the Committee on Ways and Means of the House of Representatives. A joint resolution described in subparagraph (B) introduced in the Senate shall be referred to the Committee on Finance of the Senate.

''(D) If the committee to which a joint resolution described in subparagraph (B) is referred has not reported such joint resolution (or an identical joint resolution) by the end of the 20-day period beginning on the date on which the President transmits the recommendation to the Congress under paragraph (2), such committee shall be, at the end of such period, discharged from further consideration of such joint resolution, and such joint resolution shall be placed on the appropriate calendar of the House involved.

''(E)(i) On or after the third day after the date on which the committee to which such a joint resolution is referred has reported, or has been discharged (under subparagraph (D)) from further consideration of, such a joint resolution, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the joint resolution. A Member may make the motion only on the day after the calendar day on which the Member announces to the House concerned the Member's intention to make the motion, except that, in the case of the House of Representatives, the motion may be made without such prior announcement if the motion is made by direction of the committee to which the joint resolution was referred. All points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the respective House shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the joint resolution shall remain the unfinished business of the respective House until disposed of.

''(ii) Debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the joint resolution. An amendment to the joint resolution is not in order. A motion further to limit debate is in order and not debatable. A motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order. A motion to reconsider the vote by which the joint resolution is agreed to or disagreed to is not in order.

''(iii) Immediately following the conclusion of the debate on a joint resolution described in subparagraph (B) and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the joint resolution shall occur.

''(iv) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a joint resolution described in subparagraph (B) shall be decided without debate.

''(F)(i) If, before the passage by one House of a joint resolution of that House described in subparagraph (B), that House receives from the other House a joint resolution described in subparagraph (B), then the following procedures shall apply:

''(I) The joint resolution of the other House shall not be referred to a committee and may not be considered in the House receiving it except in the case of final passage as provided in subclause (II).

''(II) With respect to a joint resolution described in subparagraph (B) of the House receiving the joint resolution, the procedure in that House shall be the same as if no joint resolution had been received from the other House, but the vote on final passage shall be on the joint resolution of the other House.

''(ii) Upon disposition of the joint resolution received from the other House, it shall no longer be in order to consider the joint resolution that originated in the receiving House.

''(b) If the Board of Trustees of the Federal Hospital Insurance Trust Fund or the Federal Supplementary Medical Insurance Trust Fund determines as any time that the balance ratio of either such Trust Fund''.

(b) CONFORMING AMENDMENTS.—

(1) Section 709(b) of the Social Security Act (as amended by subsection (a) of this section) is amended by striking ''any such'' and inserting ''either such''.

(2) Section 709(c) of such Act (as redesignated by subsection (a) of this section) is amended by inserting ''or (b)'' after ''subsection (a)''.

BOND AMENDMENT NO. 1425

(Ordered to lie on the table.)

Mr. BOND submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 214, strike lines 22 through 24 and insert the following:

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(1)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows: ''Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

COVERDELL (AND OTHERS) AMENDMENT NO. 1426

(Ordered to lie on the table.)

Mr. COVERDELL (for himself, Mr. TORRICELLI, Mr. DOMENICI, and Mr. BAYH) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 32, between lines 14 and 15, insert the following:

SEC. ___. LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

''SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

''(1) the net capital gain of the taxpayer for the taxable year, or

''(2) $2,500.

''(b) SALES BETWEEN RELATED PARTIES.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

''(c) SPECIAL RULE FOR SECTION 1250 PROPERTY.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

''(d) SECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—No deduction shall be allowed under this section to—

''(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

''(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

''(3) an estate or trust.

''(e) SPECIAL RULE FOR PASS-THRU ENTITIES.—

''(1) IN GENERAL.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

''(2) PASS-THRU ENTITY DEFINED.—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) an estate or trust, and

''(F) a common trust fund.''

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATE.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

''(3) COORDINATION WITH OTHER PROVISIONS.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

''(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

''(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii).''

(c) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 (defining adjusted gross income), as amended by section 501, is amended by inserting after paragraph (18) the following new paragraph:

''(19) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202.''

(d) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 (relating to other terms relating to capital gains and

losses) is amended by inserting after paragraph (11) the following new paragraph:

''(12) SPECIAL RULE FOR COLLECTIBLES.—

''(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

''(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

''(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).''

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: ''For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).''

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: ''and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)''.

(e) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) is amended by striking ''1202'' and inserting ''1203''.

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

''(iii) the sum of—

''(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

''(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause.''

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed.''

(4) Section 642(c)(4) is amended by striking ''1202'' and inserting ''1203''.

(5) Section 643(a)(3) is amended by striking ''1202'' and inserting ''1203''.

(6) Paragraph (4) of section 691(c) is amended inserting ''1203,'' after ''1202,''.

(7) The second sentence of section 871(a)(2) is amended by inserting ''or 1203'' after ''section 1202''.

(8) The last sentence of section 1044(d) is amended by striking ''1202'' and inserting ''1203''.

(9) Paragraph (1) of section 1402(i) is amended by inserting '', and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply'' before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

''(h) CROSS REFERENCE.—

''For treatment of eligible gain not excluded under subsection (a), see section 1202.''

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

''(l) CROSS REFERENCE.—

''For treatment of eligible gain not excluded under subsection (a), see section 1202.''

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

''Sec. 1202. Capital gains deduction.

''Sec. 1203. 50-percent exclusion for gain from certain small business stock.''

(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, 2004.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2004.

On page 32, line 3, insert ''and ending before January 1, 2009'' before the period.

On page 32, line 14, insert ''and ending before January 1, 2009'' before the period.

GREGG AMENDMENTS NOS. 1427–1428

(Ordered to lie on the table.)

Mr. GREGG submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1427

On page 21, before line 1, insert:

(c) MINIMUM DEPENDENT CARE CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) (relating to special rules) is amended by adding at the end the following:

''(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—

''(A) IN GENERAL.—Notwithstanding subsection (d), in the case of any taxpayer with 1 or more qualifying individuals described in subsection (b)(1)(A) under the age of 1, such taxpayer shall be deemed to have employment-related expenses for the taxable year with respect to each such qualifying individual in an amount equal to the sum of—

''(i) $200 for each month in such taxable year during which such qualifying individual is under the age of 1, and

''(ii) the amount of employment-related expenses otherwise incurred for such qualifying individual for the taxable year (determined under this section without regard to this paragraph).

''(B) ELECTION TO NOT APPLY THIS PARAGRAPH.—This paragraph shall not apply with respect to any qualifying individual for any taxable year if the taxpayer elects to not have this paragraph apply to such qualifying individual for such taxable year.''.

On page 21, line 1, strike ''(c)'' and insert ''(d)''.

On page 195, strike lines 4 through 23.

AMENDMENT NO. 1428

At the appropriate place in the bill, insert the following:

SEC. ____. TWO-YEAR EXTENSION OF PERIOD OF TAX MORATORIUM UNDER INTERNET TAX FREEDOM ACT.

Section 1101(a) of the Internet Tax Freedom Act (title XI of division C of Public Law 105–277; 112 Stat. 2681–719; 47 U.S.C. 151 note) is amended by striking ''3 years after the date of the enactment of this Act'' and inserting ''5 years after October 21, 1998''.

WELLSTONE AMENDMENTS NOS. 1429–1430

(Ordered to lie on the table.)

Mr. WELLSTONE submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1429

Beginning on page 15, strike line 22 and all that follows through page 17, line 9, and insert the following:

SEC. 202. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking ''AMOUNTS.—The earned'' and inserting ''AMOUNTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the earned'', and

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

''(B) JOINT RETURNS.—

''(i) INCREASE IN PHASEOUT AMOUNT.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by the applicable dollar amount.

''(ii) APPLICABLE DOLLAR AMOUNT.—

''(I) IN GENERAL.—For purposes of clause (i), the applicable dollar amount shall be determined in accordance with the following table:

''Taxable year beginning in calendar year:	Applicable dollar amount:
2001 or 2002	$1,000
2003 or 2004	$2,000
2005 or 2006	$3,000
2007 and thereafter	$4,350.

''(II) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the applicable dollar amount under subclause (I) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2006' for 'calendar year 1992'. If any amount as adjusted under this clause is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 32(j) (relating to inflation adjustments) is amended by striking ''(b)(2)'' and inserting ''(b)(2)(A) (before being increased under subparagraph (B) thereof)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Strike section 901.

AMENDMENT NO. 1430

At the end, add the following:

SEC. ____. APPLICATION OF ACT.

Notwithstanding any other amendment made by, or provision of, this Act, the amendments made by, and provisions of, this Act shall not apply with respect to any taxpayer who is an individual, unless such taxpayer has an adjusted gross income not in excess of $1,000,000 with respect to the taxable year to which the amendment or provision applies.

LIEBERMAN (AND LEVIN) AMENDMENT NO. 1431

(Ordered to lie on the table.)

Mr. LIEBERMAN (for himself, and Mr. LEVIN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

Strike all after the first word.

KERRY AMENDMENT NO. 1432

(Ordered to lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. INCREASED LIFETIME LEARNING CREDIT FOR TECHNOLOGY TRAINING FOR ELEMENTARY AND SECONDARY TEACHERS.

(a) IN GENERAL.—Subsection (c) of section 25A (relating to lifetime learning credit) is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE FOR TECHNOLOGY TRAINING FOR ELEMENTARY AND SECONDARY TEACHERS.—If any portion of the qualified tuition and related expenses to which this subsection applies—

''(A) is paid or incurred by an individual who is a teacher in the classroom in an elementary or secondary school, and

''(B) is incurred before January 1, 2005—

''(i) for the enrollment or attendance of such individual in a course of instruction on basic or advanced computer functions or computer software (including educational software offered by a single institution) approved for such individual by such local educational agency, and

''(ii) for purposes of integrating materials covered by such course into the courses taught in the elementary or secondary classroom,

paragraph (1) shall be applied with respect to such portion by substituting '50 percent' for '20 percent'.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenses paid after December 31, 1999, for education furnished in academic periods beginning after such date.

On page 37, strike lines 3 through 12, and insert the following:

(a) INCREASE IN AGI LIMIT ON CONTRIBUTIONS.—Section 408A(c)(3)(A) (relating to dollar limit) is amended to read as follows:

''(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year shall be zero for any taxable year to which the contribution relates if the taxpayer's adjusted gross income exceeds $200,000 for such year.''

(b) INCREASE IN AGI LIMIT FOR ROLLOVER CONTRIBUTIONS.—Section 408A(c)(3)(B) (relating to rollover from IRA) is amended to read as follows:

''(B) ROLLOVER FROM IRA.—A taxpayer

On page 37, strike lines 20 through 22 and insert the following:

(1) Subparagraph (C) of section 408A(c)(3) as in effect before and after the amendments made by the Internal

On page 38, line 1, strike ''(B)'' and insert ''(C)''.

On page 38, line 10, strike ''(B)'' and insert ''(C)''.

DOMENICI AMENDMENTS NOS. 1433–1436

(Ordered to lie on the table.)

Mr. DOMENICI submitted four amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1433

On page 371, between lines 16 and 17, insert the following:

SEC. ___. IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 (relating to credit for increasing research activities), as amended by section 1201, is amended by adding at the end the following:

''(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

''(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

''(2) DETERMINATION OF BASE AMOUNT.—

''(A) IN GENERAL.—In computing the base amount under subsection (c)—

''(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

''(ii) the minimum base amount under subsection (c)(2) shall not apply.

''(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

''(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

''(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.''

(b) CONFORMING AMENDMENT.—Section 41(c) is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. ___. MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

''(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection.''

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) is amended by striking ''determined under subsection (e)(1)(A)'' and inserting ''for the taxable year''.

(B) Section 41(e) is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4), as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) is amended by striking ''section 41(e)(6)'' and inserting ''section 41(e)(3)''.

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following:

''(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.''.

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

''(ii) basic research in the arts and humanities.''

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3), as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

''(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6)).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. ___. CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 (relating to credit for increasing research activities) is amended by striking ''and'' at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting '', and '', and by adding at the end the following:

''(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium.''

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 is amended by adding at the end the following:

''(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

''(A) which is—

''(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

''(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

''(B) which is not a private foundation,

''(C) to which at least 5 unrelated persons paid or incurred during the calendar year in which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

''(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D).''

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 41(b) is amended by striking subparagraph (C).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. ___. IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) ASSISTANCE TO SMALL AND START-UP BUSINESSES.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) REPEAL OF LIMITATION ON CONTRACT RESEARCH EXPENSES PAID TO SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—Section 41(b)(3) is further amended by adding at the end the following:

''(C) AMOUNTS PAID TO ELIGIBLE SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—

''(i) IN GENERAL.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

''(ii) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

''(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

''(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

''(iii) SMALL BUSINESS.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

''(II) STARTUPS, CONTROLLED GROUPS, AND PREDECESSORS.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause.''

(c) CREDIT FOR PATENT FILING FEES.—Section 41(a) is further amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

On page 372, strike lines 7 through 19.

Beginning on page 236, strike line 11 and all that follows through page 237, line 3, and insert the following:

SEC. 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking ''$10,000'' in paragraph (1) and inserting ''applicable dollar amount'', and

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

''(2) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (1), the applicable dollar amount shall be determined in accordance with the following table:

"For gifts made—	The applicable dollar amount is—
After 2000 but before 2002	$12,000
After 2001 but before 2003	$13,500
After 2002 but before 2004	$15,000
After 2003	$16,500

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2000.

AMENDMENT NO. 1434

On page 371, between lines 16 and 17, insert the following:

SEC. ___. IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 (relating to credit for increasing research activities), as amended by section 1201, is amended by adding at the end the following:

''(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

''(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

''(2) DETERMINATION OF BASE AMOUNT.—

''(A) IN GENERAL.—In computing the base amount under subsection (c)—

''(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

''(ii) the minimum base amount under subsection (c)(2) shall not apply.

''(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

''(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

''(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.''

(b) CONFORMING AMENDMENT.—Section 41(c) is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

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

SEC. ___. MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

''(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection.''

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) is amended by striking ''determined under subsection (e)(1)(A)'' and inserting ''for the taxable year''.

(B) Section 41(e) is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4), as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) is amended by striking ''section 41(e)(6)'' and inserting ''section 41(e)(3)''.

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following:

''(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.''.

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

''(ii) basic research in the arts and humanities.''

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3), as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

''(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6)).''

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

SEC. ___. CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 (relating to credit for increasing research activities) is amended by striking ''and'' at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting '', and '', and by adding at the end the following:

''(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium.''

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 is amended by adding at the end the following:

''(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

''(A) which is—

''(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

''(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

''(B) which is not a private foundation,

''(C) to which at least 5 unrelated persons paid or incurred during the calendar year in which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

''(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more

than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D).''

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 41(b) is amended by striking subparagraph (C).

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

SEC. ___. IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) ASSISTANCE TO SMALL AND START-UP BUSINESSES.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) REPEAL OF LIMITATION ON CONTRACT RESEARCH EXPENSES PAID TO SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—Section 41(b)(3) is further amended by adding at the end the following:

''(C) AMOUNTS PAID TO ELIGIBLE SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—

''(i) IN GENERAL.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

''(ii) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

''(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

''(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

''(iii) SMALL BUSINESS.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

''(II) STARTUPS, CONTROLLED GROUPS, AND PREDECESSORS.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause.''

(c) CREDIT FOR PATENT FILING FEES.—Section 41(a) is further amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business.''

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

On page 372, strike lines 7 through 19.

On page 195, strike lines 4 through 9, and insert the following:

SEC. 404. TEMPORARY EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination) is amended by striking ''May 31, 2000'' and inserting ''December 31, 2004''.

AMENDMENT NO. 1435

Strike all after the enacting clause and insert in lieu the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Share the Surplus Tax Reduction and Simplification Act''.

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

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF

Sec. 11. Broad based tax relief for all taxpaying families.
Sec. 12. Marriage penalty mitigation and tax burden reduction.

TITLE II—SAVING AND INVESTMENT PROVISIONS

Sec. 21. Dividend and interest tax relief.
Sec. 22. Long-term capital gains deduction for individuals.
Sec. 23. Increase in contribution limits for traditional IRAs.

TITLE III—BUSINESS INVESTMENT PROVISIONS

Sec. 31. Repeal of alternative minimum tax on corporations.
Sec. 32. Increase in limit for expensing certain business assets.

TITLE IV—ESTATE AND GIFT TAX RELIEF

Sec. 41. Phaseout of estate and gift taxes.

TITLE V—RESEARCH CREDIT EXTENSION AND MODIFICATION

Sec. 51. Purpose.
Sec. 52. Permanent extension of research credit.
Sec. 53. Improved alternative incremental credit.
Sec. 54. Modifications to credit for basic research.
Sec. 55. Credit for expenses attributable to certain collaborative research consortia.
Sec. 56. Improvement to credit for small businesses and research partnerships.

TITLE VI—ENERGY INDEPENDENCE

Sec. 61. Purposes.
Sec. 62. Tax credit for marginal domestic oil and natural gas well production.
Sec. 63. 10-year carryback for unused minimum tax credit.
Sec. 64. 10-year net operating loss carryback for losses attributable to oil servicing companies and mineral interests of oil and gas producers.
Sec. 65. Waiver of limitations.
Sec. 66. Election to expense geological and geophysical expenditures and delay rental payments.

TITLE VII—REVENUE PROVISION

Sec. 71. 4-year averaging for conversion of traditional IRA to Roth IRA.

TITLE I—TAX RELIEF

SEC. 11. BROAD BASED TAX RELIEF FOR ALL TAXPAYING FAMILIES.

(a) PURPOSE.—The purpose of this section is to cut taxes for 120,000,000 taxpaying families by lowering the 15 percent tax rate.

(b) IN GENERAL.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended—

(1) by striking ''15%'' each place it appears in the tables in subsections (a) through (e) and inserting ''The applicable rate'', and

(2) by adding at the end the following:

''(i) APPLICABLE RATE.—For purposes of this section, the applicable rate for any taxable year shall be determined in accordance with the following table:

''In the case of any taxable year beginning in—	**The applicable rate is:**
2002	14.9 percent
2003	14.8 percent
2004	14.7 percent
2005	14.1 percent
2006 and thereafter	13.5 percent

(b) CONFORMING AMENDMENTS.—

(1) Section 1(f)(2) of the Internal Revenue Code of 1986 is amended—

(A) by inserting ''except as provided in subsection (i),'' before ''by not changing'' in subparagraph (B), and

(B) by inserting ''and the adjustment in rates under subsection (i)'' after ''rate brackets'' in subparagraph (C).

(2) Section 1(g)(7)(B)(ii)(II) of such Code is amended by striking ''15 percent'' and inserting ''the applicable rate''.

(3) Section 3402(p)(2) of such Code is amended by striking ''15 percent'' and inserting ''the applicable rate in effect under section 1(i) for the taxable year''.

(c) NEW TABLES.—Not later than 15 days after the date of enactment of this Act, the Secretary of the Treasury—

(1) shall prescribe tables for taxable years beginning in 2002 which shall reflect the amendments made by this section and which shall apply in lieu of the tables prescribed under sections 1(f)(1) and 3(a) of the Internal Revenue Code of 1986 for such taxable years, and

(2) shall modify the withholding tables and procedures for such taxable years under section 3402(a)(1) of such Code to take effect as if the reduction in the rate of tax under section 1 of such Code (as amended by this section) was attributable to such a reduction effective on such date of enactment.

(d) SECTION 15 NOT TO APPLY.—No amendment made by this section shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 12. MARRIAGE PENALTY MITIGATION AND TAX BURDEN REDUCTION.

(a) PURPOSE.—The purposes of this section are to return 7,000,000 taxpaying families to the 15 percent tax bracket and to cut taxes for 35,000,000 taxpaying families who will benefit from a tax cut of up to $1,300 per family by eliminating or mitigating the marriage penalty for many middle class taxpaying families.

(b) IN GENERAL.—Section 1(f) of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

''(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the lowest rate bracket and the minimum taxable income level for the 28 percent rate

bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 2001, by the applicable dollar amount for such calendar year,'', and

(C) by striking ''subparagraph (A)'' in subparagraph (C) (as so redesignated) and inserting ''subparagraphs (A) and (B)'', and

(2) by adding at the end the following:

''(8) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B), the applicable dollar amount for any calendar year shall be determined as follows:

''(A) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

''Calendar year:	Applicable Dollar Amount:
2002	$2,000
2003	$4,000
2004	$6,000
2005	$8,000
2006 and thereafter	$10,000.

''(B) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

''Calendar year:	Applicable Dollar Amount:
2002	$1,000
2003	$2,000
2004	$3,000
2005	$4,000
2006 and thereafter	$5,000.''.

SEC. 13. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.

(a) PURPOSES.—The purposes of this section are—

(1) to simplify the tax code so that millions of Americans will no longer be required to calculate their income taxes under 2 systems; and

(2) to recognize that tax credits should not be denied to individuals who are eligible for such credit.

(b) IN GENERAL.—Subsection (a) of section 55 of the Internal Revenue Code of 1986 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, 2009, shall be zero.''

(c) REDUCTION OF TAX ON INDIVIDUALS PRIOR TO REPEAL.—Section 55 of the Internal Revenue Code of 1986 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, 2010, 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 or 2009	50.''

(d) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(1) IN GENERAL.—Subsection (a) of section 26 of the Internal Revenue Code of 1986 (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 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(e) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—Subsection (c) of section 53 of the Internal Revenue Code of 1986 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 2009.—In the case of any taxable year beginning after 2009, 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.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—SAVING AND INVESTMENT PROVISIONS

SEC. 21. DIVIDEND AND INTEREST TAX RELIEF.

(a) PURPOSES.—The purposes of this section are—

(1) to provide an incremental step toward taxing income that is consumed rather than income that is earned and saved;

(2) to simplify the tax code by eliminating 67,000,000 hours spent on tax preparation;

(3) to eliminate all income tax on savings for more than 30,000,000 middle class families;

(4) to reduce income taxes on savings for 37,000,000 individuals; and

(5) to allow a $10,000 nest egg to grow tax-free and let individuals experience the miracle of compound interest.

(b) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (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 the sum of the amounts received during the taxable year by an individual as—

''(1) dividends from domestic corporations, or

''(2) interest.

''(b) LIMITATIONS.—

''(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed $250 ($500 in the case of a joint return).

''(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a)(1) shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organization) or section 521 (relating to farmers' cooperative associations).

''(c) INTEREST.—For purposes of this section, the term 'interest' means—

''(1) interest on deposits with a bank (as defined in section 581),

''(2) amounts (whether or not designated as interest) paid in respect of deposits, investment certificates, or withdrawable or repurchasable shares, by—

''(A) a mutual savings bank, cooperative bank, domestic building and loan association, industrial loan association or bank, or credit union, or

''(B) any other savings or thrift institution which is chartered and supervised under Federal or State law,

the deposits or accounts in which are insured under Federal or State law or which are protected and guaranteed under State law,

''(3) interest on—

''(A) evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a domestic corporation in registered form, and

''(B) to the extent provided in regulations prescribed by the Secretary, other evidences of indebtedness issued by a domestic corporation of a type offered by corporations to the public,

''(4) interest on obligations of the United States, a State, or a political subdivision of a State (not excluded from gross income of the taxpayer under any other provision of law), and

''(5) interest attributable to participation shares in a trust established and maintained by a corporation established pursuant to Federal law.

''(d) SPECIAL RULES.—For purposes of this section—

''(1) DISTRIBUTIONS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—Subsection (a) shall apply with respect to distributions by—

''(A) regulated investment companies to the extent provided in section 854(c), and

''(B) real estate investment trusts to the extent provided in section 857(c).

''(2) DISTRIBUTIONS BY A TRUST.—For purposes of subsection (a), the amount of dividends and interest properly allocable to a beneficiary under section 652 or 662 shall be deemed to have been received by the beneficiary ratably on the same date that the dividends and interest were received by the estate or trust.

''(3) CERTAIN NONRESIDENT ALIENS INELIGIBLE FOR EXCLUSION.—In the case of a nonresident alien individual, subsection (a) shall apply only—

''(A) in determining the tax imposed for the taxable year pursuant to section 871(b)(1) and only in respect of dividends and interest which are effectively connected with the conduct of a trade or business within the United States, or

''(B) in determining the tax imposed for the taxable year pursuant to section 877(b).''.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 115 the following:

''Sec. 116. Partial exclusion of dividends and interest received by individuals.''.

(2) Paragraph (2) of section 265(a) of such Code is amended by inserting before the period at the end the following: '', 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''.

(3) Subsection (c) of section 584 of such Code 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.''.

(4) Subsection (a) of section 643 of such Code is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following:

''(7) DIVIDENDS OR INTEREST.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116.''.

(5) Section 854 of such Code is amended by adding at the end the following:

''(c) TREATMENT UNDER SECTION 116.—

''(1) IN GENERAL.—For purposes of section 116, in the case of any dividend (other than a dividend described in subsection (a)) received from a regulated investment company which meets the requirements of section 852 for the taxable year in which it paid the dividend—

''(A) the entire amount of such dividend shall be treated as a dividend if the sum of the aggregate dividends and the aggregate interest received by such company during the taxable year equals or exceeds 75 percent of its gross income, or

''(B) if subparagraph (A) does not apply, there shall be taken into account under section 116 only the portion of such dividend which bears the same ratio to the amount of such dividend as the sum of the aggregate dividends received and aggregate interest received bears to gross income.

For purposes of the preceding sentence, gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year as does not exceed aggregate interest received for the taxable year.

''(2) NOTICE TO SHAREHOLDERS.—The amount of any distribution by a regulated investment company which may be taken into account as a dividend for purposes of the exclusion under section 116 shall not exceed the amount so designated by the company in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) GROSS INCOME.—The term 'gross income' does not include gain from the sale or other disposition of stock or securities.

''(B) AGGREGATE DIVIDENDS.—The term 'aggregate dividends' includes only dividends received from domestic corporations other than dividends described in section 116(b)(2). In determining the amount of any dividend for purposes of this subparagraph, the rules provided in section 116(d)(1) (relating to certain distributions) shall apply.

''(C) INTEREST.—The term 'interest' has the meaning given such term by section 116(c).''.

(6) Subsection (c) of section 857 of such Code is amended to read as follows:

''(c) LIMITATIONS APPLICABLE TO DIVIDENDS RECEIVED FROM REAL ESTATE INVESTMENT TRUSTS.—

''(1) IN GENERAL.—For purposes of section 116 (relating to an exclusion for dividends and interest received by individuals) and 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.

''(2) TREATMENT AS INTEREST.—For purposes of section 116, in the case of a dividend (other than 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 for the taxable year in which it paid the dividend—

''(A) such dividend shall be treated as interest if the aggregate interest received by the real estate investment trust for the taxable year equals or exceeds 75 percent of its gross income, or

''(B) if subparagraph (A) does not apply, the portion of such dividend which bears the same ratio to the amount of such dividend as the aggregate interest received bears to gross income shall be treated as interest.

''(3) ADJUSTMENTS TO GROSS INCOME AND AGGREGATE INTEREST RECEIVED.—For purposes of paragraph (2)—

''(A) gross income does not include the net capital gain,

''(B) gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year (other than for interest on mortgages on real property owned by the real estate investment trust) as does not exceed aggregate interest received by the taxable year, and

''(C) gross income shall be reduced by the sum of the taxes imposed by paragraphs (4), (5), and (6) of section 857(b).

''(4) INTEREST.—The term 'interest' has the meaning given such term by section 116(c).

''(5) NOTICE TO SHAREHOLDERS.—The amount of any distribution by a real estate investment trust which may be taken into account as interest for purposes of the exclusion under section 116 shall not exceed the amount so designated by the trust in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 22. LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) PURPOSES.—The purposes of this section are—

(1) to provide an incremental step toward shifting the Internal Revenue Code away from taxing savings and investment,

(2) to lower the cost of capital so that prosperity, better paying jobs, and innovation will continue in the United States,

(3) to eliminate capital gain taxes for 10,000,000 families, 75 percent of whom have annual incomes of $75,000 or less, and

(4) to simplify the tax code and thereby eliminate 70,000,000 hours of tax preparation.

(b) GENERAL RULE.—Part I of subchapter P of chapter 1 of the Internal Revenue Code of 1986 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following:

''SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

''(1) the net capital gain of the taxpayer for the taxable year, or

''(2) $5,000.

''(b) SALES BETWEEN RELATED PARTIES.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

''(c) SPECIAL RULE FOR SECTION 1250 PROPERTY.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

''(d) SECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—No deduction shall be allowed under this section to—

''(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

''(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

''(3) an estate or trust.

''(e) SPECIAL RULE FOR PASS-THRU ENTITIES.—

''(1) IN GENERAL.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

''(2) PASS-THRU ENTITY DEFINED.—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) an estate or trust, and

''(F) a common trust fund.''.

(c) COORDINATION WITH MAXIMUM CAPITAL GAINS RATE.—Paragraph (3) of section 1(h) of the Internal Revenue Code of 1986 (relating to maximum capital gains rate) is amended to read as follows:

''(3) COORDINATION WITH OTHER PROVISIONS.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

''(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

''(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii).''.

(d) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by inserting after paragraph (17) the following:

''(18) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202.''.

(e) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 of the Internal Revenue Code of 1986 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following:

''(12) SPECIAL RULE FOR COLLECTIBLES.—

''(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

''(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

''(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).''.

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) of such Code is amended by adding at the end the following: ''For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).''.

(B) Clause (iv) of section 170(b)(1)(C) of such Code is amended by inserting before the period at the end the following: ''and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)''.

(f) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) of the Internal Revenue Code of 1986 is amended by striking ''1202'' and inserting ''1203''.

(2) Clause (iii) of section 163(d)(4)(B) of such Code is amended to read as follows:

''(iii) the sum of—

''(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

''(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause.''.

(3) Subparagraph (B) of section 172(d)(2) of such Code is amended to read as follows:

''(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed.''.

(4) Section 642(c)(4) of such Code is amended by striking ''1202'' and inserting ''1203''.

(5) Section 643(a)(3) of such Code is amended by striking ''1202'' and inserting ''1203''.

(6) Paragraph (4) of section 691(c) of such Code is amended inserting ''1203,'' after ''1202,''.

(7) The second sentence of section 871(a)(2) of such Code is amended by inserting ''or 1203'' after ''section 1202''.

(8) The last sentence of section 1044(d) of such Code is amended by striking ''1202'' and inserting ''1203''.

(9) Paragraph (1) of section 1402(i) of such Code is amended by inserting '', and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply'' before the period at the end.

(10) Section 121 of such Code is amended by adding at the end the following:

''(h) CROSS REFERENCE.—

''For treatment of eligible gain not excluded under subsection (a), see section 1202.''.

(11) Section 1203 of such Code, as redesignated by subsection (a), is amended by adding at the end the following:

''(1) CROSS REFERENCE.—

''For treatment of eligible gain not excluded under subsection (a), see section 1202.''.

(12) The table of sections for part I of subchapter P of chapter 1 of such Code is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following:

''Sec. 1202. Capital gains deduction.

''Sec. 1203. 50-percent exclusion for gain from certain small business stock.''.

(g) 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) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2000.

SEC. 23. INCREASE IN CONTRIBUTION LIMITS FOR TRADITIONAL IRAS.

(a) PURPOSES.—The purposes of this section are—

(1) to increase the savings rate for all Americans by reforming the tax system to favorably treat income that is invested for retirement, and

(2) to provide targeted incentives to middle class families to increase their retirement savings in a traditional IRA by $1,000 per working member of the family per taxable year.

(b) INCREASE IN CONTRIBUTION LIMIT.—Paragraph (1)(A) of section 219(b) of the Internal Revenue Code of 1986 (relating to maximum amount of deduction) is amended by striking ''$2,000'' and inserting ''$3,000''.

(c) INFLATION ADJUSTMENT.—Section 219 of the Internal Revenue Code of 1986 (relating to deduction for retirement savings) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following:

''(h) COST-OF-LIVING ADJUSTMENT.—

''(1) DEDUCTIBLE AMOUNTS.—In the case of any taxable year beginning in a calendar year after 2009, the $3,000 amount under subsection (b)(1)(A) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2008' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) ROUNDING RULES.—If any amount after adjustment under paragraph (1) is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) of the Internal Revenue Code of 1986 is amended by striking ''in excess of $2,000 on behalf of any individual'' and inserting ''on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)''.

(2) Section 408(b)(2)(B) of such Code is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(3) Section 408(b) of such Code is amended by striking ''$2,000'' in the matter following paragraph (4) and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(4) Section 408(j) of such Code is amended by striking ''$2,000''.

(5) Section 408(p)(8) of such Code is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(6) Section 408A(c)(2)(A) of such Code is amended to read as follows:

''(A) $2,000, over''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE III—BUSINESS INVESTMENT PROVISIONS

SEC. 31. REPEAL OF ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

(a) PURPOSE.—The purpose of this section is to eliminate one of the most misguided, anti-growth, anti-investment tax schemes ever devised.

(b) IN GENERAL.—The last sentence of section 55(a) of the Internal Revenue Code of 1986, as amended by section 13, is amended by striking ''on any taxpayer other than a corporation''.

(c) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—

(1) IN GENERAL.—Section 59(a) of the Internal Revenue Code of 1986 (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) of such Code is amended by striking ''and if section 59(a)(2) did not apply''.

(d) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—

(1) IN GENERAL.—Subsection (c) of section 53 of the Internal Revenue Code of 1986, as amended by section 13, 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 corporation for any taxable year beginning after 2004 and before 2010, 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 or 2009	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) of such Code is amended by striking paragraph (5).

(B) Paragraph (3) of section 53(c) of such Code, as redesignated by paragraph (1), is amended by striking ''to a taxpayer other than a corporation''.

(e) 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 (c) shall apply to taxable years beginning after December 31, 2003.

(3) SUBSECTION (d)(2)(A).—The amendment made by subsection (d)(2)(A) shall apply to taxable years beginning after December 31, 2009.

SEC. 32. INCREASE IN LIMIT FOR ELECTION TO EXPENSE CERTAIN BUSINESS ASSETS.

(a) IN GENERAL.—Section 179(b)(1) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended by striking the last item in the table and inserting the following new items:

''2003 or 2004	25,000
''2005 or thereafter	100,000.''

(b) INDEX.—Section 179(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(5) INFLATION ADJUSTMENT.—In the case of a taxable year beginning after 2005, the $25,000 amount under paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2004'

for 'calendar year 1992' in subparagraph (B) thereof.''

(c) INCREASE IN LIMITATION ON COST OF PROPERTY PLACED IN SERVICE.—Section 179(b)(2) of the Internal Revenue Code of 1986 (relating to reduction in limitation) is amended by striking ''$200,000'' and inserting ''$4,000,000''.

TITLE IV—ESTATE AND GIFT TAX RELIEF

SEC. 41. PHASEOUT OF ESTATE AND GIFT TAXES.

(a) PURPOSE.—The purpose of this section is to begin phasing out the confiscatory gift and estate tax by reducing the rate of tax.

(b) REPEAL OF ESTATE AND GIFT TAXES.—Subtitle B of the Internal Revenue Code of 1986 (relating to estate and gift taxes) is repealed effective with respect to estates of decedents dying, and gifts made, after December 31, 2009.

(c) PHASEOUT OF TAX.—Subsection (c) of section 2001 of the Internal Revenue Code of 1986 (relating to imposition and rate of tax) is amended by adding at the end the following:

''(3) PHASEOUT OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 1999 and before 2010—

''(A) IN GENERAL.—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 (but not below zero) 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:
2001	1
2002	2
2003	3
2004	4
2005	5
2006	7
2007	9
2008	11
2009	15.

''(C) COORDINATION WITH PARAGRAPH (2).—Paragraph (2) shall be applied by reducing the 55 percent percentage contained therein by the number of percentage points determined for such calendar year under subparagraph (B).

''(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 number of percentage points referred to in subparagraph (A)(i) shall be determined under the following table:

''For calendar year:	The number of percentage points is:
2001	1
2002	2
2003	3
2004	4
2005	5
2006	7
2007	9
2008	11
2009	15.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

TITLE V—RESEARCH CREDIT EXTENSION AND MODIFICATION

SEC. 51. PURPOSE.

The purpose of this title is to make the research credit permanent and make certain modifications to the credit.

SEC. 52. PERMANENT EXTENSION OF RESEARCH CREDIT.

(a) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking subsection (h).

(b) CONFORMING AMENDMENT.—Section 45C(b)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2000.

SEC. 53. IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities), as amended by section 52, is amended by adding at the end the following:

''(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

''(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

''(2) DETERMINATION OF BASE AMOUNT.—

''(A) IN GENERAL.—In computing the base amount under subsection (c)—

''(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

''(ii) the minimum base amount under subsection (c)(2) shall not apply.

''(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

''(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

''(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.''.

(b) CONFORMING AMENDMENT.—Section 41(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 54. MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) of the Internal Revenue Code of 1986 (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

''(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) of the Internal Revenue Code of 1986 is amended by striking ''determined under subsection (e)(1)(A)'' and inserting ''for the taxable year''.

(B) Section 41(e) of such Code is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4) of such Code, as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) of such Code is amended by striking ''section 41(e)(6)'' and inserting ''section 41(e)(3)''.

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) of the Internal Revenue Code of 1986 (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following:

''(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.''.

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) of such Code (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

''(ii) basic research in the arts and humanities.''.

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3) of the Internal Revenue Code of 1986, as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

''(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6)).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 55. CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking ''and'' at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting '', and '', and by adding at the end the following:

''(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium.''.

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

''(A) which is—

''(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

''(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

''(B) which is not a private foundation,

''(C) to which at least 5 unrelated persons paid or incurred during the calendar year in

which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

''(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D).''.

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 41(b) of the Internal Revenue Code of 1986 is amended by striking subparagraph (C).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 56. IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) ASSISTANCE TO SMALL AND START-UP BUSINESSES.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) REPEAL OF LIMITATION ON CONTRACT RESEARCH EXPENSES PAID TO SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—Section 41(b)(3) of the Internal Revenue Code of 1986, as amended by section 55(c), is amended by adding at the end the following:

''(C) AMOUNTS PAID TO ELIGIBLE SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—

''(i) IN GENERAL.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

''(ii) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

''(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

''(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

''(iii) SMALL BUSINESS.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

''(II) STARTUPS, CONTROLLED GROUPS, AND PREDECESSORS.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause.''.

(c) CREDIT FOR PATENT FILING FEES.—Section 41(a) of the Internal Revenue Code of 1986, as amended by section 55(a), is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE VI—ENERGY INDEPENDENCE

SEC. 61. PURPOSES.

The purposes of this title are—

(1) to prevent the abandonment of marginal oil and gas wells owned and operated by independent oil and gas producers, which are responsible for half of the United States' domestic production, and

(2) to transform earned tax credits and other benefits into working capital for the cash-strapped domestic oil and gas producers and service companies.

SEC. 62. TAX CREDIT FOR MARGINAL DOMESTIC OIL AND NATURAL GAS WELL PRODUCTION.

(a) CREDIT FOR PRODUCING OIL AND GAS FROM MARGINAL WELLS.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits) is amended by adding at the end the following:

''SEC. 45D. CREDIT FOR PRODUCING OIL AND GAS FROM MARGINAL WELLS.

''(a) GENERAL RULE.—For purposes of section 38, the marginal well production credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified crude oil production and the qualified natural gas production which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The credit amount is—

''(A) $3 per barrel of qualified crude oil production, and

''(B) 50 cents per 1,000 cubic feet of qualified natural gas production.

''(2) REDUCTION AS OIL AND GAS PRICES INCREASE.—

''(A) IN GENERAL.—The $3 and 50 cents amounts under paragraph (1) shall each be reduced (but not below zero) by an amount which bears the same ratio to such amount (determined without regard to this paragraph) as—

''(i) the excess (if any) of the applicable reference price over $14 ($1.56 for qualified natural gas production), bears to

''(ii) $3 ($0.33 for qualified natural gas production).

The applicable reference price for a taxable year is the reference price for the calendar year preceding the calendar year in which the taxable year begins.

''(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2000, each of the dollar amounts contained in subparagraph (A) shall be increased to an amount equal to such dollar amount multiplied by the inflation adjustment factor for such calendar year (determined under section 43(b)(3)(B) by substituting '1999' for '1990').

''(C) REFERENCE PRICE.—For purposes of this paragraph, the term 'reference price' means, with respect to any calendar year—

''(i) in the case of qualified crude oil production, the reference price determined under section 29(d)(2)(C), and

''(ii) in the case of qualified natural gas production, the Secretary's estimate of the annual average wellhead price per 1,000 cubic feet for all domestic natural gas.

''(c) QUALIFIED CRUDE OIL AND NATURAL GAS PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The terms 'qualified crude oil production' and 'qualified natural gas production' mean domestic crude oil or natural gas which is produced from a marginal well.

''(2) LIMITATION ON AMOUNT OF PRODUCTION WHICH MAY QUALIFY.—

''(A) IN GENERAL.—Crude oil or natural gas produced during any taxable year from any well shall not be treated as qualified crude oil production or qualified natural gas production to the extent production from the well during the taxable year exceeds 1,095 barrels or barrel equivalents.

''(B) PROPORTIONATE REDUCTIONS.—

''(i) SHORT TAXABLE YEARS.—In the case of a short taxable year, the limitations under this paragraph shall be proportionately reduced to reflect the ratio which the number of days in such taxable year bears to 365.

''(ii) WELLS NOT IN PRODUCTION ENTIRE YEAR.—In the case of a well which is not capable of production during each day of a taxable year, the limitations under this paragraph applicable to the well shall be proportionately reduced to reflect the ratio which the number of days of production bears to the total number of days in the taxable year.

''(3) DEFINITIONS.—

''(A) MARGINAL WELL.—The term 'marginal well' means a domestic well—

''(i) the production from which during the taxable year is treated as marginal production under section 613A(c)(6), or

''(ii) which, during the taxable year—

''(I) has average daily production of not more than 25 barrel equivalents, and

''(II) produces water at a rate not less than 95 percent of total well effluent.

''(B) CRUDE OIL, ETC.—The terms 'crude oil', 'natural gas', 'domestic', and 'barrel' have the meanings given such terms by section 613A(e).

''(C) BARREL EQUIVALENT.—The term 'barrel equivalent' means, with respect to natural gas, a conversion ratio of 6,000 cubic feet of natural gas to 1 barrel of crude oil.

''(d) OTHER RULES.—

''(1) PRODUCTION ATTRIBUTABLE TO THE TAXPAYER.—In the case of a marginal well in which there is more than one owner of operating interests in the well and the crude oil or natural gas production exceeds the limitation under subsection (c)(2), qualifying crude oil production or qualifying natural gas production attributable to the taxpayer shall be determined on the basis of the ratio which taxpayer's revenue interest in the production bears to the aggregate of the revenue interests of all operating interest owners in the production.

''(2) OPERATING INTEREST REQUIRED.—Any credit under this section may be claimed only on production which is attributable to the holder of an operating interest.

''(3) PRODUCTION FROM NONCONVENTIONAL SOURCES EXCLUDED.—In the case of production from a marginal well which is eligible for the credit allowed under section 29 for the taxable year, no credit shall be allowable under this section unless the taxpayer elects not to claim the credit under section 29 with respect to the well.''.

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following:

''(13) the marginal oil and gas well production credit determined under section 45D(a).''.

(c) CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 38 of the Internal Revenue Code of 1986 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following:

''(3) SPECIAL RULES FOR MARGINAL OIL AND GAS WELL PRODUCTION CREDIT.—

''(A) IN GENERAL.—In the case of the marginal oil and gas well production credit—

''(i) this section and section 39 shall be applied separately with respect to the credit, and

''(ii) in applying paragraph (1) to the credit—

''(I) subparagraphs (A) and (B) thereof shall not apply, and

''(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the marginal oil and gas well production credit).

''(B) MARGINAL OIL AND GAS WELL PRODUCTION CREDIT.—For purposes of this subsection, the term 'marginal oil and gas well production credit' means the credit allowable under subsection (a) by reason of section 45D(a).''.

(2) CONFORMING AMENDMENT.—Subclause (II) of section 38(c)(2)(A)(ii) of such Code is amended by inserting ''or the marginal oil and gas well production credit'' after ''employment credit''.

(d) CARRYBACK.—Subsection (a) of section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credits generally) is amended by adding at the end the following:

''(3) 10-YEAR CARRYBACK FOR MARGINAL OIL AND GAS WELL PRODUCTION CREDIT.—In the case of the marginal oil and gas well production credit—

''(A) this section shall be applied separately from the business credit (other than the marginal oil and gas well production credit),

''(B) paragraph (1) shall be applied by substituting '10 taxable years' for '1 taxable years' in subparagraph (A) thereof, and

''(C) paragraph (2) shall be applied—

''(i) by substituting '31 taxable years' for '21 taxable years' in subparagraph (A) thereof, and

''(ii) by substituting '30 taxable years' for '20 taxable years' in subparagraph (B) thereof.''.

(e) COORDINATION WITH SECTION 29.—Section 29(a) of the Internal Revenue Code of 1986 is amended by striking ''There'' and inserting ''At the election of the taxpayer, there''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''45D. Credit for producing oil and gas from marginal wells.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to production after December 31, 2000.

SEC. 63. 10-YEAR CARRYBACK FOR UNUSED MINIMUM TAX CREDIT.

(a) IN GENERAL.—Section 53(c) of the Internal Revenue Code of 1986 (relating to limitation) is amended by adding at the end the following:

''(2) SPECIAL RULE FOR TAXPAYERS WITH UNUSED ENERGY MINIMUM TAX CREDITS.—

''(A) IN GENERAL.—If, during the 10-taxable year period ending with the current taxable year, a taxpayer has an unused energy minimum tax credit for any taxable year in such period (determined without regard to the application of this paragraph to the current taxable year)—

''(i) paragraph (1) shall not apply to each of the taxable years in such period for which the taxpayer has an unused energy minimum tax credit (as so determined), and

''(ii) the credit allowable under subsection (a) for each of such taxable years shall be equal to the excess (if any) of—

''(I) the sum of the regular tax liability and the net minimum tax for such taxable year, over

''(II) the sum of the credits allowable under subparts A, B, D, E, and F of this part.

''(B) ENERGY MINIMUM TAX CREDIT.—For purposes of this paragraph, the term 'energy minimum tax credit' means the minimum tax credit which would be computed with respect to any taxable year if the adjusted net minimum tax were computed by only taking into account items attributable to—

''(i) the taxpayer's mineral interests in oil and gas property, and

''(ii) the taxpayer's active conduct of a trade or business of providing tools, products, personnel, and technical solutions on a contractual basis to persons engaged in oil and gas exploration and production.''.

(b) CONFORMING AMENDMENTS.—Section 53(c) of the Internal Revenue Code of 1986 (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking ''The'' and inserting:

''(1) IN GENERAL.—Except as provided in paragraph (2), the '', and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and to any taxable year beginning on or before such date to the extent necessary to apply section 53(c)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 64. 10-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OIL SERVICING COMPANIES AND MINERAL INTERESTS OF OIL AND GAS PRODUCERS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1986 (relating to years to which loss may be carried) is amended by adding at the end the following:

''(H) LOSSES ON OPERATING MINERAL INTERESTS OF OIL AND GAS PRODUCERS AND OILFIELD SERVICING COMPANIES.—In the case of a taxpayer which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, such eligible oil and gas loss shall be a net operating loss carryback to each of the 10 taxable years preceding the taxable year of such loss.''.

(b) ELIGIBLE OIL AND GAS LOSS.—Section 172 of the Internal Revenue Code of 1986 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following:

''(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—

''(i) mineral interests in oil and gas wells, and

''(ii) the active conduct of a trade or business of providing tools, products, personnel, and technical solutions on a contractual basis to persons engaged in oil and gas exploration and production,

are taken into account, and

''(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 10-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). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1999, and to any taxable year beginning on or before such date to the extent necessary to apply section 172(b)(1)(H) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 65. WAIVER OF LIMITATIONS.

If refund or credit of any overpayment of tax resulting from the application of the amendments made by sections 63 and 64 is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 66. ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES AND DELAY RENTAL PAYMENTS.

(a) PURPOSE.—The purpose of this section is to recognize that geological and geophysical expenditures and delay rentals are ordinary and necessary business expenses that should be deducted in the year the expense is incurred.

(b) ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.—

(1) IN GENERAL.—Section 263 of the Internal Revenue Code of 1986 (relating to capital expenditures) is amended by adding at the end the following:

''(j) 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.''.

(2) CONFORMING AMENDMENT.—Section 263A(c)(3) of such Code is amended by inserting ''263(j),'' after ''263(i),''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to expenses paid or incurred after December 31, 2000.

(B) TRANSITION RULE.—In the case of any expenses described in section 263(j) of the Internal Revenue Code of 1986, as added by this subsection, which were paid or incurred on or before December 31, 2000, the taxpayer may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to amortize the unamortized portion

of such expenses over the 36-month period beginning with the month of January, 2001. For purposes of this subparagraph, the unamortized portion of any expense is the amount remaining unamortized as of the first day of the 36-month period.

(c) ELECTION TO EXPENSE DELAY RENTAL PAYMENTS.—

(1) IN GENERAL.—Section 263 of the Internal Revenue Code of 1986 (relating to capital expenditures), as amended by subsection (b)(1), is amended by adding at the end the following:

''(k) 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.''.

(2) CONFORMING AMENDMENT.—Section 263A(c)(3) of the Internal Revenue Code of 1986, as amended by subsection (b)(2), is amended by inserting ''263(k),'' after ''263(j),''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to payments made or incurred after December 31, 2000.

(B) TRANSITION RULE.—In the case of any payments described in section 263(k) of the Internal Revenue Code of 1986, as added by this subsection, which were made or incurred on or before December 31, 2000, the taxpayer may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to amortize the unamortized portion of such payments over the 36-month period beginning with the month of January, 2001. For purposes of this subparagraph, the unamortized portion of any payment is the amount remaining unamortized as of the first day of the 36-month period.

TITLE VII—REVENUE PROVISION

SEC. 71. 4-YEAR AVERAGING FOR CONVERSION OF TRADITIONAL IRA TO ROTH IRA.

(a) IN GENERAL.—Section 408A(d)(3)(A)(iii) of the Internal Revenue Code of 1986 is amended by striking ''January 1, 1999,'' and inserting ''January 1, 2004,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions made after December 31, 2000.

AMENDMENT NO. 1436

Beginning on page 334, strike line 3 and all that follows through page 335, line 16 and insert the following:

SEC. 1101. 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.

Strike section 1101.

COVERDELL (AND OTHERS) AMENDMENT NO. 1437

(Ordered to lie on the table.)

Mr. COVERDELL (for himself, Mr. TORRICELLI, Mr. CRAIG, and Mr. MCCAIN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 195, strike lines 4 through 23, and insert:

SEC. 404. 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 ''the contribution limit for such taxable year''.

(2) CONTRIBUTION LIMIT.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(4) CONTRIBUTION LIMIT.—The term 'contribution limit' means $500 ($2,000 in the case of any taxable year beginning after December 31, 2004).''

(3) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking ''$500'' and inserting ''the contribution limit (as defined in section 530(b)(4)) for such taxable year''.

(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 (5)).

Such expenses shall be reduced as provided in section 25A(g)(2).

''(B) QUALIFIED TUITION PROGRAMS.—Such term shall include any contribution to a qualified 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), as amended by subsection (a)(2), is amended by adding at the end the following new paragraph:

''(5) 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) SPECIAL RULES FOR APPLYING EXCLUSION TO ELEMENTARY AND SECONDARY EXPENSES.—Section 530(d)(2) (relating to distributions for qualified higher education expenses) is amended by adding at the end the following new subparagraph:

''(E) SPECIAL RULES FOR ELEMENTARY AND SECONDARY EXPENSES.—

''(i) IN GENERAL.—The aggregate amount of qualified elementary and secondary education expenses taken into account for purposes of this paragraph with respect to any education individual retirement account for all taxable years shall not exceed the sum of the aggregate contributions to such account for taxable years beginning after December 31, 2004, and earnings on such contributions.

''(ii) SPECIAL OPERATING RULES.—For purposes of clause (i)—

''(I) the trustee of an education individual retirement account shall keep separate accounts with respect to contributions and earnings described in clause (i), and

''(II) if there are distributions in excess of qualified elementary and secondary education expenses for any taxable year, such excess distributions shall be allocated first to contributions and earnings not described in clause (i).''

(4) 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 the preceding sentence 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:

''(6) 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 ''JUNE''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 404A. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination of exclusion for educational assistance programs) is amended by striking ''May 31, 2000'' and inserting ''December 31, 2006''.

(b) REPEAL OF LIMITATION ON GRADUATE EDUCATION.—

(1) IN GENERAL.—The last sentence of section 127(c)(1) is amended by striking '', and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

DASCHLE AMENDMENT NO. 1438

(Ordered to lie on the table.)

Mr. DASCHLE submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place add the following:

SECTION 1. CERTAIN CASH RENTALS OF FARMLAND NOT TO CAUSE RECAPTURE OF SPECIAL ESTATE TAX VALUATION.

(a) IN GENERAL.—Subsection (c) of section 2032A of the Internal Revenue Code of 1986 (relating to tax treatment of dispositions and failures to use for qualified use) is amended by adding at the end the following new paragraph:

''(8) CERTAIN CASH RENTAL NOT TO CAUSE RECAPTURE.—For purposes of this subsection, a qualified heir shall not be treated as failing to use property in a qualified use solely because such heir rents such property on a net cash basis to a member of the decedent's family, but only if, during the period of the lease, such member of the decedent's family uses such property in a qualified use.''

(b) CONFORMING AMENDMENT.—Section 2032A(b)(5)(A) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to rentals occurring after December 31, 1976.

CONRAD (AND OTHERS) AMENDMENT NO. 1439

(Ordered to lie on the table.)

Mr. CONRAD (for himself, Mr. REID, and Mr. ROBB) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. CREDIT FOR INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

''SEC. 45D. INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.

''(a) GENERAL RULE.—For purposes of section 38, in the case of an employer, the information technology training program credit determined under this section is an amount equal to 20 percent of information technology training program expenses paid or incurred by the taxpayer during the taxable year.

''(b) ADDITIONAL CREDIT PERCENTAGE FOR CERTAIN PROGRAMS.—The percentage under subsection (a) shall be increased by 5 percentage points for information technology training program expenses paid or incurred—

''(1) by the taxpayer with respect to a program operated in—

''(A) an empowerment zone or enterprise community designated under part I of subchapter U,

''(B) a school district in which at least 50 percent of the students attending schools in such district are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act,

''(C) an area designated as a disaster area by the Secretary of Agriculture or by the President under the Disaster Relief and Emergency Assistance Act in the taxable year or the 4 preceding taxable years,

''(D) a rural enterprise community designated under section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999,

''(E) an area designated by the Secretary of Agriculture as a Rural Economic Area Partnership Zone, or

''(F) an area designated by the Secretary of Agriculture as a Champion Community, or

''(2) by a small employer.

''(c) LIMITATION.—The amount of information technology training program expenses with respect to an individual which may be taken into account under subsection (a) for the taxable year shall not exceed $6,000.

''(d) INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'information technology training program expenses' means expenses paid or incurred by reason of the participation of the employer in any information technology training program.

''(2) INFORMATION TECHNOLOGY TRAINING PROGRAM.—The term 'information technology training program' means a program—

''(A) for the training of—

''(i) computer programmers, systems analysts, and computer scientists or engineers (as such occupations are defined by the Bureau of Labor Statistics), and

''(ii) such other occupations as determined by the Secretary, after consultation with a working group broadly solicited by the Secretary and open to all interested information technology entities and trade and professional associations,

''(B) involving a partnership of—

''(i) employers, and

''(ii) State training programs, school districts, university systems, tribal colleges, or certified commercial information technology training providers, and

''(C) at least 50 percent of the costs of which is paid or incurred by the employers.

''(3) CERTIFIED COMMERCIAL INFORMATION TECHNOLOGY TRAINING PROVIDER.—The term 'certified commercial information technology training providers' means a private sector provider of educational products and services utilized for training in information technology which is certified with respect to—

''(A) the curriculum that is used for the training, or

''(B) the technical knowledge of the instructors of such provider,

by 1 or more software publishers or hardware manufacturers the products of which are a subject of the training.

''(e) SMALL EMPLOYER.—For purposes of this section, the term 'small employer' means, with respect to any calendar year, any employer if such employer employed 200 or fewer employees on each business day in each of 20 or more calendar weeks in such year or the preceding calendar year.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to information technology training program expenses (determined without regard to the limitation under subsection (c)).

''(g) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 45A(e)(2) and subsections (c), (d), and (e) of section 52 shall apply.''

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following:

''(13) the information technology training program credit determined under section 45D.''

(c) NO CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(9) NO CARRYBACK OF SECTION 45D CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the information technology training program credit determined under section 45D may be carried back to a taxable year ending before the date of the enactment of section 45D.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

''Sec. 45D. Information technology training program expenses.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of enactment of this Act in taxable years ending after such date.

On page 99, strike lines 11 through 14, and insert the following:

''(B) APPLICABLE PERCENTAGE.—

''(i) IN GENERAL.—Subject to clause (ii), for purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	50 percent

On page 99, before line 15, insert the following:

''(ii) ADJUSTMENT.—The Secretary shall adjust any applicable percentage under clause (i) in order to reduce the reduction in revenues deposited in the Treasury as the result of the enactment of this subsection by $386,000,000.

CONRAD AMENDMENT NO. 1440

(Ordered to lie on the table.)

Mr. CONRAD submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 423, strike lines 1 through 3, and insert:

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to assumptions of liability after July 14, 1999.

(2) TRANSITION RULE.—In the case of any assumption of liability made pursuant to an agreement which was binding on July 14, 1999, and at all times thereafter, the amendments made by this section shall apply to such assumption of liability after September 30, 1999.

DORGAN AMENDMENT NO. 1441

(Ordered to lie on the table.)

Mr. DORGAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

SEC. ____. SENSE OF CONGRESS REGARDING THE NEED FOR ADDITIONAL FEDERAL FUNDING AND TAX INCENTIVES FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES AUTHORIZED AND DESIGNATED PURSUANT TO 1997 AND 1998 LAWS.

(a) FINDINGS.—The Senate finds that—

(1) providing Federal tax incentives and other incentives to distressed communities across the Nation to help them rebuild and grow was one of the important goals of the Taxpayer Relief Act of 1997 and the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999;

(2) to help reach that goal, the Taxpayer Relief Act of 1997 authorized 20 additional empowerment zones, 15 urban and 5 rural, followed by 20 new rural enterprise communities authorized in 1998;

(3) the 1997 law authorizing this second round of empowerment zones (EZs) was also significant and important because it broadened empowerment zone eligibility, for the first time, to Indian tribes and rural regions suffering from massive out-migration;

(4) many of our urban and rural communities are not sharing in the benefits of the prolonged economic expansion now enjoyed by many other parts of our country;

(5) a total of more than 250 economically distressed urban and rural communities competed for the 20 new empowerment zones and 20 new rural enterprise communities, and those areas designated as zones and communities should be provided with the Federal incentives and encouragement they need to attract new businesses, and the jobs they provide, in order to stimulate economic growth and improvement;

(6) unfortunately, those areas that are designated EZs or ECs under the 1997 and 1998 laws or rural economic area partnerships (REAPs) by the Department of Agriculture, are not given the full advantage of Social Services Block Grant funds, tax credits, and some other Federal incentives that Congress provided to the first round of empowerment zones and enterprise communities authorized pursuant to 1993 budget legislation;

(7) Congress should act swiftly to provide such designated areas an equal share of tax incentives, grant benefits, and other Federal support at aggregate levels of at least that provided by Congress to distressed urban and rural empowerment zones and enterprise communities pursuant to the 1993 omnibus budget reconciliation bill; and

(8) a fully funded second round of EZs and ECs is estimated to create and retain about 90,000 jobs and stimulate $10,000,000,000 in private and public investments over the next decade.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) if Congress and the President agree to a substantial tax relief measure, it should ensure that such measure includes full funding for the second round of empowerment zones and enterprise communities authorized in 1997 and 1998 as well as those areas currently designated rural economic area partnerships (REAPs) by the Department of Agriculture; and

(2) all such designated distressed areas, rural and urban, should equally share at least the same aggregate level of funding, tax incentives, and other Federal support that Congress provided to urban and rural empowerment zones and enterprise communities authorized by the 1993 omnibus budget reconciliation bill.

BREAUX (AND OTHERS) AMENDMENTS NO. 1442

Mr. BREAUX (for himself, Mr. CHAFEE, Mr. KERREY, Mr. JEFFORDS, Mr. TORRICELLI, Mr. SPECTER, Mr. BAYH, Ms. SNOWE, and Ms. COLLINS) proposed an amendment to the bill, S. 1429, supra; as follows:

Strike all after the enacting clause, and insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Taxpayer Refund 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

Sec. 101. Increase in standard deduction.

Sec. 102. Increase in maximum taxable income for 15 percent rate bracket.

TITLE II—FAMILY TAX RELIEF

Sec. 201. Modification of alternative minimum tax for individuals.

Sec. 202. Marriage penalty relief for earned income credit.

Sec. 203. Modification of dependent care credit.

Sec. 204. Exclusion for foster care payments to apply to payments by qualified placement agencies.

TITLE III—SAVINGS AND INVESTMENT PROVISIONS

Subtitle A—Long-Term Capital Gains

Sec. 301. Long-term capital gains deduction for individuals.

Subtitle B—Individual Retirement Arrangements

Sec. 311. Modification of deduction limits for IRA contributions.

Subtitle C—Expanding Coverage

Sec. 321. Option to treat elective deferrals as after-tax contributions.
Sec. 322. Increase in elective contribution limits.
Sec. 323. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 324. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 325. Reduced PBGC premium for new plans of small employers.
Sec. 326. Reduction of additional PBGC premium for new plans.
Sec. 327. Elimination of user fee for requests to IRS regarding new pension plans.
Sec. 328. Safe annuities and trusts.
Sec. 329. Modification of top-heavy rules.

Subtitle D—Enhancing Fairness for Women

Sec. 331. Catchup contributions for individuals age 50 or over.
Sec. 332. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 333. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 334. Modification of safe harbor relief for hardship withdrawals from cash or deferred arrangements.
Sec. 335. Faster vesting of certain employer matching contributions.

Subtitle E—Increasing Portability for Participants

Sec. 341. Rollovers allowed among various types of plans.
Sec. 342. Rollovers of IRAs into workplace retirement plans.
Sec. 343. Rollovers of after-tax contributions.
Sec. 344. Hardship exception to 60-day rule.
Sec. 345. Treatment of forms of distribution.
Sec. 346. Rationalization of restrictions on distributions.
Sec. 347. Purchase of service credit in governmental defined benefit plans.
Sec. 348. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 349. Inclusion requirements for section 457 plans.

Subtitle F—Strengthening Pension Security and Enforcement

Sec. 351. Repeal of 150 percent of current liability funding limit.
Sec. 352. Extension of missing participants program to multiemployer plans.
Sec. 353. Excise tax relief for sound pension funding.
Sec. 354. Failure to provide notice by defined benefit plans significantly reducing future benefit accruals.
Sec. 355. Protection of investment of employee contributions to 401(k) plans.
Sec. 356. Treatment of multiemployer plans under section 415.

Subtitle G—Encouraging Retirement Education

Sec. 361. Periodic pension benefits Statements.
Sec. 362. Clarification of treatment of employer-provided retirement advice.

Subtitle H—Reducing Regulatory Burdens

Sec. 371. Flexibility in nondiscrimination and coverage rules.
Sec. 372. Modification of timing of plan valuations.
Sec. 373. Substantial owner benefits in terminated plans.
Sec. 374. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 375. Notice and consent period regarding distributions.
Sec. 376. Repeal of transition rule relating to certain highly compensated employees.
Sec. 377. Employees of tax-exempt entities.
Sec. 378. Extension to international organizations of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 379. Annual report dissemination.
Sec. 380. Modification of exclusion for employer provided transit passes.

Subtitle I—Plan Amendments

Sec. 381. Provisions relating to plan amendments.

TITLE IV—EDUCATION TAX RELIEF

Sec. 401. Permanent extension of exclusion for employer-provided educational assistance.
Sec. 402. Elimination of 60-month limit and increase in income limitation on student loan interest deduction.
Sec. 403. Modifications to qualified tuition programs.
Sec. 404. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 405. Exclusion of certain amounts received under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program.

TITLE V—HEALTH CARE RELIEF

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. Long-term care tax credit.
Sec. 504. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines; reduction in per dose tax rate.

TITLE VI—ESTATE TAX RELIEF

Sec. 601. Increase in unified estate and gift tax credit.

TITLE VII—SMALL BUSINESS AND AGRICULTURAL RELIEF

Sec. 701. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 702. Repeal of Federal unemployment surtax.
Sec. 703. Income averaging for farmers not to increase alternative minimum tax liability.
Sec. 704. Farm and ranch risk management accounts.
Sec. 705. Increase in estate tax deduction for family-owned business interest.
Sec. 706. Increase in expense treatment for small businesses.
Sec. 707. Recovery period for depreciation of certain leasehold improvements.

TITLE VIII—PROVISIONS RELATING TO HOUSING, REAL ESTATE, ENVIRONMENT, AND TRANSPORTATION

Subtitle A—Housing and Real Estate

Sec. 801. Modification of State ceiling on low-income housing credit.
Sec. 802. Increase in volume cap on private activity bonds.

Subtitle B—Environmental Provisions

Sec. 811. Tax credit for renovating historic homes.
Sec. 812. Extension and modification of credit for producing electricity from certain renewable resources.
Sec. 813. Extension of expensing of environmental remediation costs.
Sec. 814. Temporary suspension of maximum amount of amortizable reforestation expenditures.

Subtitle C—Transportation Provisions

Sec. 821. Repeal of certain motor fuel excise taxes on fuel used by railroads and on inland waterway transportation.

TITLE IX—CHARITABLE GIVING INCENTIVES

Sec. 901. Tax-free distributions from individual retirement accounts for charitable purposes.
Sec. 902. Increase in limit on charitable contributions as percentage of AGI.

TITLE X—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS; INTERNATIONAL TAX RELIEF

Sec. 1001. Permanent extension and modification of research credit.
Sec. 1002. Work opportunity credit and welfare-to-work credit.
Sec. 1003. Subpart F exemption for active financing income.
Sec. 1004. Taxable income limit on percentage depletion for marginal production.
Sec. 1005. Repeal of foreign tax credit limitation under alternative minimum tax.

TITLE XI—REVENUE OFFSETS

Subtitle A—General Provisions

Sec. 1101. Modification of foreign tax credit carryback and carryover periods.
Sec. 1102. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1103. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1104. Extension of Internal Revenue Service user fees.
Sec. 1105. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1106. Tax treatment of income and loss on derivatives.

Subtitle B—Loophole Closers

Sec. 1111. Limitation on use of non-accrual experience method of accounting.
Sec. 1112. Limitations on welfare benefit funds of 10 or more employer plans.

Sec. 1113. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 1114. Treatment of gain from constructive ownership transactions.
Sec. 1115. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1116. Restriction on use of real estate investment trusts to avoid estimated tax payment requirements.
Sec. 1117. Prohibited allocations of S corporation stock held by an ESOP.
Sec. 1118. Modification of anti-abuse rules related to assumption of liability.
Sec. 1119. Allocation of basis on transfers of intangibles in certain nonrecognition transactions.
Sec. 1120. Controlled entities ineligible for REIT status.
Sec. 1121. Distributions to a corporate partner of stock in another corporation.

TITLE XII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

Sec. 1201. Sunset of provisions of Act.

TITLE I—BROAD-BASED TAX RELIEF

SEC. 101. INCREASE IN STANDARD DEDUCTION.

Subsection (c) of section 63 (relating to standard deduction) is amended by adding at the end the following new paragraph:

''(7) INCREASE IN AMOUNT.—

''(A) IN GENERAL.—In the case of taxable years beginning in any calendar year beginning after 2000, the dollar amounts determined under paragraph (2) (after any increase under paragraph (4)) shall be increased by the applicable dollar amount for such calendar year.

''(B) APPLICABLE DOLLAR AMOUNT.—

''(i) AMOUNT.—The applicable dollar amount for any calendar year shall be determined as follows:

''(I) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the $5,000 amount under paragraph (2)(A)—

''Calendar year:	Applicable dollar amount:
2001 or 2002	$1,000
2003 or 2004	$2,000
2005 or 2006	$3,000
2007 and thereafter	$4,350.

''(II) HEAD OF HOUSEHOLD.—In the case of the $4,400 amount under paragraph (2)(B)—

''Calendar year:	Applicable dollar amount:
2001 or 2002	$500
2003 or 2004	$1,000
2005 or 2006	$1,500
2007 and thereafter	$2,150.

''(III) INDIVIDUAL.—In the case of the $3,000 amount under paragraph (2)(C)—

''Calendar year:	Applicable dollar amount:
2001 or 2002	$300
2003 or 2004	$600
2005 or 2006	$900
2007 and thereafter	$1,300.

''(IV) MARRIED FILING SEPARATELY.—In the case of the $2,500 amount under paragraph (2)(D)—

''Calendar year:	Applicable dollar amount:
2001 or 2002	$500
2003 or 2004	$1,000
2005 or 2006	$1,500
2007 and thereafter	$2,175.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the applicable dollar amount under clause (i) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2006' for 'calendar year 1992'. If any amount as adjusted under this subparagraph is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''

SEC. 102. INCREASE IN MAXIMUM TAXABLE INCOME FOR 15 PERCENT RATE BRACKET.

(a) IN GENERAL.—Section 1(f) (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

''(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the 15 percent rate bracket and the minimum taxable income level for the 28 percent rate bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 2004 by the applicable dollar amount for such calendar year,'', and

(C) by striking ''subparagraph (A)'' in subparagraph (C) (as so redesignated) and inserting ''subparagraphs (A) and (B)'', and

(2) by adding at the end the following:

''(9) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B)—

''(A) IN GENERAL.—The applicable dollar amount for any calendar year shall be determined as follows:

''(i) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

''Calendar year:	Applicable dollar amount:
2001	$500
2002	$1,000
2003 and thereafter	$5,000.

''(ii) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

''Calendar year:	Applicable dollar amount:
2001	$250
2002	$500
2003 and thereafter	$2,500.

''(B) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in any calendar year after 2003, the applicable dollar amount shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of living adjustment determined under paragraph (3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.''

(b) ROUNDING.—Section 1(f)(6)(A) is amended by inserting ''(after being increased under paragraph (2)(B))'' after ''paragraph (2)(A)''.

TITLE II—FAMILY TAX RELIEF

SEC. 201. MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

(a) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—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.''

(b) CHILD CREDIT.—Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1998.

SEC. 202. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking ''AMOUNTS.—The earned'' and inserting ''AMOUNTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the earned'', and

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

''(B) JOINT RETURNS.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by $2,000.''

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

''(i) in the case of amounts in subsections (b)(1)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

''(ii) in the case of the $2,000 amount in subsection (b)(1)(B), by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) of such section 1.''

(c) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking ''subsection (b)(2)'' and inserting ''subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 203. MODIFICATION OF DEPENDENT CARE CREDIT.

(a) INCREASE IN PERCENTAGE OF EMPLOYMENT-RELATED EXPENSES TAKEN INTO ACCOUNT.—Subsection (a)(2) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking ''30 percent'' and inserting ''50 percent'',

(2) by striking ''$2,000'' and inserting ''$1,000'', and

(3) by striking ''$10,000'' and inserting ''$30,000''.

(b) INDEXING OF LIMIT ON EMPLOYMENT-RELATED EXPENSES.—Section 21(c) (relating to dollar limit on amount creditable) is amended to read as follows:

''(c) DOLLAR LIMIT ON AMOUNT CREDITABLE.—

''(1) IN GENERAL.—The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

''(A) an amount equal to 50 percent of the amount determined under subparagraph (B) if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or

''(B) $4,800 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year.

The amount determined under subparagraph (A) or (B) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

''(2) COST-OF-LIVING ADJUSTMENT.—

''(A) IN GENERAL.—In the case of a taxable year beginning after 2000, the $4,800 amount under paragraph (1)(B) 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING RULES.—If any amount after adjustment under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lower multiple of $50.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 204. 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) the State or political subdivision thereof, or

''(ii) a qualified foster care placement agency of such State or political subdivision, 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,

to make foster care payments under the foster care program of such State or political subdivision to providers of foster care.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE III—SAVINGS AND INVESTMENT PROVISIONS

Subtitle A—Long-Term Capital Gains

SEC. 301. LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

''SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

''(1) the net capital gain of the taxpayer for the taxable year, or

''(2) the applicable dollar amount.

''(b) APPLICABLE DOLLAR AMOUNT.—The applicable dollar amount for any calendar year shall be determined as follows:

''(1) JOINT RETURNS.—In the case of a taxpayer described in section 1(a)—

''Calendar year:	Applicable dollar amount:
2000 and 2001	$1,000
2002 and thereafter	$1,500.

''(2) OTHER TAXPAYERS.—In the case of a taxpayer not described in paragraph (1)—

''Calendar year:	Applicable dollar amount:
2000 and 2001	$500
2002 and thereafter	$1,000.

''(c) SALES BETWEEN RELATED PARTIES.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

''(d) SPECIAL RULE FOR SECTION 1250 PROPERTY.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

''(e) SECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—No deduction shall be allowed under this section to—

''(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

''(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

''(3) an estate or trust.

''(f) SPECIAL RULE FOR PASS-THRU ENTITIES.—

''(1) IN GENERAL.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

''(2) PASS-THRU ENTITY DEFINED.—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) an estate or trust, and

''(F) a common trust fund.''

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATE.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

''(3) COORDINATION WITH OTHER PROVISIONS.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

''(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

''(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii).''

(c) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

''(18) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202.''

(d) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following new paragraph:

''(12) SPECIAL RULE FOR COLLECTIBLES.—

''(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

''(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

''(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).''

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: ''For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).''

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: ''and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)''.

(e) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) is amended by striking ''1202'' and inserting ''1203''.

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

''(iii) the sum of—

''(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

''(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause.''

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed.''

(4) Section 642(c)(4) is amended by striking ''1202'' and inserting ''1203''.

(5) Section 643(a)(3) is amended by striking ''1202'' and inserting ''1203''.

(6) Paragraph (4) of section 691(c) is amended inserting ''1203,'' after ''1202,''.

(7) The second sentence of section 871(a)(2) is amended by inserting ''or 1203'' after ''section 1202''.

(8) The last sentence of section 1044(d) is amended by striking ''1202'' and inserting ''1203''.

(9) Paragraph (1) of section 1402(i) is amended by inserting '', and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply'' before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

''(h) CROSS REFERENCE.—

''For treatment of eligible gain not excluded under subsection (a), see section 1202.''

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

''(l) CROSS REFERENCE.—

''For treatment of eligible gain not excluded under subsection (a), see section 1202.''

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

''Sec. 1202. Capital gains deduction.

''Sec. 1203. 50-percent exclusion for gain from certain small business stock.''

(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, 1999.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 1999.

Subtitle B—Individual Retirement Arrangements

SEC. 311. MODIFICATION OF DEDUCTION LIMITS FOR IRA CONTRIBUTIONS.

(a) INCREASE IN CONTRIBUTION LIMIT.—

(1) IN GENERAL.—Paragraph (1)(A) of section 219(b) (relating to maximum amount of deduction) is amended by striking ''$2,000'' and inserting ''the deductible amount''.

(2) DEDUCTIBLE AMOUNT.—Section 219(b) is amended by adding at the end the following new paragraph:

''(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

''(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

''For taxable years beginning in:	**The deductible amount is:**
2001	$1,500
2002	$2,000
2003 and thereafter	$3,500.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2003, the $3,500 amount under subparagraph (A) 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100.''

Subtitle C—Expanding Coverage

SEC. 321. 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. 322. INCREASE IN ELECTIVE CONTRIBUTION LIMITS.

(a) 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:

''For taxable years beginning in calendar year:	**The applicable dollar amount is:**
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)''.

(b) 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) by striking ''$7,500'' each place it appears in subsections (b)(2)(A) and (c)(1) and inserting ''the applicable dollar amount'', and

(B) by striking ''$15,000'' in subsection (b)(3)(A) 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:

''For taxable years beginning in calendar year:	**The applicable dollar amount is:**
2001	$9,000
2002	$10,000
2003	$11,000
2004 or thereafter	$12,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2004, the Secretary shall adjust the $12,000 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, 2003, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''

(c) 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:

''For taxable years beginning in calendar year:	**The applicable dollar amount is:**
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) Subclause (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).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 323. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) AMENDMENT TO 1986 CODE.—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) AMENDMENT TO ERISA.—Section 408(d)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)(2)) is amended by adding at the end the following new subparagraph:

''(C) For purposes of paragraph (1)(A), the term 'owner-employee' shall only include a person described in clause (ii) or (iii) of subparagraph (A).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loans made after December 31, 2000.

SEC. 324. 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. 325. 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. 326. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW PLANS.

(a) IN GENERAL.—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) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 327. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING NEW 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 ruling letters, opinion letters, and determination letters or similar requests with respect to the qualified status of a new pension benefit plan or any trust which is part of the plan.

(b) NEW PENSION BENEFIT PLAN.—For purposes of this section—

(1) IN GENERAL.—The term ''new pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan which is maintained by one or more eligible employers if such employer (or any predecessor employer) has not made a prior request described in subsection (a) for such plan (or any predecessor plan).

(2) ELIGIBLE EMPLOYER.—The term ''eligible employer'' means an employer (or any predecessor employer) which has not established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued for service, in the 3 most recent taxable years ending prior to the first taxable year in which the request is made.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 328. SAFE ANNUITIES AND TRUSTS.

(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 408A the following new section:

''SEC. 408B. SAFE ANNUITIES AND TRUSTS.

''(a) EMPLOYER ELIGIBILITY.—

''(1) IN GENERAL.—An employer may establish and maintain a SAFE annuity or a SAFE trust for any year only if—

''(A) the employer is an eligible employer (as defined in section 408(p)(2)(C)), and

''(B) the employer does not maintain (and no predecessor of the employer maintains) a qualified plan (other than a permissible plan) with respect to which contributions were made, or benefits were accrued, for service in any year in the period beginning with the year such annuity or trust became effective and ending with the year for which the determination is being made.

''(2) DEFINITIONS.—For purposes of paragraph (1)—

''(A) QUALIFIED PLAN.—The term 'qualified plan' has the meaning given such term by section 408(p)(2)(D)(ii).

''(B) PERMISSIBLE PLAN.—The term 'permissible plan' means—

''(i) a SIMPLE plan described in section 408(p),

''(ii) a SIMPLE 401(k) plan described in section 401(k)(11),

''(iii) an eligible deferred compensation plan described in section 457(b),

''(iv) a collectively bargained plan but only if the employees eligible to participate in such plan are not also entitled to a benefit described in subsection (b)(5) or (c)(5), or

''(v) a plan under which there may be made only—

''(I) elective deferrals described in section 402(g)(3), and

''(II) employer matching contributions not in excess of the amounts described in subclauses (I) and (II) of section 401(k)(12)(B)(i).

''(b) SAFE ANNUITY.—

''(1) IN GENERAL.—For purposes of this title, the term 'SAFE annuity' means an individual retirement annuity (as defined in section 408(b) without regard to paragraph (2) thereof and without regard to the limitation on aggregate annual premiums contained in the flush language of section 408(b)) if—

''(A) such annuity meets the requirements of paragraphs (2) through (7), and

''(B) the only contributions to such annuity (other than rollover contributions) are employer contributions.

Nothing in this section shall be construed as preventing an employer from using a group annuity contract which is divisible into individual retirement annuities for purposes of providing SAFE annuities.

''(2) PARTICIPATION REQUIREMENTS.—

''(A) IN GENERAL.—The requirements of this paragraph are met for any year only if all employees of the employer who—

''(i) received at least $5,000 in compensation from the employer during any 2 consecutive preceding years, and

''(ii) received at least $5,000 in compensation during the year,

are entitled to the benefit described in paragraph (5) for such year.

''(B) EXCLUDABLE EMPLOYEES.—An employer may elect to exclude from the requirements under subparagraph (A) employees described in section 410(b)(3).

''(3) VESTING.—The requirements of this paragraph are met if the employee's rights to any benefits under the annuity are nonforfeitable.

''(4) BENEFIT FORM.—

''(A) IN GENERAL.—The requirements of this paragraph are met if the only form of benefit is—

''(i) a benefit payable annually in the form of a single life annuity with monthly payments (with no ancillary benefits) beginning at age 65, or

''(ii) at the election of the participant, any other form of benefit which is the actuarial equivalent (based on the assumptions specified in the SAFE annuity) of the benefit described in clause (i).

The requirements of section 401(a)(11) shall apply to the benefits described in this subparagraph.

''(B) DIRECT TRANSFERS AND ROLLOVERS.—A plan shall not fail to meet the requirements of this paragraph by reason of permitting, at the election of the employee, a trustee-to-trustee transfer or a rollover contribution.

''(5) AMOUNT OF ANNUAL ACCRUED BENEFIT.—

''(A) IN GENERAL.—The requirements of this paragraph are met for any year if the accrued benefit of each participant derived from employer contributions for such year, when expressed as a benefit described in paragraph (4)(A), is not less than the applicable percentage of the participant's compensation for such year.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable percentage' means 3 percent.

''(ii) ELECTION OF LOWER PERCENTAGE.—An employer may elect to apply an applicable percentage of 1 percent, 2 percent or zero percent for any plan year for all employees eligible to participate in the plan for such year if the employer notifies the employees of such percentage within a reasonable period before the beginning of such year.

''(C) COMPENSATION LIMIT.—The compensation taken into account under this paragraph for any year shall not exceed the limitation in effect for such year under section 401(a)(17).

''(D) CREDIT FOR SERVICE BEFORE PLAN ADOPTED.—

''(i) IN GENERAL.—An employer may elect to take into account a specified number of years of service (not greater than 10) performed before the adoption of the plan (each hereinafter referred to as a 'prior service year') as service under the plan if the same specified number of years is available to all employees eligible to participate in the plan for the first plan year.

''(ii) ACCRUAL OF PRIOR SERVICE BENEFIT.—Such an election shall be effective for a prior service year only if the requirements of this paragraph are met for an eligible plan year (with respect to employees entitled to credit for such prior service year) by doubling the applicable percentage (if any) for such plan year. For purposes of the preceding sentence, an eligible plan year is a plan year in the period of consecutive plan years (but not more than the number specified under clause (i)) beginning with the first plan year that the plan is in effect.

''(iii) ELECTION MAY NOT APPLY TO CERTAIN PRIOR SERVICE YEARS.—This subparagraph shall not apply with respect to any prior service year of an employee if—

''(I) for any part of such prior service year such employee was an active participant (within the meaning of section 219(g)(5)) under any defined benefit plan of the employer (or any predecessor thereof), or

''(II) such employee received during such prior service year less than $5,000 in compensation from the employer.

''(6) FUNDING.—

''(A) IN GENERAL.—The requirements of this paragraph are met only if the employer is required to contribute to the annuity for each plan year the amount necessary to purchase a SAFE annuity in the amount of the benefit accrued for such year for each participant entitled to such benefit.

''(B) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this paragraph, an employer shall be deemed to have made a contribution on the last day of the preceding taxable year if the payment is 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 (including extensions thereof).

''(C) PENALTY FOR FAILURE TO MAKE REQUIRED CONTRIBUTION.—The taxes imposed by section 4971 shall apply to a failure to make

the contribution required by this paragraph in the same manner as if the amount of the failure were an accumulated funding deficiency to which such section applies.

''(7) LIMITATION ON DISTRIBUTIONS.—The requirements of this paragraph are met only if payments under the contract may be made only after the employee attains age 65 or when the employee separates from service, dies, or becomes disabled (within the meaning of section 72(m)(7)).

''(c) SAFE TRUST.—

''(1) IN GENERAL.—For purposes of this title, the term 'SAFE trust' means a trust forming part of a defined benefit plan if—

''(A) such trust meets the requirements of section 401(a) as modified by subsection (d),

''(B) a participant's benefits under the plan are based solely on the balance of a separate account in such plan of such participant,

''(C) such plan meets the requirements of paragraphs (2) through (8), and

''(D) the only contributions to such trust (other than rollover contributions) are employer contributions.

''(2) PARTICIPATION REQUIREMENTS.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(2) are met for such year.

''(3) VESTING.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(3) are met for such year.

''(4) BENEFIT FORM.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a plan meets the requirements of this paragraph only if the trustee distributes a SAFE annuity that satisfies subsection (b)(4) where the annual benefit described in subsection (b)(4)(A) is not less than the accrued benefit determined under paragraph (5).

''(B) DIRECT TRANSFERS TO INDIVIDUAL RETIREMENT PLAN OR SAFE ANNUITY.—A plan shall not fail to meet the requirements of this paragraph by reason of permitting, as an optional form of benefit, the distribution of the entire balance to the credit of the employee. If the employee is under age 65, such distribution must be in the form of a direct trustee-to-trustee transfer to a SAFE annuity, another SAFE trust, or a SAFE rollover plan (or, in the case of a distribution that does not exceed the dollar limit in effect under section 411(a)(11)(A), any other individual retirement plan).

''(C) SAFE ROLLOVER PLAN.—For purposes of this section, the term 'SAFE rollover plan' means an individual retirement plan for the benefit of the employee to which a rollover was made from a SAFE annuity, SAFE trust, or another SAFE rollover plan.

''(5) AMOUNT OF ANNUAL ACCRUED BENEFIT.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(5) are met for such year.

''(6) FUNDING.—

''(A) IN GENERAL.—A plan meets the requirements of this paragraph for any year only if—

''(i) the requirements of subsection (b)(6) are met for such year,

''(ii) in the case of a plan which has an unfunded annuity amount with respect to the account of any participant, the plan requires that the employer make an additional contribution to such plan (at the time the annuity contract to which such amount relates is purchased) equal to the unfunded annuity amount, and

''(iii) in the case of a plan which has an unfunded prior year liability as of the close of such plan year, the plan requires that the employer make an additional contribution to such plan for such year equal to the amount of such unfunded prior year liability no later than 8½ months following the end of the plan year.

''(B) UNFUNDED ANNUITY AMOUNT.—For purposes of this paragraph, the term 'unfunded annuity amount' means, with respect to the account of any participant for whom an annuity is being purchased, the excess (if any) of—

''(i) the amount necessary to purchase an annuity contract which meets the requirements of subsection (b)(4) in the amount of the participant's accrued benefit determined under paragraph (5), over

''(ii) the balance in such account at the time such contract is purchased.

''(C) UNFUNDED PRIOR YEAR LIABILITY.—For purposes of this paragraph, the term 'unfunded prior year liability' means, with respect to any plan year, the excess (if any) of—

''(i) the aggregate of the present value of the accrued liabilities under the plan as of the close of the prior plan year, over

''(ii) the value of the plan's assets determined under section 412(c)(2) as of the close of the plan year (determined without regard to any contributions for such plan year).

Such present value shall be determined using the assumptions specified in subparagraph (D).

''(D) ACTUARIAL ASSUMPTIONS.—In determining the amount required to be contributed under subparagraph (A)—

''(i) the assumed interest rate shall be not less than 3 percent, and not greater than 5 percent, per year,

''(ii) the assumed mortality shall be determined under the applicable mortality table (as defined in section 417(e)(3), as modified by the Secretary so that it does not include any assumption for preretirement mortality), and

''(iii) the assumed retirement age shall be 65.

''(E) CHANGES IN MORTALITY TABLE.—If, for purposes of this subsection, the applicable mortality table under section 417(e)(3) for any plan year is not the same as such table for the prior plan year, the Secretary shall prescribe regulations for such purposes which phase in the effect of the changes over a reasonable period of plan years determined by the Secretary.

''(F) PENALTY FOR FAILURE TO MAKE REQUIRED CONTRIBUTION.—The taxes imposed by section 4971 shall apply to a failure to make the contribution required by this paragraph in the same manner as if the amount of the failure were an accumulated funding deficiency to which such section applies.

''(7) SEPARATE ACCOUNTS FOR PARTICIPANTS.—A plan meets the requirements of this paragraph for any year only if the plan provides—

''(A) for an individual account for each participant, and

''(B) for benefits based solely on—

''(i) the amount contributed to the participant's account,

''(ii) any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account, and

''(iii) the amount of any unfunded annuity amount with respect to the participant.

''(8) TRUST MAY NOT HOLD SECURITIES WHICH ARE NOT READILY TRADABLE.—A plan meets the requirements of this paragraph only if the plan prohibits the trust from holding directly or indirectly securities which are not readily tradable on an established securities market or otherwise. Nothing in this paragraph shall prohibit the trust from holding insurance company products regulated by State law.

''(d) SPECIAL RULES FOR SAFE ANNUITIES AND TRUSTS.—

''(1) CERTAIN REQUIREMENTS TREATED AS MET.—For purposes of section 401(a), a SAFE annuity and a SAFE trust shall be treated as meeting the requirements of the following provisions:

''(A) Section 401(a)(4) (relating to nondiscrimination rules).

''(B) Section 401(a)(26) (relating to minimum participation).

''(C) Section 410 (relating to minimum participation and coverage requirements).

''(D) Section 411(b) (relating to accrued benefit requirements).

''(E) Section 412 (relating to minimum funding standards).

''(F) Section 415 (relating to limitations on benefits and contributions under qualified plans).

''(G) Section 416 (relating to special rules for top-heavy plans).

''(2) CONTRIBUTIONS NOT TAKEN INTO ACCOUNT IN APPLYING LIMITS TO OTHER PLANS.—

''(A) DEDUCTION LIMITS.—Contributions to a SAFE annuity or a SAFE trust shall not be taken into account in applying sections 404 to other plans maintained by the employer.

''(B) BENEFIT LIMITS.—A SAFE annuity or a SAFE trust shall be treated as a defined benefit plan for purposes of section 415.

''(3) USE OF DESIGNATED FINANCIAL INSTITUTIONS.—A rule similar to the rule of section 408(p)(7) (without regard to the last sentence thereof) shall apply for purposes of this section.

''(4) DEFINITIONS.—The definitions in section 408(p)(6) shall apply for purposes of this section.''

(b) DEDUCTION LIMITS NOT TO APPLY TO EMPLOYER CONTRIBUTIONS.—

(1) IN GENERAL.—Section 404 (relating to deductions for contributions of an employer to pension, etc., plans), as amended by section 314, is amended by adding at the end the following new subsection:

''(o) SPECIAL RULES FOR SAFE ANNUITIES.—

''(1) IN GENERAL.—Employer contributions to a SAFE annuity shall be treated as if they are made to a plan subject to the requirements of this section.

''(2) DEDUCTIBLE LIMIT.—For purposes of subsection (a)(1)(A)(i), the amount necessary to satisfy the minimum funding requirement of section 408B(b)(6) or (c)(6) shall be treated as the amount necessary to satisfy the minimum funding requirement of section 412.''

(2) COORDINATION WITH DEDUCTION UNDER SECTION 219.—

(A) Section 219(b) (relating to maximum amount of deduction), as amended by section 301, is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR SAFE ANNUITIES.—This section shall not apply with respect to any amount contributed to a SAFE annuity established under section 408B(b).''

(B) Section 219(g)(5)(A) (defining active participant) is amended by striking ''or'' at the end of clause (v) and by adding at the end the following new clause:

''(vii) any SAFE annuity (within the meaning of section 408B), or''.

(c) CONTRIBUTIONS AND DISTRIBUTIONS.—

(1) Section 402 (relating to taxability of beneficiary of employees' trust) is amended by adding at the end the following new subsection:

''(l) TREATMENT OF SAFE ANNUITIES.—Rules similar to the rules of paragraphs (1)

and (3) of subsection (h) shall apply to contributions and distributions with respect to a SAFE annuities under section 408B.''

(2) Section 408(d)(3) is amended by adding at the end the following new subparagraph:

''(H) SAFE ANNUITIES.—This paragraph shall not apply to any amount paid or distributed out of a SAFE annuity (as defined in section 408B) unless it is paid in a trustee-to-trustee transfer into another SAFE annuity.''

(d) INCREASED PENALTY ON EARLY WITHDRAWALS.—Section 72(t) (relating to additional tax on early distributions) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULES FOR SAFE ANNUITIES AND TRUSTS.—In the case of any amount received from a SAFE annuity or a SAFE trust (within the meaning of section 408B), paragraph (1) shall be applied by substituting '20 percent' for '10 percent'.''

(e) SIMPLIFIED EMPLOYER REPORTS.—

(1) SAFE ANNUITIES.—Section 408(l) (relating to simplified employer reports) is amended by adding at the end the following new paragraph:

''(3) SAFE ANNUITIES.—

''(A) SIMPLIFIED REPORT.—The employer maintaining any SAFE annuity (within the meaning of section 408B) shall file a simplified annual return with the Secretary containing only the information described in subparagraph (B).

''(B) CONTENTS.—The return required by subparagraph (A) shall set forth—

''(i) the name and address of the employer,

''(ii) the date the plan was adopted,

''(iii) the number of employees of the employer,

''(iv) the number of such employees who are eligible to participate in the plan,

''(v) the total amount contributed by the employer to each such annuity for such year and the minimum amount required under section 408B to be so contributed,

''(vi) the percentage elected under section 408B(b)(5)(B), and

''(vii) the number of employees with respect to whom contributions are required to be made for such year under section 408B(b)(5)(D).

''(C) REPORTING BY ISSUER OF SAFE ANNUITY.—

''(i) IN GENERAL.—The issuer of each SAFE annuity shall provide to the owner of the annuity for each year a statement setting forth as of the close of such year—

''(I) the benefits guaranteed at age 65 under the annuity, and

''(II) the cash surrender value of the annuity.

''(ii) SUMMARY DESCRIPTION.—The issuer of any SAFE annuity shall provide to the employer maintaining the annuity for each year a description containing the following information:

''(I) The name and address of the employer and the issuer.

''(II) The requirements for eligibility for participation.

''(III) The benefits provided with respect to the annuity.

''(IV) The procedures for, and effects of, withdrawals (including rollovers) from the annuity.

''(D) TIME AND MANNER OF REPORTING.—Any return, report, or statement required under this paragraph shall be made in such form and at such time as the Secretary shall prescribe.''

(2) SAFE TRUSTS.—Section 6059 (relating to actuarial reports) is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

''(c) SAFE TRUSTS.—In the case of a SAFE trust (within the meaning of section 408B), the Secretary shall require a simplified actuarial report which contains information similar to the information required in section 408(l)(3)(B).''

(f) CONFORMING AMENDMENTS.—

(1) Section 280G(b)(6) is amended by striking ''or'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', or'' and by adding after subparagraph (D) the following new subparagraph:

''(E) a SAFE annuity described in section 408B.''

(2) Clause (ii) of section 408(p)(2)(D) is amended by inserting before the period ''(other than clause (vii) of such subparagraph (A))''.

(3) Subsections (b), (c), (m)(4)(B), and (n)(3)(B) of section 414 are each amended by inserting ''408B,'' after ''408(p),''.

(4) Section 4972(d)(1)(A) 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 adding after clause (iv) the following new clause:

''(v) any SAFE annuity (within the meaning of section 408B).''

(5) 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 408A the following new item:

''Sec. 408B. SAFE annuities and trusts.''

(g) MODIFICATIONS OF ERISA.—

(1) EXEMPTION FROM INSURANCE COVERAGE.—Subsection (b) of section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended by striking ''or'' at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ''; or'', and by adding at the end the following new paragraph:

''(14) which is established and maintained as part of a SAFE trust (as defined in section 408B of the Internal Revenue Code of 1986).''

(2) REPORTING REQUIREMENTS.—Section 101 of such Act (29 U.S.C. 1021) is amended by redesignating the second subsection (h) as subsection (j) and by inserting after the first subsection (h) the following new subsection:

''(i) SAFE ANNUITIES.—

''(1) NO EMPLOYER REPORTS.—Except as provided in this subsection, no report shall be required under this section by an employer maintaining a SAFE annuity under section 408B(b) of the Internal Revenue Code of 1986.

''(2) SUMMARY DESCRIPTION.—The issuer of any SAFE annuity shall provide to the employer maintaining the annuity for each year a description containing the following information:

''(A) The name and address of the employer and the issuer.

''(B) The requirements for eligibility for participation.

''(C) The benefits provided with respect to the annuity.

''(D) The procedures for, and effects of, withdrawals (including rollovers) from the annuity.

''(3) EMPLOYEE NOTIFICATION.—The employer shall provide each employee eligible to participate in the SAFE annuity with the description described in paragraph (2) at the same time as the notification required under section 408B(b)(5)(B) of the Internal Revenue Code of 1986.''

(3) WAIVER OF FUNDING STANDARDS.—Section 301(a) of such Act (29 U.S.C. 1081) is amended by striking ''or'' at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting ''; or'', and by adding at the end the following new paragraph:

''(11) any plan providing for the purchase of any SAFE annuity or any SAFE trust (as such terms are defined in section 408B of such Code).''

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 329. MODIFICATION OF TOP-HEAVY RULES.

(a) 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.''.

(b) ELIMINATION OF FAMILY ATTRIBUTION.—Section 416(i)(1)(B) (defining 5-percent owner) is amended by adding at the end the following new clause:

''(iv) FAMILY ATTRIBUTION DISREGARDED.—Solely for purposes of applying this paragraph (and not for purposes of any provision of this title which incorporates by reference the definition of a key employee or 5-percent owner under this paragraph), section 318 shall be applied without regard to subsection (a)(1) thereof in determining whether any person is a 5-percent owner.''

(c) 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).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

Subtitle D—Enhancing Fairness for Women

SEC. 331. CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) ELECTIVE DEFERRALS.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

''(v) CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

''(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

''(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

''(A) IN GENERAL.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

''(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or

''(ii) the excess (if any) of—

''(I) the participant's compensation for the year, over

''(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	The applicable percentage is:
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	250 percent.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

''(A) such contribution shall not, with respect to the year in which the contribution is made—

''(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

''(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

''(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B), 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

''(B) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(D) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in paragraph (5)(B)(iii) for any year to which section 457(b)(3) applies.''

(b) INDIVIDUAL RETIREMENT PLANS.—Section 219(b), as amended by sections 301 and 318, is amended by adding at the end the following new paragraph:

''(7) CATCHUP CONTRIBUTIONS.—

''(A) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such taxable year shall be equal to the applicable percentage of such amount determined without regard to this paragraph.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	The applicable percentage is:
2001	110 percent
2002	120 percent
2003	130 percent
2004	140 percent
2005 and thereafter	150 percent.''

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2000.

SEC. 332. 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 before the enactment of the Taxpayer Refund Act of 1999)''.

(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 redesignated by section 312(a)) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Taxpayer Refund 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.—The amendments made by paragraph (1) shall apply to limitation years beginning after December 31, 2000.

(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. 333. 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.

SEC. 334. MODIFICATION OF SAFE HARBOR RELIEF FOR HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(b) EFFECTIVE DATE.—The revised regulations under subsection (a) shall apply to years beginning after December 31, 2000.

SEC. 335. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) AMENDMENTS TO 1986 CODE.—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	100.''

(b) AMENDMENTS TO ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (4), a plan'', and

(2) by adding at the end the following:

''(4) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A) of the Internal Revenue Code of 1986), 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	100.''

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for 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 enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for 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.

Subtitle E—Increasing Portability for Participants

SEC. 341. 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. 342. 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' means an eligible retirement plan described in clause (iii), (iv), (v), or (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. 343. 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)(ii), (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. 344. 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), as amended by section 333, 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. 345. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—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) AMENDMENT TO ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following:

''(4)(A) 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 paragraph 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 clause (i);

''(iii) the transfer described in clause (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 clause (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.

''(B) Subparagraph (A) 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.

''(5) 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 paragraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(A) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

''(B) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—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) AMENDMENT TO ERISA.—The last sentence of section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ''The Secretary of the Treasury may by regulations provide that this paragraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''

(3) 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 and section 204(g)(2) of the Employee Retirement Income Security Act of 1974. 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. 346. 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. 347. 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. 348. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—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).''

(2) AMENDMENT TO ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended by adding at the end the following:

''(4) A plan shall not fail to meet the requirements of this subsection 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) of the Internal Revenue Code of 1986.''

(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. 349. INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) 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.''

(b) 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 paragraph (1)(B)—''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle F—Strengthening Pension Security and Enforcement

SEC. 351. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—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) AMENDMENT TO ERISA.—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) 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.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 352. EXTENSION OF MISSING PARTICIPANTS PROGRAM TO MULTIEMPLOYER PLANS.

(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 (d) 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.''.

(b) CONFORMING AMENDMENT.—Section 206(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(f)) is amended by striking ''the plan shall provide that,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsection (c) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)) are prescribed.

SEC. 353. 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. 354. FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) EXCISE TAX.—

(1) 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 DEFINED BENEFIT PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of an 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.

''(3) MINIMUM TAX FOR NONCOMPLIANCE PERIOD WHERE FAILURE DISCOVERED AFTER NOTICE OF EXAMINATION.—Notwithstanding paragraphs (1) and (2) of subsection (c)—

''(A) IN GENERAL.—In the case of 1 or more failures with respect to an applicable individual—

''(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

''(ii) which occurred or continued during the period under examination,

the amount of tax imposed by subsection (a) by reason of such failures with respect to such beneficiary shall not be less than the lesser of $2,500 or the amount of tax which would be imposed by subsection (a) without regard to such paragraphs.

''(B) HIGHER MINIMUM TAX WHERE VIOLATIONS ARE MORE THAN DE MINIMIS.—To the extent violations by the employer (or the plan in the case of a multiemployer plan) for any year are more than de minimis, subparagraph (A) shall be applied by substituting '$15,000' for '$2,500' with respect to the employer (or such plan).

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED EXERCISING REASONABLE DILIGENCE.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that none of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that the failure existed.

''(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

''(A) such failure was due to reasonable cause and not to willful neglect, and

''(B) such failure is corrected during the 30-day period beginning on the first date any of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that such failure existed.

''(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

''(A) IN GENERAL.—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.

''(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(4) 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 a defined benefit plan adopts an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants (including any elimination or reduction of an early retirement benefit or retirement-type subsidy), the plan administrator shall, not later than the 30th day before the effective date of the amendment, provide written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

''(A) sets forth the plan amendment and its effective date, and

''(B) includes sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow such participants and beneficiaries to understand how the amendment generally affects different classes of employees.

''(2) ADDITIONAL NOTICE REQUIRED IN CERTAIN CASES.—

''(A) IN GENERAL.—If a plan amendment to which paragraph (1) applies—

''(i) either—

''(I) provides for a significant change in the manner in which the accrued benefit of an applicable individual is determined under the plan, or

''(II) requires an applicable individual to choose between 2 or more benefit formulas, and

''(ii) may reasonably be expected to affect such applicable individual,

the plan shall, not later than the date which is 6 months after the effective date of the amendment, provide written notice to such applicable individual which includes the information described in subparagraph (B).

''(B) ADDITIONAL INFORMATION.—The notice under subparagraph (A) shall include the following information:

''(i) The accrued benefit (and if the amendment adds the option of an immediate lump sum distribution, the present value of the accrued benefit) as of the effective date, determined under the terms of the plan in effect immediately before the effective date.

''(ii) The accrued benefit as of the effective date, determined under the terms of the plan in effect on the effective date and without regard to any minimum accrued benefit required by reason of section 411(d)(6).

''(iii) Sufficient information (as determined in accordance with regulations prescribed by the Secretary) for an applicable individual to compute their projected accrued benefit under the terms of the plan in effect on the effective date or to acquire information necessary to compute such projected accrued benefit.

''(C) OPTION TO PROVIDE PROJECTED ACCRUED BENEFIT.—A plan may, in lieu of the information described in subparagraph (B)(iii), include a determination of an applicable individual's projected accrued benefit under the terms of the plan in effect on the effective date. Such determination shall include a disclosure of the assumptions used by the plan in determining such benefit and such assumptions must be reasonable in the aggregate.

''(D) RULES FOR COMPUTING BENEFITS.—For purposes of this paragraph, an applicable individual's accrued benefit and projected accrued benefit shall be computed—

''(i) as if the accrued benefit were in the form of a single life annuity commencing at normal retirement age (and by taking into account any early retirement subsidy), and

''(ii) by using the applicable mortality table and the applicable interest rate under section 417(e)(3)(A).

''(3) SECRETARY MAY CHANGE NOTICE AND TIME FOR NOTICE.—If a plan amendment to which paragraph (1) applies requires an applicable individual to choose between 2 or more benefit formulas, the Secretary may, after consultation with the Secretary of Labor—

''(A) require additional information to be provided in either of the notices described in paragraph (1) or (2), and

''(B) require either of such notices to be provided at a time other than the time required under either such paragraph.

''(4) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) or (2) 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.

''(5) NOTICE TO DESIGNEE.—Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(f) APPLICABLE INDIVIDUAL.—For purposes of this section—

''(1) IN GENERAL.—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)).

''(2) EXCEPTION FOR PARTICIPANTS WITH LESS THAN 1 YEAR OF PARTICIPATION.—Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 411(b)(4)) under the plan as of the effective date of the plan amendment.

''(3) PARTICIPANTS GETTING HIGHER OF BENEFITS.—Such term shall not include a participant or beneficiary who, under the terms of the plan as of the effective date of the plan amendment, is entitled to the greater of the accrued benefit under such terms or the accrued benefit under the terms of the plan in effect immediately before the effective date.

''(g) APPLICABLE PENSION PLAN.—For purposes of this section, the term 'applicable pension plan' means—

''(1) a defined benefit plan, or

''(2) an individual account plan which is subject to the funding standards of section 412.''

(2) CONFORMING 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 defined benefit plans reducing benefit accruals to satisfy notice requirements.''

(b) AMENDMENT TO ERISA.—Section 204(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(h)) is amended to read as follows:

''(h)(1) An applicable pension plan may not adopt an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants (including any elimination or reduction of an early retirement benefit or retirement-type subsidy) unless the plan administrator provides, not later than the 30th day before the effective date of the amendment, written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

''(A) sets forth the plan amendment and its effective date, and

''(B) includes sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) to allow applicable individuals to understand how the amendment generally affects different classes of employees.

''(2)(A) If a plan amendment to which paragraph (1) applies—

''(i) either—

''(I) provides for a significant change in the manner in which the accrued benefit is determined under the plan, or

''(II) requires an applicable individual to choose between 2 or more benefit formulas, and

''(ii) may reasonably be expected to affect such applicable individual,

the plan shall, not later than the date which is 6 months after the effective date of the amendment, provide written notice to such applicable individual which includes the information described in subparagraph (B).

''(B) The notice under subparagraph (A) shall include the following information:

''(i) The accrued benefit (and if the amendment adds the option of an immediate lump sum distribution, the present value of the accrued benefit) as of the effective date, determined under the terms of the plan in effect immediately before the effective date.

''(ii) The accrued benefit as of the effective date, determined under the terms of the plan in effect on the effective date and without regard to any minimum accrued benefit required by reason of section 204(g).

''(iii) Sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) for an applicable individual to compute their projected accrued benefit under the terms of the plan in effect on the effective date or to acquire information necessary to compute such projected accrued benefit.

''(C) A plan may, in lieu of the information described in subparagraph (B)(iii), include a determination of an applicable individual's projected accrued benefit under the terms of the plan in effect on the effective date. Such determination shall include a disclosure of the assumptions used by the plan in determining such benefit and such assumptions must be reasonable in the aggregate.

''(D) For purposes of this paragraph, an applicable individual's accrued benefit and projected accrued benefit shall be computed—

''(i) as if the accrued benefit were in the form of a single life annuity commencing at

normal retirement age (and by taking into account any early retirement subsidy), and

''(ii) by using the applicable mortality table and the applicable interest rate under section 205(g)(3)(A).

''(3) If a plan amendment to which paragraph (1) applies requires an applicable individual to choose between 2 or more benefit formulas, the Secretary of the Treasury may, after consultation with the Secretary—

''(A) require additional information to be provided in either of the notices described in paragraph (1) or (2), and

''(B) require either of such notices to be provided at a time other than the time required under either such paragraph.

''(4) A plan shall not be treated as failing to meet the requirements of paragraph (1) or (2) 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.

''(5) Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(6)(A) For purposes of this subsection, the term 'applicable individual' means, with respect to any plan amendment—

''(i) any participant in the plan, and

''(ii) any beneficiary who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)).

''(B) Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 204(b)(4)) under the plan as of the effective date of the plan amendment.

''(C) Such term shall not include a participant or beneficiary who, under the terms of the plan as of the effective date of the plan amendment, is entitled to the greater of the accrued benefit under such terms or the accrued benefit under the terms of the plan in effect immediately before the effective date.

''(7) For purposes of this subsection, the term 'applicable pension plan' means—

''(A) a defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 302.''

(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) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—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 amendments taking effect 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, 2000, or

(B) January 1, 2002.

(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.

SEC. 355. PROTECTION OF INVESTMENT OF EMPLOYEE CONTRIBUTIONS TO 401(K) PLANS.

(a) IN GENERAL.—Section 1524(b) of the Taxpayer Relief Act of 1997 is amended to read as follows:

''(b) EFFECTIVE DATE.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to elective deferrals for plan years beginning after December 31, 1998.

''(2) NONAPPLICATION TO PREVIOUSLY ACQUIRED PROPERTY.—The amendments made by this section shall not apply to any elective deferral used to acquire an interest in the income or gain from employer securities or employer real property acquired—

''(A) before January 1, 1999, or

''(B) after such date pursuant to a written contract which was binding on such date and at all times thereafter on such plan.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply as if included in the provision of the Taxpayer Relief Act of 1997 to which it relates.

SEC. 356. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—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) COMBINING AND AGGREGATION OF PLANS.—

(1) COMBINING OF PLANS.—Subsection (f) of section 415 (relating to combining of plans) is amended by adding at the end the following:

''(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section. The preceding sentence shall not apply for purposes of applying subsection (b)(1)(A) to a plan which is not a multiemployer plan.''

(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 (relating to aggregation of plans) is amended by striking ''The Secretary'' and inserting ''Except as provided in subsection (f)(3), the Secretary''.

(c) APPLICATION OF SPECIAL EARLY RETIREMENT RULES.—Section 415(b)(2)(F) (relating to plans maintained by governments and tax-exempt organizations) is amended—

(1) by inserting ''a multiemployer plan (within the meaning of section 414(f)),'' after ''section 414(d)),'', and

(2) by striking the heading and inserting:

''(F) SPECIAL EARLY RETIREMENT RULES FOR CERTAIN PLANS.—''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1999.

Subtitle G—Encouraging Retirement Education

SEC. 361. PERIODIC PENSION BENEFITS STATEMENTS.

(a) IN GENERAL.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025 (a)) is amended to read as follows:

''(a)(1) Except as provided in paragraph (2)—

''(A) the administrator of an individual account plan shall furnish a pension benefit statement—

''(i) to a plan participant at least once annually, and

''(ii) to a plan beneficiary upon written request, and

''(B) the administrator of a defined benefit plan shall furnish a pension benefit statement—

''(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit who is employed by the employer maintaining the plan at the time the statement is furnished to participants, and

''(ii) to a participant or beneficiary of the plan upon written request.

''(2) Notwithstanding paragraph (1), the administrator of a plan to which more than 1 unaffiliated employer is required to contribute shall only be required to furnish a pension benefit statement under paragraph (1) upon the written request of a participant or beneficiary of the plan.

''(3) A pension benefit statement under paragraph (1)—

''(A) shall indicate, on the basis of the latest available information—

''(i) the total benefits accrued, and

''(ii) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

''(B) shall be written in a manner calculated to be understood by the average plan participant, and

''(C) may be provided in written, electronic, telephonic, or other appropriate form.

''(4) In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if the administrator provides the participant at least once each year with notice of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice shall be provided in written, electronic, telephonic, or other appropriate form, and may be included with other communications to the participant if done in a manner reasonably designed to attract the attention of the participant.''

(b) CONFORMING AMENDMENTS.—

(1) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(2) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

''(b) In no case shall a participant or beneficiary of a plan be entitled to more than one statement described in subsection (a)(1)(A) or (a)(1)(B)(ii), whichever is applicable, in any 12-month period.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 362. 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 qualified employer 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 qualified employer plan.

''(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

Subtitle H—Reducing Regulatory Burdens

SEC. 371. FLEXIBILITY IN NONDISCRIMINATION AND COVERAGE RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test, and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test.

Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by subsection (a) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

SEC. 372. 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 subclause.

''(II) REGULATIONS.—Clause (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) AMENDMENTS TO ERISA.—Paragraph (9) of section 302(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended—

(1) by inserting ''(A)'' after ''(9)'', and

(2) by adding at the end the following:

''(B)(i) 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)(I) 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 subclause.

''(II) Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

''(iii) Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary of the Treasury.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 373. 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. 374. 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. 375. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) IN GENERAL.—

(A) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Subparagraph (A) of section 417(a)(6) is amended by striking ''90-day'' and inserting ''1-year''.

(B) AMENDMENT TO ERISA.—Subparagraph (A) of section 205(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)) is amended by striking ''90-day'' and inserting ''1-year''.

(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 ''1-year'' 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. 376. 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, 1999.

SEC. 377. 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) of such Code pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401 (k) or (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 plan under such section 401 (k) or (m).

(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. 378. EXTENSION TO INTERNATIONAL ORGANIZATIONS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—Subparagraph (G) of section 401(a)(5), subparagraph (H) of section 401(a)(26), subparagraph (G) of section 401(k)(3), and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by inserting ''or by an international organization which is described in section 414(d)'' after ''or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The headings for subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by inserting ''AND INTERNATIONAL ORGANIZATION'' after ''GOVERNMENTAL''.

(2) Subparagraph (G) of section 401(k)(3) is amended by inserting ''STATE AND LOCAL GOVERNMENTAL AND INTERNATIONAL ORGANIZATION PLANS.—'' after ''(G)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 379. ANNUAL REPORT DISSEMINATION.

(a) IN GENERAL.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by striking ''shall furnish'' and inserting ''shall make available for examination (and, upon request, shall furnish)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to reports for years beginning after December 31, 1998.

SEC. 380. MODIFICATION OF EXCLUSION FOR EMPLOYER PROVIDED TRANSIT PASSES.

(a) IN GENERAL.—Section 132(f)(3) (relating to cash reimbursements) is amended by striking the last sentence.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle I—Plan Amendments

SEC. 381. 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.

TITLE IV—EDUCATION TAX RELIEF

SEC. 401. PERMANENT EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127 (relating to exclusion for educational assistance programs) is amended by striking subsection (d).

(b) REPEAL OF LIMITATION ON GRADUATE EDUCATION.—

(1) IN GENERAL.—The last sentence of section 127(c)(1) is amended by striking '', and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

SEC. 402. ELIMINATION OF 60-MONTH LIMIT AND INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTION.

(a) ELIMINATION OF 60-MONTH LIMIT.—

(1) 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.

(2) CONFORMING AMENDMENT.—Section 6050S(e) is amended by striking ''section 221(e)(1)'' and inserting ''section 221(d)(1)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to any loan interest paid after December 31, 1999, in taxable years ending after such date.

(b) INCREASE IN INCOME LIMITATION.—

(1) IN GENERAL.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

''(i) the excess of—

''(I) the taxpayer's modified adjusted gross income for such taxable year, over

''(II) $50,000 (twice such dollar amount in the case of a joint return), bears to

''(ii) $15,000.''

(2) CONFORMING AMENDMENT.—Section 221(g)(1) is amended by striking ''$40,000 and $60,000 amounts'' and inserting ''$50,000 amount''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 1999.

SEC. 403. 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.—For purposes of this paragraph—

''(i) IN-KIND DISTRIBUTIONS.—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.

''(ii) CASH DISTRIBUTIONS.—In the case of distributions not described in clause (i), if—

''(I) such distributions do not exceed the qualified higher education expenses (reduced by expenses described in clause (i)), no amount shall be includible in gross income, and

''(II) in any other case, the amount otherwise includible in gross income shall be reduced by an amount which bears the same ratio to such amount as such expenses bear to such distributions.

''(iii) EXCEPTION FOR INSTITUTIONAL PROGRAMS.—In the case of any taxable year beginning before January 1, 2004, clauses (i) and (ii) 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.

''(iv) TREATMENT AS 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.

''(v) 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.

''(vi) COORDINATION WITH EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions to which clauses (i) and (ii) and section 530(d)(2)(A) apply, exceed

''(II) the total amount of qualified higher education expenses otherwise taken into account under clauses (i) and (ii) (after the application of clause (v)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clauses (i) and (ii) 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) 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 higher education expenses otherwise taken into account under subparagraph (A) (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 TO HAVE SECTION APPLY.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such 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) 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 with respect to such beneficiary which was not includible in gross income by reason of clause (i)(I).'', and

(3) by inserting ''OR PROGRAMS'' after ''BENEFICIARIES'' in the heading.

(e) 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.''

(f) 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 Taxpayer Refund 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.''

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

(2) QUALIFIED HIGHER EDUCATION EXPENSES.—The amendments made by subsection (f) shall apply to amounts paid for courses 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. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM.

(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, or

''(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code.''

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 1993.

TITLE V—HEALTH CARE RELIEF

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 and the taxpayer's spouse and dependents.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a)—

''(1) HEALTH INSURANCE.—In the case of insurance not described in paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2001, 2002, 2003	12.5
2004 and 2005	25
2006 and thereafter	50.

''(2) LONG-TERM CARE INSURANCE.—In the case of qualified long-term care insurance, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2001, 2002, 2003	25
2004 and 2005	50
2006 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 and without regard to payments made with respect to any coverage described in subsection (e)) 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) DEDUCTION NOT AVAILABLE FOR PAYMENT OF ANCILLARY COVERAGE PREMIUMS.—Any amount paid as a premium for insurance which provides for—

''(1) coverage for accidents, disability, dental care, vision care, or a specified illness, or

''(2) making payments of a fixed amount per day (or other period) by reason of being hospitalized.

shall not be taken into account under subsection (a).

''(f) 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.

''(g) 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, as amended by section 301, is amended by inserting after paragraph (18) the following new item:

''(19) 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.—

(1) IN GENERAL.—Subsection (f) of section 125 (defining qualified benefits) is amended by inserting before the period at the end ''; except that such term shall include the payment of premiums for any qualified long-term care insurance contract (as defined in section 7702B) to the extent the amount of such payment does not exceed the eligible long-term care premiums (as defined in section 213(d)(10)) for such contract.''

(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. LONG-TERM CARE TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—

(1) IN GENERAL.—Section 24(a) (relating to allowance of child tax credit) is amended to read as follows:

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) $500 multiplied by the number of qualifying children of the taxpayer, plus

''(2) $500 ($250 for taxable years ending before 2007) multiplied by the number of applicable individuals with respect to whom the taxpayer is an eligible caregiver for the taxable year.''

(2) ADDITIONAL CREDIT FOR TAXPAYER WITH 3 OR MORE SEPARATE CREDIT AMOUNTS.—So much of section 24(d) as precedes paragraph (1)(A) thereof is amended to read as follows:

''(d) ADDITIONAL CREDIT FOR TAXPAYERS WITH 3 OR MORE SEPARATE CREDIT AMOUNTS.—

''(1) IN GENERAL.—If the sum of the number of qualifying children of the taxpayer and the number of applicable individuals with respect to which the taxpayer is an eligible caregiver is 3 or more for any taxable year, the aggregate credits allowed under subpart C shall be increased by the lesser of—''.

(3) CONFORMING AMENDMENTS.—

(A) The heading for section 32(n) is amended by striking ''CHILD'' and inserting ''FAMILY CARE''.

(B) The heading for section 24 is amended to read as follows:

''SEC. 24. FAMILY CARE CREDIT.''

(C) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 24 and inserting the following new item:

''Sec. 24. Family care credit.''.

(b) DEFINITIONS.—Section 24(c) (defining qualifying child) is amended to read as follows:

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

''(1) QUALIFYING CHILD.—

''(A) IN GENERAL.—The term 'qualifying child' means any individual if—

''(i) the taxpayer is allowed a deduction under section 151 with respect to such individual for the taxable year,

''(ii) such individual has not attained the age of 17 as of the close of the calendar year in which the taxable year of the taxpayer begins, and

''(iii) such individual bears a relationship to the taxpayer described in section 32(c)(3)(B).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(2) APPLICABLE INDIVIDUAL.—

''(A) IN GENERAL.—The term 'applicable individual' means, with respect to any taxable year, any individual 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 subparagraph (B) 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 39-½ 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.

''(B) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this subparagraph if the individual meets any of the following requirements:

''(i) The individual is at least 6 years of age and—

''(I) is unable to perform (without substantial assistance from another individual) at least 3 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

''(II) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform 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.

''(ii) The individual is at least 2 but not 6 years of age and is unable due to a loss of functional capacity to perform (without substantial assistance from another individual) at least 2 of the following activities: eating, transferring, or mobility.

''(iii) The individual is under 2 years of age and requires specific durable medical equipment by reason of a severe health condition or requires a skilled practitioner trained to address the individual's condition to be available if the individual's parents or guardians are absent.

''(3) ELIGIBLE CAREGIVER.—

''(A) IN GENERAL.—A taxpayer shall be treated as an eligible caregiver for any taxable year with respect to the following individuals:

''(i) The taxpayer.

''(ii) The taxpayer's spouse.

''(iii) An individual with respect to whom the taxpayer is allowed a deduction under section 151 for the taxable year.

''(iv) An individual who would be described in clause (iii) for the taxable year if section 151(c)(1)(A) were applied by substituting for the exemption amount an amount equal to the sum of the exemption amount, the standard deduction under section 63(c)(2)(C), and any additional standard deduction under section 63(c)(3) which would be applicable to the individual if clause (iii) applied.

''(v) An individual who would be described in clause (iii) for the taxable year if—

''(I) the requirements of clause (iv) are met with respect to the individual, and

''(II) the requirements of subparagraph (B) are met with respect to the individual in lieu of the support test of section 152(a).

''(B) RESIDENCY TEST.—The requirements of this subparagraph are met if an individual has as his principal place of abode the home of the taxpayer and—

''(i) in the case of an individual who is an ancestor or descendant of the taxpayer or the taxpayer's spouse, is a member of the taxpayer's household for over half the taxable year, or

''(ii) in the case of any other individual, is a member of the taxpayer's household for the entire taxable year.

''(C) SPECIAL RULES WHERE MORE THAN 1 ELIGIBLE CAREGIVER.—

''(i) IN GENERAL.—If more than 1 individual is an eligible caregiver with respect to the same applicable individual for taxable years ending with or within the same calendar year, a taxpayer shall be treated as the eligible caregiver if each such individual (other than the taxpayer) files a written declaration (in such form and manner as the Secretary may prescribe) that such individual will not claim such applicable individual for the credit under this section.

''(ii) NO AGREEMENT.—If each individual required under clause (i) to file a written declaration under clause (i) does not do so, the individual with the highest modified adjusted gross income (as defined in section 32(c)(5)) shall be treated as the eligible caregiver.

''(iii) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of married individuals filing separately, the determination under this subparagraph as to whether the husband or wife is the eligible caregiver shall be made under the rules of clause (ii) (whether or not one of them has filed a written declaration under clause (i)).''

(c) IDENTIFICATION REQUIREMENTS.—

(1) IN GENERAL.—Section 24(e) is amended by adding at the end the following new sentence: ''No credit shall be allowed under this section to a taxpayer with respect to any applicable individual unless the taxpayer includes the name and taxpayer identification number of such individual, and the identification number of the physician certifying such individual, on the return of tax for the taxable year.''

(2) ASSESSMENT.—Section 6213(g)(2)(I) is amended—

(A) by inserting ''or physician identification'' after ''correct TIN'', and

(B) by striking ''child'' and inserting ''family care''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 504. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES; REDUCTION IN PER DOSE TAX RATE.

(a) INCLUSION OF VACCINES.—

(1) 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.''

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection 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, but shall not take effect if subsection (c) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(b) REDUCTION IN PER DOSE TAX RATE.—

(1) IN GENERAL.—Section 4131(b)(1) (relating to amount of tax) is amended by striking ''75 cents'' and inserting ''25 cents''.

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales after December 31, 2004, but shall not take effect if subsection (c) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(3) LIMITATION ON CERTAIN CREDITS OR REFUNDS.—For purposes of applying section 4132(b) of the Internal Revenue Code of 1986 with respect to any claim for credit or refund filed after August 31, 2004, the amount of tax taken into account shall not exceed the tax computed under the rate in effect on January 1, 2005.

(c) VACCINE TAX AND TRUST FUND AMENDMENTS.—

(1) Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(2) Subparagraph (A) of section 9510(c)(1) is amended by striking ''August 5, 1997'' and inserting ''October 21, 1998''.

(3) The amendments made by this subsection shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

(d) 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 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

SEC. 601. INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.

(a) IN GENERAL.—The table in section 2010(c) (relating to applicable credit amount) is amended to read as follows:

"In the case of estates of decedents dying, and gifts made, during:	The applicable exclusion amount is:
2000 and 2001	$675,000
2002	$700,000
2003	$740,000
2004	$1,000,000
2005	$1,075,000
2006	$1,150,000
2007	$1,225,000
2008 and thereafter	$1,300,000.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 1999.

TITLE VII—SMALL BUSINESS AND AGRICULTURAL RELIEF

SEC. 701. 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 and the taxpayer's spouse and dependents.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 702. REPEAL OF FEDERAL UNEMPLOYMENT SURTAX.

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''.

SEC. 703. INCOME AVERAGING FOR FARMERS NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.

(a) IN GENERAL.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

''(2) COORDINATION WITH INCOME AVERAGING FOR FARMERS.—Solely for purposes of this section, section 1301 (relating to averaging of farm income) shall not apply in computing the regular tax.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 704. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

(a) IN GENERAL.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by inserting after section 468B the following:

"SEC. 468C. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

''(a) DEDUCTION ALLOWED.—In the case of an individual engaged in an eligible farming business, there shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year to a Farm and Ranch Risk Management Account (hereinafter referred to as the 'FARRM Account').

''(b) LIMITATION.—The amount which a taxpayer may pay into the FARRM Account for any taxable year shall not exceed 20 percent of so much of the taxable income of the taxpayer (determined without regard to this section) which is attributable (determined in the manner applicable under section 1301) to any eligible farming business.

''(c) ELIGIBLE FARMING BUSINESS.—For purposes of this section, the term 'eligible farming business' means any farming business (as defined in section 263A(e)(4)) which is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

''(d) FARRM ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'FARRM Account' means a trust created or organized in the United States for the exclusive benefit of the taxpayer, but only if the written governing instrument creating the trust meets the following requirements:

''(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deduction under subsection (a) for such year.

''(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

''(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

''(D) All income of the trust is distributed currently to the grantor.

''(E) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(2) ACCOUNT TAXED AS GRANTOR TRUST.—The grantor of a FARRM Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

''(e) INCLUSION OF AMOUNTS DISTRIBUTED.—

''(1) IN GENERAL.—Except as provided in paragraph (2), there shall be includible in the gross income of the taxpayer for any taxable year—

''(A) any amount distributed from a FARRM Account of the taxpayer during such taxable year, and

''(B) any deemed distribution under—

''(i) subsection (f)(1) (relating to deposits not distributed within 5 years),

''(ii) subsection (f)(2) (relating to cessation in eligible farming business), and

''(iii) subparagraph (A) or (B) of subsection (f)(3) (relating to prohibited transactions and pledging account as security).

''(2) EXCEPTIONS.—Paragraph (1)(A) shall not apply to—

''(A) any distribution to the extent attributable to income of the Account, and

''(B) the distribution of any contribution paid during a taxable year to a FARRM Account to the extent that such contribution exceeds the limitation applicable under subsection (b) if requirements similar to the requirements of section 408(d)(4) are met.

For purposes of subparagraph (A), distributions shall be treated as first attributable to income and then to other amounts.

''(f) SPECIAL RULES.—

''(1) TAX ON DEPOSITS IN ACCOUNT WHICH ARE NOT DISTRIBUTED WITHIN 5 YEARS.—

''(A) IN GENERAL.—If, at the close of any taxable year, there is a nonqualified balance in any FARRM Account—

''(i) there shall be deemed distributed from such Account during such taxable year an amount equal to such balance, and

''(ii) the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 10 percent of such deemed distribution.

The preceding sentence shall not apply if an amount equal to such nonqualified balance is distributed from such Account to the taxpayer before the due date (including extensions) for filing the return of tax imposed by this chapter for such year (or, if earlier, the date the taxpayer files such return for such year).

''(B) NONQUALIFIED BALANCE.—For purposes of subparagraph (A), the term 'nonqualified balance' means any balance in the Account on the last day of the taxable year which is attributable to amounts deposited in such Account before the 4th preceding taxable year.

''(C) ORDERING RULE.—For purposes of this paragraph, distributions from a FARRM Account (other than distributions of current income) shall be treated as made from deposits in the order in which such deposits were made, beginning with the earliest deposits.

''(2) CESSATION IN ELIGIBLE FARMING BUSINESS.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible farming business, there shall be deemed distributed from the FARRM Account of the taxpayer an amount equal to the balance in such Account (if any) at the close of such disqualification period. For purposes of the preceding sentence, the term 'disqualification period' means any period of 2 consecutive taxable years for which the taxpayer is not engaged in an eligible farming business.

''(3) CERTAIN RULES TO APPLY.—Rules similar to the following rules shall apply for purposes of this section:

''(A) Section 220(f)(8) (relating to treatment on death).

''(B) Section 408(e)(2) (relating to loss of exemption of account where individual engages in prohibited transaction).

''(C) Section 408(e)(4) (relating to effect of pledging account as security).

''(D) Section 408(g) (relating to community property laws).

''(E) Section 408(h) (relating to custodial accounts).

''(4) TIME WHEN PAYMENTS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a FARRM Account on the last day of a taxable year if such payment is made on account of such taxable year and is made on or before the due date (without regard to extensions) for filing the return of tax for such taxable year.

''(5) INDIVIDUAL.—For purposes of this section, the term 'individual' shall not include an estate or trust.

''(6) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX.—The deduction allowable by reason of subsection (a) shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.

''(g) REPORTS.—The trustee of a FARRM Account shall make such reports regarding such Account to the Secretary and to the person for whose benefit the Account is maintained with respect to contributions, distributions, and such other matters as the Secretary may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such persons at such time and in

such manner as may be required by such regulations.''

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities), as amended by section 303(b)(1), is amended by striking ''or'' at the end of paragraph (4), by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following:

''(4) a FARRM Account (within the meaning of section 468C(d)), or''.

(2) Section 4973, as amended by section 303(b)(2), is amended by adding at the end the following:

''(h) EXCESS CONTRIBUTIONS TO FARRM ACCOUNTS.—For purposes of this section, in the case of a FARRM Account (within the meaning of section 468C(d)), the term 'excess contributions' means the amount by which the amount contributed for the taxable year to the Account exceeds the amount which may be contributed to the Account under section 468C(b) for such taxable year. For purposes of this subsection, any contribution which is distributed out of the FARRM Account in a distribution to which section 468C(e)(2)(B) applies shall be treated as an amount not contributed.''

(3) The section heading for section 4973 is amended to read as follows:

''SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN ACCOUNTS, ANNUITIES, ETC.''

(4) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

''Sec. 4973. Excess contributions to certain accounts, annuities, etc.''

(c) TAX ON PROHIBITED TRANSACTIONS.—

(1) Subsection (c) of section 4975 (relating to tax on prohibited transactions) is amended by adding at the end the following:

''(6) SPECIAL RULE FOR FARRM ACCOUNTS.—A person for whose benefit a FARRM Account (within the meaning of section 468C(d)) is established 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 FARRM Account by reason of the application of section 468C(f)(3)(A) to such account.''

(2) Paragraph (1) of section 4975(e) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

''(E) a FARRM Account described in section 468C(d),''.

(d) FAILURE TO PROVIDE REPORTS ON FARRM ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities), as amended by section 303(d), is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following:

''(C) section 468C(g) (relating to FARRM Accounts),''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 468B the following:

''Sec. 468C. Farm and Ranch Risk Management Accounts.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 705. INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) IN GENERAL.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking ''$675,000'' and inserting ''$1,125,000''.

(b) CONFORMING AMENDMENTS.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking ''$675,000'' each place it appears in the text and heading and inserting ''$1,125,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2002.

SEC. 706. 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. 707. RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.

(a) 15-YEAR RECOVERY PERIOD.—Subparagraph (E) of section 168(e)(3) (relating to 15-year property) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) any qualified leasehold improvement property.''

(b) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—Subsection (e) of section 168 is amended by adding at the end the following new paragraph:

''(6) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

''(I) by the lessee (or any sublessee) of such portion, or

''(II) by the lessor of such portion,

''(ii) the original use of such improvement begins with the lessee and after December 31, 2002,

''(iii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

''(iv) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefiting a common area, and

''(iv) the internal structural framework of the building.

''(C) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) COMMITMENT TO LEASE TREATED AS LEASE.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively, if the lease is in effect at the time the property is placed in service.

''(ii) RELATED PERSONS.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

''(I) members of an affiliated group (as defined in section 1504), and

''(II) persons having a relationship described in subsection (b) of section 267(b) or 707(b)(1); except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsections.''

(c) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Paragraph (3) of section 168(b) is amended by adding at the end the following new subparagraph:

''(G) Qualified leasehold improvement property described in subsection (e)(6).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified leasehold improvement property placed in service after December 31, 2002.

TITLE VIII—PROVISIONS RELATING TO HOUSING, REAL ESTATE, ENVIRONMENT, AND TRANSPORTATION

Subtitle A—Housing and Real Estate

SEC. 801. MODIFICATION OF STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Clauses (i) and (ii) of section 42(h)(3)(C) (relating to State housing credit ceiling) are amended to read as follows:

''(i) the unused State housing credit ceiling (if any) of such State for the preceding calendar year,

''(ii) the greater of—

''(I) the applicable amount under subparagraph (H) multiplied by the State population, or

''(II) $2,000,000,''.

(b) APPLICABLE AMOUNT.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

''(H) APPLICABLE AMOUNT OF STATE CEILING.—For purposes of subparagraph (C)(ii), the applicable amount shall be determined under the following table:

''For calendar year—	**The applicable amount is—**
2001	$1.35
2002	1.45
2003	1.55
2004	1.65
2005 and thereafter	1.75.''

(c) CONFORMING AMENDMENTS.—

(1) Section 42(h)(3)(C), as amended by subsection (a), is amended—

(A) by striking ''clause (ii)'' in the matter following clause (iv) and inserting ''clause (i)'', and

(B) by striking ''clauses (i)'' in the matter following clause (iv) and inserting ''clauses (ii)''.

(2) Section 42(h)(3)(D)(ii) is amended—

(A) by striking ''subparagraph (C)(ii)'' and inserting ''subparagraph (C)(i)'', and

(B) by striking ''clauses (i)'' in subclause (II) and inserting ''clauses (ii)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 802. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—The table contained in section 146(d)(2) (relating to per capita limit; aggregate limit) is amended by striking ''2002'', ''2003'', ''2004'', ''2005'', ''2006'', and ''2007'' and inserting ''2000'', ''2001'', ''2002'', ''2003'', ''2004'', and ''2005'', respectively.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

Subtitle B—Environmental Provisions

SEC. 811. TAX CREDIT FOR RENOVATING HISTORIC HOMES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

"SEC. 25B. HISTORIC HOMEOWNERSHIP REHABILITATION CREDIT.

''(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the qualified rehabilitation expenditures made by the taxpayer with respect to a qualified historic home.

''(b) DOLLAR LIMITATION.—The credit allowed by subsection (a) with respect to any residence of a taxpayer shall not exceed $20,000 ($10,000 in the case of a married individual filing a separate return).

''(c) QUALIFIED REHABILITATION EXPENDITURE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified rehabilitation expenditure' means any amount properly chargeable to capital account—

''(A) in connection with the certified rehabilitation of a qualified historic home, and

''(B) for property for which depreciation would be allowable under section 168 if the qualified historic home were used in a trade or business.

''(2) CERTAIN EXPENDITURES NOT INCLUDED.—

''(A) EXTERIOR.—Such term shall not include any expenditure in connection with the rehabilitation of a building unless at least 5 percent of the total expenditures made in the rehabilitation process are allocable to the rehabilitation of the exterior of such building.

''(B) OTHER RULES TO APPLY.—Rules similar to the rules of clauses (ii) and (iii) of section 47(c)(2)(B) shall apply.

''(3) MIXED USE OR MULTIFAMILY BUILDING.—If only a portion of a building is used as the principal residence of the taxpayer, only qualified rehabilitation expenditures which are properly allocable to such portion shall be taken into account under this section.

''(d) CERTIFIED REHABILITATION.—For purposes of this section:

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'certified rehabilitation' has the meaning given such term by section 47(c)(2)(C).

''(2) FACTORS TO BE CONSIDERED IN THE CASE OF TARGETED AREA RESIDENCES, ETC.—

''(A) IN GENERAL.—For purposes of applying section 47(c)(2)(C) under this section with respect to the rehabilitation of a building to which this paragraph applies, consideration shall be given to—

''(i) the feasibility of preserving existing architectural and design elements of the interior of such building,

''(ii) the risk of further deterioration or demolition of such building in the event that certification is denied because of the failure to preserve such interior elements, and

''(iii) the effects of such deterioration or demolition on neighboring historic properties.

''(B) BUILDINGS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply with respect to any building—

''(i) any part of which is a targeted area residence within the meaning of section 143(j)(1), or

''(ii) which is located within an enterprise community or empowerment zone as designated under section 1391,

but shall not apply with respect to any building which is listed in the National Register.

''(3) APPROVED STATE PROGRAM.—The term 'certified rehabilitation' includes a certification made by—

''(A) a State Historic Preservation Officer who administers a State Historic Preservation Program approved by the Secretary of the Interior pursuant to section 101(b)(1) of the National Historic Preservation Act, as in effect on July 21, 1999, or

''(B) a local government, certified pursuant to section 101(c)(1) of the National Historic Preservation Act, as in effect on July 21, 1999, and authorized by a State Historic Preservation Officer, or the Secretary of the Interior where there is no approved State program),

subject to such terms and conditions as may be specified by the Secretary of the Interior for the rehabilitation of buildings within the jurisdiction of such officer (or local government) for purposes of this section.

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

''(1) QUALIFIED HISTORIC HOME.—The term 'qualified historic home' means a certified historic structure—

''(A) which has been substantially rehabilitated, and

''(B) which (or any portion of which)—

''(i) is owned by the taxpayer, and

''(ii) is used (or will, within a reasonable period, be used) by such taxpayer as his principal residence.

''(2) SUBSTANTIALLY REHABILITATED.—The term 'substantially rehabilitated' has the meaning given such term by section 47(c)(1)(C); except that, in the case of any building described in subsection (d)(2), clause (i)(I) thereof shall not apply.

''(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

''(4) CERTIFIED HISTORIC STRUCTURE.—

''(A) IN GENERAL.—The term 'certified historic structure' means any building (and its structural components) which—

''(i) is listed in the National Register, or

''(ii) is located in a registered historic district (as defined in section 47(c)(3)(B)) within which only qualified census tracts (or portions thereof) are located, and is certified by the Secretary of the Interior to the Secretary as being of historic significance to the district.

''(B) CERTAIN STRUCTURES INCLUDED.—Such term includes any building (and its structural components) which is designated as being of historic significance under a statute of a State or local government, if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance.

''(C) QUALIFIED CENSUS TRACTS.—For purposes of subparagraph (A)(ii)—

''(i) IN GENERAL.—The term 'qualified census tract' means a census tract in which the median family income is less than twice the statewide median family income.

''(ii) DATA USED.—The determination under clause (i) shall be made on the basis of the most recent decennial census for which data are available.

''(5) REHABILITATION NOT COMPLETE BEFORE CERTIFICATION.—A rehabilitation shall not be treated as complete before the date of the certification referred to in subsection (d).

''(6) LESSEES.—A taxpayer who leases his principal residence shall, for purposes of this section, be treated as the owner thereof if the remaining term of the lease (as of the date determined under regulations prescribed by the Secretary) is not less than such minimum period as the regulations require.

''(7) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—If the taxpayer holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such stockholder shall be treated as owning the house or apartment which the taxpayer is entitled to occupy as such stockholder.

''(8) ALLOCATION OF EXPENDITURES RELATING TO EXTERIOR OF BUILDING CONTAINING COOPERATIVE OR CONDOMINIUM UNITS.—The percentage of the total expenditures made in the rehabilitation of a building containing cooperative or condominium residential units allocated to the rehabilitation of the exterior of the building shall be attributed proportionately to each cooperative or condominium residential unit in such building for which a credit under this section is claimed.

''(f) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—In the case of a building other than a building to which subsection (g) applies, qualified rehabilitation expenditures shall be treated for purposes of this section as made on the date the rehabilitation is completed.

''(g) ALLOWANCE OF CREDIT FOR PURCHASE OF REHABILITATED HISTORIC HOME.—

''(1) IN GENERAL.—In the case of a qualified purchased historic home, the taxpayer shall be treated as having made (on the date of purchase) the qualified rehabilitation expenditures made by the seller of such home. For purposes of the preceding sentence, expenditures made by the seller shall be deemed to be qualified rehabilitation expenditures if such expenditures, if made by the purchaser, would be qualified rehabilitation expenditures.

''(2) QUALIFIED PURCHASED HISTORIC HOME.—For purposes of this subsection, the term 'qualified purchased historic home' means any substantially rehabilitated certified historic structure purchased by the taxpayer if—

''(A) the taxpayer is the first purchaser of such structure after the date rehabilitation is completed, and the purchase occurs within 5 years after such date,

''(B) the structure (or a portion thereof) will, within a reasonable period, be the principal residence of the taxpayer,

''(C) no credit was allowed to the seller under this section or section 47 with respect to such rehabilitation, and

''(D) the taxpayer is furnished with such information as the Secretary determines is necessary to determine the credit under this subsection.

''(h) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.—

''(1) IN GENERAL.—The taxpayer may elect, in lieu of the credit otherwise allowable under this section, to receive a historic rehabilitation mortgage credit certificate. An election under this paragraph shall be made—

''(A) in the case of a building to which subsection (g) applies, at the time of purchase, or

''(B) in any other case, at the time rehabilitation is completed.

''(2) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.—For purposes of this subsection, the term 'historic rehabilitation mortgage credit certificate' means a certificate—

''(A) issued to the taxpayer, in accordance with procedures prescribed by the Secretary, with respect to a certified rehabilitation,

''(B) the face amount of which shall be equal to the credit which would (but for this subsection) be allowable under subsection (a) to the taxpayer with respect to such rehabilitation,

''(C) which may only be transferred by the taxpayer to a lending institution (including a non-depository institution) in connection with a loan—

''(i) that is secured by the building with respect to which the credit relates, and

''(ii) the proceeds of which may not be used for any purpose other than the acquisition or rehabilitation of such building, and

''(D) in exchange for which such lending institution provides the taxpayer—

''(i) a reduction in the rate of interest on the loan which results in interest payment reductions which are substantially equivalent on a present value basis to the face amount of such certificate, or

''(ii) if the taxpayer so elects with respect to a specified amount of the face amount of such a certificate relating to a building—

''(I) which is a targeted area residence within the meaning of section 143(j)(1), or

''(II) which is located in an enterprise community or empowerment zone as designated under section 1391,

a payment which is substantially equivalent to such specified amount to be used to reduce the taxpayer's cost of purchasing the building (and only the remainder of such face amount shall be taken into account under clause (i)).

''(3) METHOD OF DISCOUNTING.—The present value under paragraph (2)(D)(i) shall be determined—

''(A) for a period equal to the term of the loan referred to in subparagraph (D)(i),

''(B) by using the convention that any payment on such loan in any taxable year within such period is deemed to have been made on the last day of such taxable year,

''(C) by using a discount rate equal to 65 percent of the average of the annual Federal mid-term rate and the annual Federal long-term rate applicable under section 1274(d)(1) to the month in which the taxpayer makes an election under paragraph (1) and compounded annually, and

''(D) by assuming that the credit allowable under this section for any year is received on the last day of such year.

''(4) USE OF CERTIFICATE BY LENDER.—The amount of the credit specified in the certificate shall be allowed to the lender only to offset the regular tax (as defined in section 55(c)) of such lender. The lender may carry forward all unused amounts under this subsection until exhausted.

''(5) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE NOT TREATED AS TAXABLE INCOME.—Notwithstanding any other provision of law, no benefit accruing to the taxpayer through the use of an historic rehabilitation mortgage credit certificate shall be treated as taxable income for purposes of this title.

''(i) RECAPTURE.—

''(1) IN GENERAL.—If, before the end of the 5-year period beginning on the date on which the rehabilitation of the building is completed (or, if subsection (g) applies, the date of purchase of such building by the taxpayer, or, if subsection (h) applies, the date of the loan)—

''(A) the taxpayer disposes of such taxpayer's interest in such building, or

''(B) such building ceases to be used as the principal residence of the taxpayer,

the taxpayer's tax imposed by this chapter for the taxable year in which such disposition or cessation occurs shall be increased by the recapture percentage of the credit allowed under this section for all prior taxable years with respect to such rehabilitation.

''(2) RECAPTURE PERCENTAGE.—For purposes of paragraph (1), the recapture percentage shall be determined in accordance with the following table:

''If the disposition or cessation occurs within—	The recapture percentage is—
(i) One full year after the taxpayer becomes entitled to the credit.	100
(ii) One full year after the close of the period described in clause (i).	80
(iii) One full year after the close of the period described in clause (ii).	60
(iv) One full year after the close of the period described in clause (iii).	40
(v) One full year after the close of the period described in clause (iv).	20.''

''(j) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property (including any purchase under subsection (g) and any transfer under subsection (h)), the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(k) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount for which credit is allowed under section 47.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations where less than all of a building is used as a principal residence and where more than 1 taxpayer use the same dwelling unit as their principal residence.''

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 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 new item:

''(28) to the extent provided in section 25B(j).''

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

''Sec. 25B. Historic homeownership rehabilitation credit.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1999.

SEC. 812. EXTENSION AND MODIFICATION OF CREDIT FOR PRODUCING ELECTRICITY FROM CERTAIN RENEWABLE RESOURCES.

(a) EXTENSION AND MODIFICATION OF PLACED-IN-SERVICE RULES.—Paragraph (3) of section 45(c) is amended to read as follows:

''(3) QUALIFIED FACILITY.—

''(A) WIND FACILITY.—In the case of a facility using wind to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before July 1, 2004.

''(B) CLOSED-LOOP BIOMASS FACILITY.—In the case of a facility using closed-loop biomass to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1992, and before July 1, 2004.

''(C) BIOMASS FACILITY.—In the case of a facility using biomass (other than closed-loop biomass) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service before January 1, 2003.

''(D) LANDFILL GAS OR POULTRY WASTE FACILITY.—

''(i) IN GENERAL.—In the case of a facility using landfill gas or poultry waste to produce electricity, the term 'qualified facility' means any facility of the taxpayer which is originally placed in service after December 31, 1999, and before July 1, 2004.

''(ii) LANDFILL GAS.—In the case of a facility using landfill gas, such term shall include equipment and housing (not including wells and related systems required to collect and transmit gas to the production facility) required to generate electricity which are owned by the taxpayer and so placed in service.

''(E) SPECIAL RULE.—In the case of a qualified facility described in subparagraph (C), the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than January 1, 2000.''

(b) EXPANSION OF QUALIFIED ENERGY RESOURCES.—

(1) IN GENERAL.—Section 45(c)(1) (defining qualified energy resources) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

''(C) biomass (other than closed-loop biomass),

''(B) landfill gas, and

''(C) poultry waste.''

(2) DEFINITIONS.—Section 45(c) is amended by redesignating paragraph (3) as paragraph (6) and inserting after paragraph (2) the following new paragraphs:

''(3) BIOMASS.—The term 'biomass' means any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

''(A) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

''(B) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage) or paper that is commonly recycled, or

''(C) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

''(4) LANDFILL GAS.—The term 'landfill gas' means gas from the decomposition of any household solid waste, commercial solid waste, and industrial solid waste disposed of in a municipal solid waste landfill unit (as such terms are defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

''(5) POULTRY WASTE.—The term 'poultry waste' means poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.''

(c) SPECIAL RULES.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end the following new paragraphs:

''(6) CREDIT ELIGIBILITY IN THE CASE OF GOVERNMENT-OWNED FACILITIES USING POULTRY WASTE.—In the case of a facility using poultry waste to produce electricity and owned by a governmental unit, the person eligible for the credit under subsection (a) is the lessor or the operator of such facility.

''(7) PROPORTIONAL CREDIT FOR FACILITY USING COAL TO CO-FIRE WITH CERTAIN BIOMASS.—In the case of a qualified facility as defined in subsection (c)(3)(C) using coal to co-fire with biomass (other than closed-loop biomass), the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year.''

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 813. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) EXTENSION OF TERMINATION DATE.—Subsection (h) of section 198 is amended by striking ''December 31, 2000'' and inserting ''June 30, 2004''.

(b) EXPANSION OF QUALIFIED CONTAMINATED SITE.—Section 198(c) is amended to read as follows:

''(c) QUALIFIED CONTAMINATED SITE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified contaminated site' means any area—

''(A) which is held by the taxpayer for use in a trade or business or for the production of income, or which is property described in section 1221(1) in the hands of the taxpayer, and

''(B) at or on which there has been a release (or threat of release) or disposal of any hazardous substance.

''(2) NATIONAL PRIORITIES LISTED SITES NOT INCLUDED.—Such term shall not include any site which is on, or proposed for, the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as in effect on the date of the enactment of this section).

''(3) TAXPAYER MUST RECEIVE STATEMENT FROM STATE ENVIRONMENTAL AGENCY.—An area shall be treated as a qualified contaminated site with respect to expenditures paid or incurred during any taxable year only if the taxpayer receives a statement from the appropriate agency of the State in which such area is located that such area meets the requirement of paragraph (1)(B).

''(4) APPROPRIATE STATE AGENCY.—For purposes of paragraph (2), the chief executive officer of each State may, in consultation with the Administrator of the Environmental Protection Agency, designate the appropriate State environmental agency within 60 days of the date of the enactment of this section. If the chief executive officer of a State has not designated an appropriate State environmental agency within such 60-day period, the appropriate environmental agency for such State shall be designated by the Administrator of the Environmental Protection Agency.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 1999.

SEC. 814. 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, 1999.

Subtitle C—Transportation Provisions

SEC. 821. REPEAL OF CERTAIN MOTOR FUEL EXCISE TAXES ON FUEL USED BY RAILROADS AND ON INLAND WATERWAY TRANSPORTATION.

(a) 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 6427(l) is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(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).

(b) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on October 1, 2000.

TITLE IX—CHARITABLE GIVING INCENTIVES

SEC. 901. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c), no amount shall be includible in the gross income of the distributee.

''(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

''(i) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account—

''(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(II) to a pooled income fund (as defined in section 642(c)(5)), or

''(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)),

no amount shall be includible in gross income of the distributee. The preceding sentence shall apply only if no person holds any interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(ii) DETERMINATION OF INCLUSION OF AMOUNTS DISTRIBUTED.—In determining the amount includible in the gross income of the distributee of a distribution from a trust described in clause (i)(I) or an annuity (as described in clause (i)(III)), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

''(I) in the case of any such trust, shall be treated as income described in section 664(b)(1), or

''(II) in the case of any such annuity, shall not be treated as an investment in the contract.

''(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

''(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

''(ii) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

''(I) an organization described in section 170(c), or

''(II) a trust, fund, or annuity described in subparagraph (B).

''(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 for qualified charitable distributions shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which (but for this paragraph) would have been includible in the gross income of the taxpayer for such year.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 902. INCREASE IN LIMIT ON CHARITABLE CONTRIBUTIONS AS PERCENTAGE OF AGI.

(a) IN GENERAL.—

(1) INDIVIDUAL LIMIT.—Section 170(b)(1) (relating to percentage limitations) is amended—

(A) by striking ''50 percent'' in subparagraph (A) and inserting ''the applicable percentage'', and

(B) by striking ''30 percent'' each place it appears in subparagraph (C) and inserting ''the applicable percentage''.

(2) CORPORATE LIMIT.—Section 170(b)(2) is amended by striking ''10 percent'' and inserting ''the applicable percentage''.

(b) APPLICABLE PERCENTAGE.—Section 170(b) is amended by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENTAGE.—For purposes of this subsection, the applicable percentage shall be determined under the following tables:

''(A) In the case of paragraph (1)(A):

"For taxable year—	The applicable percentage is—
2002	52
2003	54
2004	56
2005	58

"For taxable year—	The applicable percentage is—
2006	60
2007 and thereafter	70.

''(B) In the case of paragraph (1)(C):

"For taxable year—	The applicable percentage is—
2002	32
2003	34
2004	36
2005	38
2006	40
2007 and thereafter	50.

''(C) In the case of paragraph (2):

"For taxable year—	The applicable percentage is—
2002	12
2003	14
2004	16
2005	18
2006 and thereafter	20.''

(c) CONFORMING AMENDMENT.—Section 170(d)(1)(A) is amended by striking ''50 percent'' each place it appears and inserting ''the applicable percentage in effect under subsection (b)(1)(A)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

TITLE X—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS; INTERNATIONAL TAX RELIEF

SEC. 1001. PERMANENT EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) PERMANENT EXTENSION.—

(1) IN GENERAL.—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 45C(b) is amended by striking subparagraph (D).

(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. 1002. 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, 2004''.

(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) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

SEC. 1003. 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. 1004. 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. 1005. REPEAL OF FOREIGN TAX CREDIT LIMITATION UNDER ALTERNATIVE MINIMUM TAX.

(a) 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.

(b) CONFORMING AMENDMENT.—Section 53(d)(1)(B)(i)(II) is amended by striking ''and if section 59(a)(2) did not apply''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE XI—REVENUE OFFSETS

Subtitle A—General Provisions

SEC. 1101. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) IN GENERAL.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) by striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

SEC. 1102. 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. 1103. 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, 2000.

SEC. 1104. 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. 1105. TRANSFER OF EXCESS DEFINED BENEFIT PLAN ASSETS FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—

(1) IN GENERAL.—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''.

(2) CONFORMING AMENDMENTS.—

(A) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking ''1995'' and inserting ''2001''.

(B) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking ''1995'' and inserting ''2001''.

(C) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(i) by striking ''in a taxable year beginning before January 1, 2001'' and inserting ''made before October 1, 2009'', and

(ii) by striking ''1995'' and inserting ''2001''.

(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 DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

(2) TRANSITION RULE.—If the cost maintenance period for any qualified transfer after the date of the enactment of this Act includes any portion of a benefit maintenance period for any qualified transfer on or before such date, the amendments made by subsection (b) shall not apply to such portion of the cost maintenance period (and such portion shall be treated as a benefit maintenance period).

SEC. 1106. TAX TREATMENT OF INCOME AND LOSS ON DERIVATIVES.

(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,

''(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, or

''(iii) to manage such other risks as the Secretary may prescribe in regulations.

''(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize 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) CONFORMING AMENDMENTS.—

(1) Each of the following sections are amended by striking ''section 1221'' and inserting ''section 1221(a)'':

(A) Section 170(e)(3)(A).
(B) Section 170(e)(4)(B).
(C) Section 367(a)(3)(B)(i).
(D) Section 818(c)(3).
(E) Section 865(i)(1).
(F) Section 1092(a)(3)(B)(ii)(II).
(G) Subparagraphs (C) and (D) of section 1231(b)(1).
(H) Section 1234(a)(3)(A).

(2) Each of the following sections are amended by striking ''section 1221(1)'' and inserting ''section 1221(a)(1)'':

(A) Section 198(c)(1)(A)(i).
(B) Section 263A(b)(2)(A).
(C) Clauses (i) and (iii) of section 267(f)(3)(B).
(D) Section 341(d)(3).
(E) Section 543(a)(1)(D)(i).
(F) Section 751(d)(1).
(G) Section 775(c).
(H) Section 856(c)(2)(D).
(I) Section 856(c)(3)(C).
(J) Section 856(e)(1).
(K) Section 856(j)(2)(B).
(L) Section 857(b)(4)(B)(i).
(M) Section 857(b)(6)(B)(iii).
(N) Section 864(c)(4)(B)(iii).
(O) Section 864(d)(3)(A).
(P) Section 864(d)(6)(A).
(Q) Section 954(c)(1)(B)(iii).
(R) Section 995(b)(1)(C).
(S) Section 1017(b)(3)(E)(i).
(T) Section 1362(d)(3)(C)(ii).
(U) Section 4662(c)(2)(C).
(V) Section 7704(c)(3).
(W) Section 7704(d)(1)(D).
(X) Section 7704(d)(1)(G).
(Y) Section 7704(d)(5).

(3) Section 818(b)(2) is amended by striking ''section 1221(2)'' and inserting ''section 1221(a)(2)''.

(4) Section 1397B(e)(2) is amended by striking ''section 1221(4)'' and inserting ''section 1221(a)(4)''.

(d) 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.

Subtitle B—Loophole Closers

SEC. 1111. LIMITATION ON USE OF NON-ACCRUAL 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. 1112. 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 directly or indirectly 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. 1113. 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. 1114. 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 without regard to subsection (e) thereof),

''(H) a foreign personal holding company,

''(I) a foreign investment company (as defined in section 1246(b)), and

''(J) a REMIC.

''(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. 1115. 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), as amended by section 807, is amended by adding at the end the following new paragraph:

''(11) 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 premium 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)(11)(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)(11)(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. 1116. RESTRICTION ON USE OF REAL ESTATE INVESTMENT TRUSTS TO AVOID ESTIMATED TAX PAYMENT REQUIREMENTS.

(a) IN GENERAL.—Subsection (e) of section 6655 (relating to estimated tax by corporations) is amended by adding at the end the following new paragraph:

''(5) TREATMENT OF CERTAIN REIT DIVIDENDS.—

''(A) IN GENERAL.—Any dividend received from a closely held real estate investment trust by any person which owns (after application of subsections (d)(5) and (l)(3)(B) of section 856) 10 percent or more (by vote or value) of the stock or beneficial interests in the trust shall be taken into account in computing annualized income installments under paragraph (2) in a manner similar to the manner under which partnership income inclusions are taken into account.

''(B) CLOSELY HELD REIT.—For purposes of subparagraph (A), the term 'closely held real estate investment trust' means a real estate investment trust with respect to which 5 or fewer persons own (after application of subsections (d)(5) and (l)(3)(B) of section 856) 50 percent or more (by vote or value) of the stock or beneficial interests in the trust.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to estimated tax payments due on or after September 15, 1999.

SEC. 1117. PROHIBITED ALLOCATIONS OF S CORPORATION STOCK HELD BY AN ESOP.

(a) IN GENERAL.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) PROHIBITED ALLOCATION OF SECURITIES IN AN S CORPORATION.—

''(1) IN GENERAL.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified individual.

''(2) FAILURE TO MEET REQUIREMENTS.—If a plan fails to meet the requirements of paragraph (1)—

''(A) the plan shall be treated as having distributed to any disqualified individual the amount allocated to the account of such individual in violation of paragraph (1) at the time of such allocation,

''(B) the provisions of section 4979A shall apply, and

''(C) the statutory period for the assessment of any tax imposed by section 4979A shall not expire before the date which is 3 years from the later of—

''(i) the allocation of employer securities resulting in the failure under paragraph (1) giving rise to such tax, or

''(ii) the date on which the Secretary is notified of such failure.

''(3) NONALLOCATION YEAR.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

''(i) such plan holds employer securities consisting of stock in an S corporation, and

''(ii) disqualified individuals own at least 50 percent of the number of outstanding shares of stock in such S corporation.

''(B) ATTRIBUTION RULES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

''(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

''(II) paragraph (4) thereof shall not apply.

''(ii) DEEMED-OWNED SHARES.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), disqualified individuals shall be treated as owning deemed-owned shares.

''(4) DISQUALIFIED INDIVIDUAL.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'disqualified individual' means any individual who is a participant or beneficiary under the employee stock ownership plan if—

''(i) the aggregate number of deemed-owned shares of such individual and the members of the individual's family is at least 20 percent of the number of outstanding shares of stock in the S corporation constituting employer securities of such plan, or

''(ii) if such individual is not described in clause (i), the number of deemed-owned shares of such individual is at least 10 percent of the number of outstanding shares of stock in such corporation.

''(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified individual described in subparagraph (A)(i), any member of the individual's family with deemed-owned shares shall be treated as a disqualified individual if not otherwise a disqualified individual under subparagraph (A).

''(C) DEEMED-OWNED SHARES.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any participant or beneficiary under the employee stock ownership plan—

''(I) the stock in the S corporation constituting employer securities of such plan which is allocated to such participant or beneficiary under the plan, and

''(II) such participant's or beneficiary's share of the stock in such corporation which is held by such trust but which is not allocated under the plan to employees.

''(ii) INDIVIDUAL'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), an individual's share of unallocated S corporation stock held by the trust is the amount of the unallocated stock which would be allocated to such individual if the unallocated stock were allocated to individuals in the same proportions as the most recent stock allocation under the plan.

''(D) MEMBER OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect to any individual—

''(i) the spouse of the individual,

''(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

''(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

''(iv) the spouse of any person described in clause (ii) or (iii).

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

''(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(1).

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations providing for the treatment of any stock option, restricted stock, stock appreciation right, phantom stock unit, performance unit, or similar instrument granted by an S corporation as stock or not stock.''

(b) EXCISE TAX.—

(1) IN GENERAL.—Section 4979A(b) (defining prohibited allocation) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) any allocation of employer securities which violates the provisions of section 409(p).''

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended by adding at the end the following new sentence: ''In the case of a prohibited allocation described in subsection (b)(3), such tax shall be paid by the S corporation the stock in which was allocated in violation of section 409(p).''

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 14, 1999, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the Internal Revenue Code of 1986 is not in effect on such date,

the amendments made by this section shall apply to plan years ending after July 14, 1999.

SEC. 1118. MODIFICATION OF ANTI-ABUSE RULES RELATED TO ASSUMPTION OF LIABILITY.

(a) IN GENERAL.—Section 357(b)(1) (relating to tax avoidance purpose) is amended—

(1) by striking ''the principal purpose'' and inserting ''a principal purpose'', and

(2) by striking ''on the exchange'' in subparagraph (A).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to assumptions of liability after July 14, 1999.

SEC. 1119. ALLOCATION OF BASIS ON TRANSFERS OF INTANGIBLES IN CERTAIN NONRECOGNITION TRANSACTIONS.

(a) TRANSFERS TO CORPORATIONS.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) TREATMENT OF TRANSFERS OF INTANGIBLE PROPERTY.—

''(1) TRANSFERS OF LESS THAN ALL SUBSTANTIAL RIGHTS.

''(A) IN GENERAL.—A transfer of an interest in intangible property (as defined in section 936(h)(3)(B)) shall be treated under this section as a transfer of property even if the transfer is of less than all of the substantial rights of the transferor in the property.

''(B) ALLOCATION OF BASIS.—In the case of a transfer of less than all of the substantial rights of the transferor in the intangible property, the transferor's basis immediately before the transfer shall be allocated among the rights retained by the transferor and the rights transferred on the basis of their respective fair market values.

''(2) NONRECOGNITION NOT TO APPLY TO INTANGIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—This section shall not apply to a transfer of intangible property developed by the transferor or any related person if such development was pursuant to an arrangement with the transferee.''

(b) TRANSFERS TO PARTNERSHIPS.—Subsection (d) of section 721 is amended to read as follows:

''(d) TRANSFERS OF INTANGIBLE PROPERTY.—

''(1) IN GENERAL.—Rules similar to the rules of section 351(h) shall apply for purposes of this section.

''(2) TRANSFERS TO FOREIGN PARTNERSHIPS.—For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers on or after the date of the enactment of this Act.

SEC. 1120. 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 (1)); and''.

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

''(1) 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 corporation annually increases the value of its real estate assets by at least 10 percent.

''(vi) 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.—

''(i) IN GENERAL.—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, except that the REIT may, subject to clauses (ii), (iii), and (iv), elect to extend such period for an additional 2 taxable years.

''(ii) GOING PUBLIC TRANSACTION.—A REIT may not elect to extend the eligibility period under clause (i) unless it enters into an agreement with the Secretary 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.

''(iii) RETURNS, INTEREST, AND NOTICE.—

''(I) RETURNS.—In the event the corporation ceases to be treated as a REIT by operation of clause (ii), the corporation shall file any appropriate amended returns reflecting the change in status within 3 months of the close of the extended eligibility period.

''(II) INTEREST.—Interest shall be payable on any tax imposed by reason of clause (ii) for any taxable year but, unless there was a finding under subparagraph (D), no substantial underpayment penalties shall be imposed.

''(III) NOTICE.—The corporation shall, at the same time it files its returns under subclause (I), 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.

''(IV) REGULATIONS.—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.

''(iv) Clauses (ii) and (iii) 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 if the corporation is not a controlled entity as of the beginning of 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 shall 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 14, 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 14, 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. 1121. DISTRIBUTIONS TO A CORPORATE PARTNER OF STOCK IN ANOTHER CORPORATION.

(a) IN GENERAL.—Section 732 (relating to basis of distributed property other than money) is amended by adding at the end the following new subsection:

''(f) CORRESPONDING ADJUSTMENT TO BASIS OF ASSETS OF A DISTRIBUTED CORPORATION CONTROLLED BY A CORPORATE PARTNER.—

''(1) IN GENERAL.—If—

''(A) a corporation (hereafter in this subsection referred to as the 'corporate partner') receives a distribution from a partnership of stock in another corporation (hereafter in this subsection referred to as the 'distributed corporation'),

''(B) the corporate partner has control of the distributed corporation immediately after the distribution or at any time thereafter, and

''(C) the partnership's adjusted basis in such stock immediately before the distribution exceeded the corporate partner's adjusted basis in such stock immediately after the distribution,

then an amount equal to such excess shall be applied to reduce (in accordance with subsection (c)) the basis of property held by the distributed corporation at such time (or, if the corporate partner does not control the distributed corporation at such time, at the time the corporate partner first has such control).

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS BEFORE CONTROL ACQUIRED.—Paragraph (1) shall not apply to any distribution of stock in the distributed corporation if—

''(A) the corporate partner does not have control of such corporation immediately after such distribution, and

''(B) the corporate partner establishes to the satisfaction of the Secretary that such distribution was not part of a plan or arrangement to acquire control of the distributed corporation.

''(3) LIMITATIONS ON BASIS REDUCTION.—

''(A) IN GENERAL.—The amount of the reduction under paragraph (1) shall not exceed the amount by which the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds the corporate partner's adjusted basis in the stock of the distributed corporation.

''(B) REDUCTION NOT TO EXCEED ADJUSTED BASIS OF PROPERTY.—No reduction under paragraph (1) in the basis of any property shall exceed the adjusted basis of such property (determined without regard to such reduction).

''(4) GAIN RECOGNITION WHERE REDUCTION LIMITED.—If the amount of any reduction under paragraph (1) (determined after the application of paragraph (3)(A)) exceeds the aggregate adjusted bases of the property of the distributed corporation—

''(A) such excess shall be recognized by the corporate partner as long-term capital gain, and

''(B) the corporate partner's adjusted basis in the stock of the distributed corporation shall be increased by such excess.

''(5) CONTROL.—For purposes of this subsection, the term 'control' means ownership of stock meeting the requirements of section 1504(a)(2).

''(6) INDIRECT DISTRIBUTIONS.—For purposes of paragraph (1), if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined

in whole or in part by reference to subsection (a)(2) or (b), the corporation shall be treated as receiving a distribution of such stock from a partnership.

''(7) SPECIAL RULE FOR STOCK IN CONTROLLED CORPORATION.—If the property held by a distributed corporation is stock in a corporation which the distributed corporation controls, this subsection shall be applied to reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

''(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after July 14, 1999.

TITLE XII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 1201. SUNSET OF PROVISIONS OF ACT.

All provisions of, and amendments made by, this Act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

FRIST AMENDMENT NO. 1443

(Ordered to lie on the table.)

Mr. FRIST submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 32, between lines 14 and 15, insert the following:

SEC. 207. MODIFICATION OF TAX RATES FOR TRUSTS FOR INDIVIDUALS WHO ARE DISABLED.

(a) IN GENERAL.—Section 1(e) (relating to tax imposed on estates and trusts) is amended to read as follows:

''(e) ESTATES AND TRUSTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), there is hereby imposed on the taxable income of—

''(A) every estate, and

''(B) every trust,

taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $1,500	15% of taxable income.
Over $1,500 but not over $3,500.	$225, plus 28% of the excess over $1,500.
Over $3,500 but not over $5,500.	$785, plus 31% of the excess over $3,500.
Over $5,500 but not over $7,500.	$1,405, plus 36% of the excess over $5,500.
Over $7,500	$2,125, plus 39.6% of the excess over $7,500.

''(2) SPECIAL RULE FOR TRUSTS FOR DISABLED INDIVIDUALS.—

''(A) IN GENERAL.—There is hereby imposed on the taxable income of an eligible trust taxable under this subsection a tax determined in the same manner as under subsection (c).

''(B) ELIGIBLE TRUST.—For purposes of subparagraph (A), a trust shall be treated as an eligible trust for any taxable year if, at all times during such year during which the trust is in existence, the exclusive purpose of the trust is to provide reasonable amounts for the support and maintenance of 1 or more beneficiaries each of whom is permanently and totally disabled (within the meaning of section 22(e)(3)). A trust shall not fail to meet the requirements of this subparagraph merely because the corpus of the trust may revert to the grantor or a member of the grantor's family upon the death of the beneficiary.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

On page 270, line 18, strike ''2003'' and insert ''2004''.

On page 273, line 21, strike ''2003'' and insert ''2004''.

On page 275, line 12, strike ''2003'' and insert ''2004''.

SESSIONS (AND OTHERS) AMENDMENT NO. 1444

(Ordered to lie on the table.)

Mr. SESSIONS (for himself, Mr. COVERDELL, and Mr. CRAIG) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. 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 amendments made by this section shall apply to sales after the date of the enactment of this Act.

COVERDELL (AND COLLINS) AMENDMENT NO. 1445

(Ordered to lie on the table.)

Mr. COVERDELL (for himself and Ms. COLLINS) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, and insert:

SEC. ___. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking ''and'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', and'', and by adding at the end the following new paragraph:

''(13) any deduction allowable for the qualified incidental expenses of an eligible teacher.''

(b) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

''(g) QUALIFIED INCIDENTAL EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

''(1) QUALIFIED INCIDENTAL EXPENSES.—

''(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $250 for any taxable year—

''(i) for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher, and

''(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

''(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.

''(2) ELIGIBLE TEACHER.—

''(A) IN GENERAL.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

''(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. ___. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

Section 127(d) (relating to termination of exclusion for educational assistance programs), as amended by this Act, is amended by striking ''December 31, and inserting ''December 31, 2005''.

COLLINS (AND COVERDELL) AMENDMENTS NO. 1446–1447

(Ordered to lie on the table.)

Ms. COLLINS (for herself and Mr. COVERDELL) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1446

On page 371, between lines 16 and 17, insert the following:

SEC. ___. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES DEDUCTION.—

(1) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking ''and'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', and'', and by adding at the end the following new paragraph:

''(13) any deduction allowable for the qualified professional development expenses of an eligible teacher.''

(2) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

''(g) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

''(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

''(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses—

''(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

''(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

''(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

''(i) is—

''(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

''(II) a professional conference, and

''(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

''(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

''(2) ELIGIBLE TEACHER.—

''(A) IN GENERAL.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

''(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.''

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

(b) QUALIFIED INCIDENTAL EXPENSES.—

(1) IN GENERAL.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking ''and'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

''(ii) for qualified incidental expenses, and''.

(2) DEFINITION.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

''(3) QUALIFIED INCIDENTAL EXPENSES.—

''(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $125 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

''(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.''

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

AMENDMENT NO. 1447

On page 371, between lines 16 and 17, insert the following:

SEC. ___. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES DEDUCTION.—

(1) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking ''and'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', and'', and by adding at the end the following new paragraph:

''(13) any deduction allowable for the qualified professional development expenses of an eligible teacher.''

(2) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

''(g) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

''(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

''(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses—

''(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

''(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

''(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

''(i) is—

''(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

''(II) a professional conference, and

''(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

''(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

''(2) ELIGIBLE TEACHER.—

''(A) IN GENERAL.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

''(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.''

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(b) QUALIFIED INCIDENTAL EXPENSES.—

(1) IN GENERAL.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking ''and'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

''(ii) for qualified incidental expenses, and''.

(2) DEFINITION.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

''(3) QUALIFIED INCIDENTAL EXPENSES.—

''(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $250 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

''(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.''

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004, and ending before December 31, 2007.

On page 37, strike lines 3 through 12 and insert the following:

(a) PHASEOUT OF AGI LIMIT ON CONTRIBUTIONS.—

(1) IN GENERAL.—Section 408A(c)(3)(A) (relating to dollar limit) is amended to read as follows:

''(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year with respect to a taxpayer shall be zero for any taxable year to which the contribution relates if the taxpayer's adjusted gross income exceeds $500,000.''

(2) REPEAL.—Section 408A(c)(3) (relating to limits based on modified adjusted gross income) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(b) INCREASE IN AGI LIMIT FOR ROLLOVER CONTRIBUTIONS.—Section 408A(c)(3)(B) (relating to rollover from IRA) is amended to read as follows:

''(B) ROLLOVER FROM IRA.—A taxpayer

On page 38, after line 24, add the following:

(4) REPEAL OF CONTRIBUTION LIMIT.—The amendment made by subsection (a)(2) shall apply to taxable years beginning after December 31, 2003.

COLLINS AMENDMENTS NOS. 1448–1449

(Ordered to lie on the table.)

Ms. COLLINS submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1448

On page 371, between lines 16 and 17, insert:

SEC. ___. ELECTRIC UTILITY DIVESTITURES.

Section 1033 (relating to involuntary conversions) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following:

''(k) STATE-REQUIRED ELECTRIC UTILITY DIVESTITURES TO CARRY OUT COMPETITIVE RESTRUCTURING POLICIES.—

''(1) GENERAL RULE FOR INVOLUNTARY CONVERSION TREATMENT.—For purposes of this subtitle, if a taxpayer elects the application of this subsection to all or part of a qualified sale, such sale or part thereof shall be treated as an involuntary conversion to which this section applies.

''(2) QUALIFIED SALE.—For purposes of paragraph (1), the term 'qualified sale' means a sale by an electric utility of non-nuclear electric generation property, or a sale of stock in a corporation owning non-nuclear electric generation property, if the following occurs:

''(A) STATE DIVESTITURE REQUIREMENT.—The State, by legislative enactment, specifically requires such sale, of all non-nuclear generating capacity in such utility's service area not later than March 1, 2000, and prohibits such utility (or related party) from acquiring non-nuclear generating capacity within such service area at anytime after March 1, 2000, in order to effectuate the competitive restructuring of the electric industry in such State.

''(B) CONSUMER BENEFIT.—The State provides that the benefit from a deferral of tax under this subsection shall inure solely to utility customers.

''(C) COVERED SALES.—Such sale is consummated after April 1, 1999, and before March 2, 2000.

''(3) SIMILAR OR RELATED PROPERTY.—For purposes of subsection (a), property is similar or related in service or use to electric generation property so converted if it is—

''(A) electric generation property not required by a State to be divested, or electric transmission or distribution property,

''(B) other electric industry property,

''(C) natural gas utility property, or

''(D) steam industry property.

''(4) ONE ITEM OF PROPERTY.—Any sale of electric generation property under paragraph (2) shall be treated as a sale of a single item of property, and any property described in paragraph (3) shall be treated as property similar or related in use to such single item of property.

''(5) TEN-YEAR REPLACEMENT PERIOD.—In the case of an involuntary conversion described in paragraph (1), subsection (a)(2)(B)(i) shall be applied by substituting '10 years' for '2 years.'

''(6) GAIN RECOGNIZED IN YEAR CONVERSION IS REALIZED.—In the case of an involuntary conversion under paragraph (1)—

''(A) the gain shall be recognized in the year the conversion is realized, except to the extent that the property is replaced under subsection (a),

''(B) during the replacement period under paragraph (5), the taxpayer may use a one-year life for all assets described in paragraph (3) that are placed in service subject to the limitation in subparagraph (C), and

''(C) the total amount of similar or related property additions subject to such one-year life shall not exceed the total gain recognized under subparagraph (A).

''(7) NORMALIZATION RULES.—With respect to public utility property described in 168(i)(10), the Secretary shall prescribe the requirements of a normalization method of accounting for this subsection.''

Beginning on page 285, strike line 21 and all that follows through page 286, line 6.

AMENDMENT NO. 1449

On page 378, between lines 14 and 15, insert:

SEC. 1205A. TECHNICAL AMENDMENT.

(a) IN GENERAL.—Section 45(c)(3)(C), as amended by section 1205(a) of this Act, is amended by inserting ''or leased'' after ''owned''.

(b) REVENUE OFFSET.—The Secretary of the Treasury shall adjust the effective dates of the phase-in of the applicable dollar amounts in section 2503(b)(2), as amended by section 721(a)(2) of this Act, as necessary to offset the decrease in revenues to the Treasury resulting from the amendment made by subsection (a).

SANTORUM AMENDMENTS NOS. 1450–1451

(Ordered to lie on the table.)

Mr. SANTORUM submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1450

On page 140, between lines 15 and 16, insert the following:

SEC. ___ TRANSFER OF EXCESS PENSION ASSETS TO STOCK BONUS PLANS.

(a) IN GENERAL.—Subpart E of part I of subchapter D of chapter 1 (relating to treatment of transfers to retiree health accounts) is amended by adding at the end the following new section:

''SEC. 420A. TRANSFER OF EXCESS PENSION ASSETS TO STOCK BONUS PLAN.

''(a) GENERAL RULE.—If there is a qualified stock bonus transfer of any excess pension assets of a defined benefit plan (other than a multiemployer plan)—

''(1) a trust which is part of such plan shall not be treated as failing to meet the requirements of section 401(a) solely by reason of such transfer (or any action authorized under this section),

''(2) no amount shall be includible in the gross income of the employer maintaining the plan solely by reason of such transfer,

''(3) no deduction shall be allowed to the employer by reason of such transfer, and

''(4) such transfer shall not be treated—

''(A) as an employer reversion for purposes of section 4980, or

''(B) as a prohibited transaction for purposes of section 4975.

''(b) QUALIFIED STOCK BONUS TRANSFER.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified stock bonus transfer' means a transfer after the date of the enactment of this section and before January 1, 2001—

''(A) of excess pension assets of a defined benefit plan maintained by an employer to a stock bonus plan maintained by such employer,

''(B) which does not contravene any other provision of law, and

''(C) with respect to which the requirements of subsections (c) and (d) are met.

''(2) ONLY 1 TRANSFER.—No more than 1 transfer with respect to any plan may be treated as a qualified stock bonus transfer for purposes of this section.

''(c) REQUIREMENTS RELATING TO STOCK BONUS PLAN.—For purposes of subsection (b)(1)(C), the requirements of this subsection are met if the stock bonus plan to which the excess pension assets are transferred—

''(1) covers at least 95 percent of the active participants in the defined benefit plan immediately before the date of the transfer,

''(2) uses the entire amount transferred (and any income allocable to such amount) to purchase employer securities (as defined in section 409(l)) of the employer maintaining the stock bonus plan, and

''(3) allocates such securities in a uniform manner to the accounts of participants in the stock bonus plan who were active participants in the defined benefit plan immediately before the date of the transfer, but only if such allocation is made—

''(A) no less rapidly than ratably over the 7-plan year period beginning with the plan year in which the transfer was made, and

''(B) on the basis of the ratio which the nonforfeitable accrued benefit of each such participant bears to the sum of such benefits for all such participants.

''(d) REQUIREMENTS FOR DEFINED BENEFIT PLAN.—For purposes of subsection (b)(1)(C), the requirements of this subsection are met if the defined benefit plan from which the excess pension assets are transferred—

''(1) provides that the accrued pension benefits of any participant or beneficiary under the plan become nonforfeitable in the same manner which would be required if the plan had terminated immediately before the qualified stock bonus transfer, and

''(2) provides that it may not be terminated before the close of the 5th plan year following the plan year in which the transfer occurred.

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

''(1) EXCESS PENSION ASSETS.—The term 'excess pension assets' has the meaning given such term by section 420(e)(2).

''(2) COORDINATION WITH SECTION 412.—A rule similar to the rule of section 420(e)(4) shall apply.''

(b) CONFORMING AMENDMENTS.—

(1) The heading for subpart E of part I of subchapter D of chapter 1 is amended by striking **''to Retiree Health Accounts''** and inserting **''of Excess Pension Assets''.**

(2) The table of sections for subpart E of part I of subchapter D is amended by adding at the end the following new item:

''Sec. 420A. Transfer of excess pension assets to stock bonus plan.''

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

AMENDMENT NO. 1451

At the end, add the following:

DIVISION B—EMPLOYEE WELFARE BENEFIT EQUITY

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

(a) SHORT TITLE.—This division may be cited as the ''Employee Welfare Benefit Equity Act of 1999''.

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents; amendment to 1986 Code.

TITLE I—CERTAIN WELFARE BENEFIT PLANS

Sec. 101. Modification Of Definition Of Ten-Or-More Employer Plan

Sec. 102. Clarification Of Deduction Limits For Certain Collectively Bargained Plans

Sec. 103. Clarifications of Standards for Section 501(c)(9) approval

Sec. 104. Effective Date.

TITLE II—ENFORCEMENT PROVISIONS

Sec. 201. Clarification Of Section 4976

Sec. 202. Effective Date.

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

TITLE I—CERTAIN WELFARE BENEFITS PLANS

SEC. 101. MODIFICATION OF DEFINITION OF TEN-OR-MORE EMPLOYER PLAN

(a) ADDITIONAL REQUIREMENTS.—Paragraph (6)(B) of section 419A(f) (relating to the exception for 10 or more employer plans) is hereby amended by substituting ''employers, and'' for ''employers.'' at the end of clause (ii), and adding the following clauses:

''(iii) which complies with the requirements of section 505(b)(1) with respect to all benefits provided by the plan, and

(iv) which has obtained a favorable determination from the Internal Revenue Service that such plan (or a predecessor plan) is an organization described in section 501(c)(9), and

(v) which does not permit any severance pay benefit.

(b) CLARIFICATION OF EXPERIENCE RATING.—Paragraph (6)(A) of section 419A (relating to the exception for 10 or more employer plans) is hereby amended by striking the second sentence thereof, and inserting the following:

''The preceding sentence shall not apply to any plan which is an experience-rated plan. A guaranteed benefit plan shall not be considered an experience-rated plan.

(i) For purposes of this subparagraph, the term ''experience-rated plan'' is a plan which determines contributions by individual employers on the basis of experience-rating.

(ii) For purposes of this subparagraph, the term ''experience-rating'' means calculating contributions on the basis of actual gain or loss experience.

(iii) the term ''guaranteed benefit plan'' means a plan whose benefits are funded with

insurance contracts or are otherwise determinable and payable to a participant without reference to, or limitation by, the amount of contributions to the plan attributable to any contributing employer; provided, however, that a plan shall not fail to be a guaranteed benefit plan if benefits may be limited or denied in the event a contributing employer fails to pay premiums or assessments demanded by the plan as a condition of continued participation.''

SEC. 102. CLARIFICATION OF DEDUCTION LIMITS FOR CERTAIN COLLECTIVELY BARGAINED PLANS

(a) ADDITIONAL REQUIREMENTS.—Paragraphs (5)(B) of section 419A(f) (relating to the deductions limits for certain collectively bargained plans) is hereby amended by adding thereto the following clauses:

''(iii) Paragraph (5)(B) shall not apply to any plan maintained pursuant to an agreement between employee representatives and I or more employers unless and until the taxpayer applies for and the Secretary issues a determination that such agreement is a bona fide collective bargaining agreement and that the welfare benefits provided thereunder were the subject of good faith bargaining between employee representatives and such employer or employers. The Secretary is authorized to promulgate regulations designed to carry out the intention of this provision.

SEC. 103. CLARIFICATION OF STANDARDS FOR SECTION 501(c)(9) APPROVAL.

(a) Section 505 is amended by adding thereto the following subsection.

''(d) CLARIFICATION OF STANDARDS FOR EXEMPTION.—

(1) MEMBERSHIP.—An organization shall not fail to be treated as an organization described in paragraph (9) of section 501(c) if its membership includes employees or other allowable participants who—

(a) reside or work in different geographic locales, or

(b) do not work in the same industrial or employment classification.

(2) FUNDING.—Life insurance and other benefits provided by an organization described paragraph (9) of section 501(c) or other welfare benefit fund shall not be deemed discriminatory merely because they are funded with different types of products contracts, investments, or other funding methods of varying costs; provided, that such benefits otherwise comply with subsection (b).

SEC. 104. EFFECTIVE DATE.

(a) The amendments to be made by this Act are effective with respect to contributions to a welfare benefit fund made after June 9, 1999.

TITLE II—ENFORCEMENT PROVISIONS

SEC. 201. CLARIFICATION OF SECTION 4976

(a) ANTI-ABUSE PROVISIONS.—Section 4976 (relating to excise taxes with respect to funded welfare benefit plans) is amended to read as follows:

''(a) General rule—If—

(1) an employer maintains a welfare benefit fund, and

(2) there is a disqualified benefit provided or funded during any taxable year, or

(3) there is a premature termination of such plan,

there is hereby imposed on such employer a tax equal to (i) 100 percent of such disqualified benefit, or (ii) 100 percent of the amount deemed to fund the disqualified benefit, or (iii) 100 percent of all amounts contributed to such plan prior to the date of premature termination.

(b) Disqualified benefit—For purposes of subsection (a)—

(1) In general—The term ''disqualified benefit'' means—

(A) any post-retirement medical benefit or life insurance benefit provided with respect to a key employee if a separate account is required to be established for such employee under section 419A(d) and such payment is not from such account,

(B) any post-retirement medical benefit or life insurance benefit provided or funded with respect to an individual in whose favor discrimination is prohibited unless the plan meets the requirements of section 505(b) with respect to such benefit (whether or not such requirements apply to such plan), and

(C) any portion of a welfare benefit fund reverting to the benefit of the employer.

(2) Exception for collective bargaining plans—Paragraph (1)(b) shall not apply to any plan maintained pursuant to an agreement between employee representatives and 1 or more employers if the Secretary finds that such agreement is a collective bargaining agreement and that the benefits referred to in paragraph (1)(B) were the subject of good faith bargaining between such employee representatives and such employer or employers.

(3) Exception for nondeductible contributions—Paragraph (1)(C) shall not apply to any amount attributable to a contribution to the fund which is not allowable as a deduction under section 419 for the taxable year or any prior taxable year (and such contribution shall not be included in any carryover under section 419(d)).

(4) Exception for certain amounts charged against existing reserve—Subparagraphs (A) and (B) of paragraph (1) shall not apply to post-retirement benefits charged against an existing reserve for post-retirement medical or life insurance benefits (as defined in section 512(a)(3)(E)) or charged against the income on such reserve.

(c) Premature termination—For purposes of subsectioin (a)—

(1) In general—The term ''premature termination'' means a termination event which occurs on or before 6 years after adoption, creation, or the first contribution to a welfare benefit fund which benefits any highly compensated employee.

(2) Exception for insolvency, etc.—Paragraph (1) shall not apply to any termination event which occurs by reason of the insolvency of the employer or for such other reasons as the Secretary may by regulation determine are not likely to result in abuse.

(d) Termination event—For purposes of this section—

(1) In general—The term ''termination event'' means—

(A) the termination of a welfare benefit fund,

(B) the withdrawal of an employer from a welfare benefit fund to which more than one employer contributes, or

(C) any other action which is designed to cause, directly or indirectly, a distribution of any asset from a welfare benefit fund to a highly compensated employee.

(2) Exception for bona fide benefits—Paragraph (1) shall not apply to any bona fide benefit paid from a welfare benefit fund which is available to all employees on a nondiscriminatory basis and payable pursuant to the terms of a written plan.

(3) No severance benefit.—Paragraph (2) shall not apply to a severance benefit.

(d) Definitions—For purposes of this section—

(1) In general—Except as otherwise provided, for purposes of this section, the terms used in this section shall have the same respective meanings as when used in subpart D of part I of subchapter D of chapter 1.

(2) Post-retirement benefit. The term ''post-retirement benefit'' means any benefit or distribution which is reasonably determined to be paid, provided, or made available to a participant on or after normal retirement age.

(3) Normal retirement age. The term ''normal retirement age'' shall have the same meaning as defined in section 3(24) of the Employee Retirement Income Security Act of 1974, but in no event shall such date be later than the latest normal retirement age defined in any qualified retirement plan which benefits such individual.

(4) Presumption in the case of permanent life insurance. In the event a welfare benefit fund provides a life insurance benefit, it shall be presumed that any amount contributed to the fund in excess of the cumulative projected cost of group term insurance for any period prior to normal retirement age is funding a post-retirement benefit.

SEC. 202. EFFECTIVE DATE.

(a) CLARIFICATION—The amendments to Section 4976 made by this Act are clarifications of the statute and shall be applied and enforced as if originally enacted as part of section 511(c) of the Deficit Reduction Act of 1984.

TITLE III—REVENUE OFFSET

Section 1312 of Division A of this Act is null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such section had not been enacted.

DODD (AND JEFFORDS) AMENDMENT NO. 1452

(Ordered to lie on the table.)

Mr. DODD (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by them to the bill. S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. INCREASE IN MANDATORY SPENDING FOR CHILD CARE AND DEVELOPMENT BLOCK GRANT.

Section 418(a)(3) of the Social Security Act (42 U.S.C. 618(a)(3)) is amended—

(1) in subparagraph (E), by striking ''and'' at the end;

(2) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(E) $3,918,000,000 for fiscal year 2002;

''(F) $3,979,000,000 for fiscal year 2003;

''(G) $4,010,000,000 for fiscal year 2004;

''(H) $3,860,000,000 for fiscal year 2005;

''(I) $3,954,000,000 for fiscal year 2006;

''(J) $4,004,000,000 for fiscal year 2007;

''(K) $4,073,000,000 for fiscal year 2008; and

''(L) $4,075,000,000 for fiscal year 2009.''.

On page 226, strike lines 8 through 17, and insert the following:

(a) MAXIMUM RATE OF TAX REDUCED TO 53 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 53% 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) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

BURNS AMENDMENT NO. 1453

(Ordered to lie on the table.)

Mr. BURNS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Beginning on page 374, line 1, strike all through page 378, line 14, and insert:

SEC. 1205. MODIFICATIONS TO BUSINESS CREDIT FOR ELECTRICITY AND FUELS PRODUCED FROM CERTAIN RENEWABLE SOURCES.

(a) IN GENERAL.—Section 45 (relating to credit for electricity produced from certain renewable resources) is amended by adding at the end the following new subsection—

''(e) PRODUCTION OF CLEAN ENERGY FUEL.—

''(1) IN GENERAL.— In the case of the production of clean energy fuel, the credit determined under subsection (a) for any taxable year is an amount equal to the product of—

''(A) one half of the amount described in subsection (a)(l) (taking into account any adjustments under subsection (b)), multiplied by

''(B) the kilowatt hour equivalent of clean energy fuel—

''(i) produced by the taxpayer,

''(ii) at a qualified facility during the 5-year period beginning on the date the facility was originally placed in service, and

''(iii) sold by the taxpayer to an unrelated person during the taxable year.

''(2) OTHER DEFINITIONS.—For purposes of this subsection—

''(A) CLEAN ENERGY FUEL.—The term 'clean energy fuel' means liquid, gaseous, or solid synthetic fuel produced from coal, when the production of such fuel uses technology resulting in a qualified emissions reduction.

''(B) KILOWATT HOUR EQUIVALENT.—The term 'kilowatt hour equivalent' means the amount of kilowatt hours of electricity equal to the quotient of the Btu content of a domestic clean energy fuel divided by 10,000 Btus.

''(C) QUALIFIED EMISSIONS REDUCTION.—The term 'qualified emissions reduction' includes—

''(i) a reduction of at least 25 percent of sulfur dioxide, nitrogen oxide, and volatile organic compound emission rates (measured in pounds per ton of metallurgical coke produced) from the following 1997 industry average baseline rates for coke oven batteries: 4.6 pounds for sulfur dioxide, 2.98 pounds for nitrogen oxide, and 3.89 pounds for volatile organic compounds, or

''(ii) a reduction of at least 25 percent of the total fuel emissions, including sulfur and nitrogen oxide, released when burning a clean energy fuel (excluding any dilution caused by materials combined or added during the production process), as compared to the emissions released when burning the feedstock coal or comparable conventional fuel predominantly available in the marketplace as of January 1, 1999.

The taxpayer shall maintain records sufficient to substantiate whether its technology results in a qualified emission reduction.

''(D) QUALIFIED FACILITY.—The term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 2001, and before July 1, 2005.

(b) CONFORMING AMENDMENTS.—

(1) Section 45(d) of the Internal Revenue Code of 1986 is amended—

(A) by inserting ''or kilowatt hour equivalent'' after ''electricity'' in paragraph (1),

(B) by inserting ''or kilowatt hour equivalent of clean energy fuel produced'' after ''qualified energy resource'' in subparagraph (C) of paragraph (2), and

(C) by inserting ''or kilowatt hour equivalent'' after ''electricity'' in both places it appears in paragraph (4).

(2) Subsection (d)(3) of section 39 of such Code is amended to read as follows:

''(3) NO CARRYBACK OF RENEWABLE ELECTRICITY PRODUCTION CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the credit determined under section 45 (relating to electricity produced from certain renewable resources) may be carried back to any taxable year ending before—

''(A) except as provided in subparagraph (B) or (C), January 1, 1993,

''(B) January 1, 1994, to the extent such credit is attributable to wind as a qualified energy resource, or

''(C) January 1, 2001, to the extent such credit is attributable to the production of clean energy fuel.''

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

HARKIN (AND OTHERS) AMENDMENT NO. 1454

(Ordered to lie on the table.)

Mr. HARKIN (for himself, Mr. LEAHY, and Mr. REID) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

Amend page 159, line 9, by adding at the end the following new sections:

SECTION . SHORT TITLE.

This Act may be cited as the ''Older Workers Pension Protection Act of 1999''.

SEC. . PREVENTION OF WEARING AWAY OF EMPLOYEE'S ACCRUED BENEFIT.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 411(d)(6) of the Internal Revenue Code of 1986 (relating to accrued benefit may not be decreased by amendment) is amended by adding at the end the following new subparagraph:

''(D) TREATMENT OF PLAN AMENDMENTS WEARING AWAY ACCRUED BENEFIT.—

''(i) IN GENERAL.—For purposes of subparagraph (A), a plan amendment adopted by a large defined benefit plan shall be treated as reducing accrued benefits of a participant if, under the terms of the plan after the adoption of the amendment, the accrued benefit of the participant may at any time be less than the sum of—

''(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect immediately before the effective date, plus

''(II) the participant's accrued benefit determined under the formula applicable to benefit accruals under the current plan as applied to years of service after such effective date.

''(ii) LARGE DEFINED BENEFIT PLAN.—For purposes of this subparagraph, the term 'large defined benefit plan' means any defined benefit plan which had 100 or more participants who had accrued a benefit 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.

''(iii) PROTECTED ACCRUED BENEFIT.—For purposes of this subparagraph, an accrued benefit shall include any early retirement benefit or retirement-type subsidy (within the meaning of subparagraph (B)(i)), but only with respect to a participant who satisfies (either before or after the effective date of the amendment) the conditions for the benefit or subsidy under the terms of the plan as in effect immediately before such date.''

(b) AMENDMENT OF ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new paragraph:

''(4)(A) For purposes of paragraph (1), a plan amendment adopted by a large defined benefit plan shall be treated as reducing accrued benefits of a participant if, under the terms of the plan after the adoption of the amendment, the accrued benefit of the participant may at any time be less than the sum of—

''(i) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect immediately before the effective date, plus

''(ii) the participant's accrued benefit determined under the formula applicable to benefit accruals under the current plan as applied to years of service after such effective date.

''(B) For purposes of this paragraph, the term 'large defined benefit plan' means any defined benefit plan which had 100 or more participants who had accrued a benefit 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.

''(C) For purposes of this paragraph, an accrued benefit shall include any early retirement benefit or retirement-type subsidy (within the meaning of paragraph (2)(A)), but only with respect to a participant who satisfies (either before or after the effective date of the amendment) the conditions for the benefit or subsidy under the terms of the plan as in effect immediately before such date.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan amendments adopted after June 29, 1999.

ABRAHAM (AND WYDEN) AMENDMENT NO. 1455

Mr. ABRAHAM (for himself and Mr. WYDEN) proposed an amendment to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert:

SEC. ___. EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) EXTENSION OF AGE OF ELIGIBLE COMPUTERS.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking ''2 years'' and inserting ''3 years'', and

(2) by inserting ''for the taxpayer's own use'' after ''constructed by the taxpayer''.

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting '', the person from whom the donor reacquires the property,'' after ''the donor''.

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting ''or reaquired'' after ''acquired''.

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

SEC. ___. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

''(a) GENERAL RULE.—For purposes of section 38, the computer donation credit determined under this section is an amount equal to 30 percent of the qualified computer contributions made by the taxpayer during the taxable year.

''(b) QUALIFIED COMPUTER CONTRIBUTION.—For purposes of this section, the term 'qualified computer contribution' has the meaning given the term 'qualified elementary or secondary educational contribution' by section 170(e)(6)(B), except that—

''(1) such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer, and

''(2) for purposes of clauses (i) and (iv) of section 170(e)(6)(B), such term shall include the contribution of computer technology or equipment to multipurpose senior centers (as defined in section 102(35) of the Older Americans Act of 1965 (42 U.S.C. 3002(35)) to be used by individuals who have attained 60 years of age to improve job skills in computers.

''(c) INCREASED PERCENTAGE FOR CONTRIBUTIONS TO ENTITIES IN EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RESERVATIONS.—In the case of a qualified computer contribution to an entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

''(d) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) and of section 170(e)(6)(A) shall apply.

''(e) TERMINATION.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the New Millennium Classrooms Act.''

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting '', plus'', and by adding at the end the following:

''(14) the computer donation credit determined under section 45E(a).''

(c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF CREDIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

''(d) CREDIT FOR COMPUTER DONATIONS.—No deduction shall be allowed for that portion of the qualified computer contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52.''

(d) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(9) NO CARRYBACK OF COMPUTER DONATION CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph.''

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

''Sec. 45E. Credit for computer donations to schools and senior centers.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

(2) CERTAIN CONTRIBUTIONS.—The amendments made by this section shall apply to contributions made to an organization or entity not described in section 45E(c) of the Internal Revenue Code of 1986, as added by subsection (a), in taxable years beginning after the date that is one year after the date of the enactment of this Act.

ASHCROFT AMENDMENT NO. 1456

(Ordered in lie on the table.)

Mr. ASHCROFT submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Beginning on page 375, line 1, strike all through line 2, page 378, line 6, and insert the following:

''(D) LANDFILL GAS FACILITY.—

''(i) IN GENERAL.—In the case of a facility using landfill gas to produce electricity, the term 'qualified facility' mans any facility of the taxpayer which is originally placed in service after December 31, 1999, and before July 1, 2004.

''(ii) LANDFILL GAS.—In the case of a facility using landfill gas, such term shall include equipment and housing (not including wells and related systems required to collect and transmit gas to the production facility) required to generate electricity which are owned by the taxpayer and so placed in service.

''(E) SPECIAL RULE.—In the case of a qualified facility described in subparagraph (C), the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than January 1, 2000.''

(b) EXPANSION OF QUALIFIED ENERGY RESOURCES.—

(1) IN GENERAL.—Section 45(c)(1) (defining qualified energy resources) is amended by striking 'and' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

''(C) biomass (other than closed-loop biomass), and

''(B) landfill gas.

''(2) DEFINITIONS.—Section 45(c) is amended by redesignating paragraph (3) as paragraph (6) and inserting after paragraph (2) the following new paragraphs:

''(3) BIOMASS.—The term 'biomass' means any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

''(A) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

''(B) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage) or paper that is commonly recycled, or

''(C) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

''(4) LANDFILL GAS.—The term 'landfill gas' means gas from the decomposition of any household solid waste, commercial solid waste, and industrial solid waste disposed of in a municipal solid waste landfill unit (as such terms are defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

''(c) SPECIAL RULES.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end of the following new paragraph:

''(6) PROPORTIONAL CREDIT FOR FACILITY USING COAL TO CO-FIRE WITH CERTAIN BIOMASS.—In the case of a qualified facility as defined in subsection (c)(3)(C) using coal to co-fire with biomass (other than closed-loop biomass), the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year.''

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

ASHCROFT AMENDMENT NO. 1457

Ordered to lie on the table.)

Mr. ASHCROFT submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Social Security and Medicare Safe Deposit Box Act of 1999''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) the Congress and the President joined together to enact the Balanced Budget Act of 1997 to end decades of deficit spending;

(2) strong economic growth and fiscal discipline have resulted in strong revenue growth into the Treasury;

(3) the combination of these factors is expected to enable the Government to balance its budget without the Social Security surpluses;

(4) the Congress has chosen to allocate in this Act all Social Security surpluses toward saving Social Security and Medicare;

(5) amounts so allocated are even greater than those reserved for Social Security and Medicare in the President's budget, will not require an increase in the statutory debt limit, and will reduce debt held by the public until Social Security and Medicare reform is enacted; and

(6) this strict enforcement is needed to lock away the amounts necessary for legislation to save Social Security and Medicare.

(b) PURPOSE—It is the purpose of this Act to prohibit the use of Social Security surpluses for any purpose other than reforming Social Security and Medicare.

SEC. 3. PROTECTION OF SOCIAL SECURITY SURPLUSES.

(a) POINTS OF ORDER TO PROTECT SOCIAL SECURITY SURPLUSES.—Section 312 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

''(g) POINTS OF ORDER TO PROTECT SOCIAL SECURITY SURPLUSES.—

''(1) CONCURRENT RESOLUTIONS ON THE BUDGET.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget, or conference report thereon or amendment thereto, that would set forth an on-budget deficit for any fiscal year.

''(2) SUBSEQUENT LEGISLATION.—It shall not be order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report if—

''(A) the enactment of that bill or resolution as reported;

''(B) the adoption and enactment of that amendment; or

''(C) the enactment of that bill or resolution in the form recommended in that conference report,

would cause or increase an on-budget deficit for any fiscal year.

''(3) EXCEPTION.—The point of order set forth in paragraph (2) shall not apply to Social Security reform legislation or Medicare reform legislation as defined by section 5(c) of the Social Security and Medicare Safe Deposit Box Act of 1999.

''(4) DEFINITION.—For purposes of this section, the term 'on-budget deficit', when applied to a fiscal year, means the deficit in the budget as set forth in the most recently agreed to concurrent resolution on the budget pursuant to section 301(a)(3) for that fiscal year.''.

(b) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 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) the receipts, outlays, and surplus or deficit in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, combined, established by title II of the Social Security Act,''.

(c) SUPER MAJORITY REQUIREMENT.—(1) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting ''312(g),'' and ''310(d)(2),''.

(2) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting ''312(g),'' after ''310(d)(2),''.

SEC. 4. REMOVING SOCIAL SECURITY FROM BUDGET PRONOUNCEMENTS.

(a) IN GENERAL.—Any official statement issued by the Office of Management and Budget, the Congressional Budget Office, or any other agency or instrumentality of the Federal Government of surplus or deficit totals of the budget of the United States Government as submitted by the President or of the surplus or deficit totals of the congressional budget, and any description of, or reference to, such totals in any official publication or material issued by either of such Offices or any other such agency or instrumentality, shall exclude the outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act (including the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund) and the related provisions of the Internal Revenue Code of 1986.

(b) SEPARATE SOCIAL SECURITY BUDGET DOCUMENTS.—The excluded outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act shall be submitted in separate Social Security budget documents.

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—This Act shall take effect upon the date of its enactment and the amendments made by this Act shall apply only to fiscal year 2000 and subsequent fiscal years.

(b) EXPIRATION.—Sections 301(a)(6) and 312(g) shall expire upon the enactment of Social Security reform legislation and Medicare reform legislation.

(c) DEFINITIONS.—

(1) SOCIAL SECURITY REFORM LEGISLATION.—The term ''Social Security reform legislation'' means a bill or a joint resolution that is enacted into law and includes a provision stating the following: ''For purposes of the Social Security and Medicare Safe Deposit Box Act of 1999, this Act constitutes Social Security reform legislation.''.

(2) The term ''Medicare reform legislation'' means a bill or a joint resolution that is enacted into law and includes a provision stating the following: ''For purposes of the Social Security and Medicare Safe Deposit Box Act of 1999, this Act constitutes Medicare reform legislation.''.

COVERDELL (AND TORRICELLI) AMENDMENT NO. 1458

(Ordered to lie on the table.)

Mr. COVERDELL (for himself and Mr. TORRICELLI) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the end of title XI, insert the following:

SEC. . SENSE OF THE SENATE REGARDING SAVINGS INCENTIVES.

It is the sense of the Senate that before December 31, 1999, Congress should pass legislation that creates savings incentives by providing a partial Federal income tax exclusion for income derived from interest and dividends of no less than $400 for married taxpayers and $200 for single taxpayers.

FITZGERALD AMENDMENT NO. 1459

(Ordered to lie on the table.)

Mr. FITZGERALD submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

Section 162(o) of the Internal Revenue Code of 1986 is revised to read as follows:

(o) TREATMENT OF CERTAIN REIMBURSED EXPENSES OF DELIVERY EMPLOYEES.—

(1) GENERAL RULE.—In the case of any qualified employee who receives qualified reimbursement for the expenses incurred by such employee for the use of a vehicle in performing such services—

(A) The amount allowable as a deduction under this chapter for the use of a vehicle in performing such services shall be equal to the amount of such qualified reimbursements; and

(B) Such qualified reimbursements shall be treated as paid under a reimbursement or other expense allowance for purposes of Section 62(a)(2)(A) (and Section 62(c) shall not apply to such qualified reimbursements).

(2) DEFINITIONS.—For purposes of this subsection—

(A) QUALIFIED EMPLOYEE.—The term ''qualified employee'' means—

(i) RURAL MAIL CARRIER.—Any employee of the United States Postal Service who performs services involving the collection and delivery of mail on a rural route; and

(ii) PRIVATE COURIER.—Any individual who—

(a) is employed by a person that is engaged in the trade or business of transporting property belonging to third parties and that is neither the seller, lessor, or licensor, not the buyer, lessee, or licensee of the property;

(b) operates a qualified vehicle to transport property to perform the duties of his employment; and

(c) does not transport passengers.

(B) QUALIFIED REIMBURSEMENTS.—The term ''qualified reimbursements'' means—

(i) RURAL MAIL CARRIER.—In the case of a rural mail carrier, the amounts paid by the United States Postal Service to an employee as an equipment maintenance allowance under the 1991 Collective Bargaining Agreement between the United States Postal Service and the National Rural Letter Carrier Association and amounts paid as an equipment maintenance allowance by such Postal Service under later collective bargaining agreements that supersede the 1991 agreement, provided such amounts do not exceed the amounts that would have been paid under the 1991 agreement, adjusted for changes in the Consumer Price Index (as defined in Section 1(f)(5)) since 1991; and

(ii) PRIVATE COURIERS.—In the case of a private courier, 54 percent of the amounts paid by the employer as a part of a commission payment arrangement, as reimbursement for business expenses incurred in operating a qualified vehicle.

(C) QUALIFIED VEHICLE.—The term ''Qualified vehicle'' means any automobile, light truck, or van whose gross vehicle weight rating does not exceed 23,500 pounds.

(D) COMMISSION PAYMENT ARRANGEMENT.—The term ''commission payment arrangement'' means the compensation agreement under which a private courier is paid an amount for each delivery equal to a specified percentage of the amount paid by the customer with respect to that delivery, and is not separately reimbursed for any expenses described in subparagraph (2)(B).

STEVENS AMENDMENTS NOS. 1460–1461

(Ordered to lie on the table.)

Mr. STEVENS submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1460

On page 216, line 6 after ''FARM'' insert '', FISHING,''.

On page 216, line 15, after ''eligible farming business'' insert ''or commercial fishing''.

On page 216, line 18, strike ''Farm and Ranch Risk Management Account'' and insert in lieu thereof ''Farm, Fishing, and Ranch Risk Management Account''.

On page 216, line 19 strike ''FARRM'' and insert in lieu thereof ''FFARRM''.

On page 216, line 20, strike ''(b)'' and insert in lieu thereof ''(b)(1)''.

On page 217, line 2, insert ''or commercial fishing'' before the period.

On line 217, between lines 2 and 3 insert the following new paragraph:

''(2) Distributions from a FFARRM Account may not be used to purchase, lease, or finance any new fishing vessel, add capacity to any fishery, or otherwise contribute to the overcapitalization of any fishery. The Secretary of Commerce shall implement regulations to enforce this paragraph.''.

On page 217, line 3, strike ''(c)'' and insert in lieu thereof ''(c)(1)''.

On page 217, between lines 7 and 8 insert the following new paragraph:

''(2) COMMERCIAL FISHING.—For purposes of this section, the term 'commercial fishing' is

defined under Section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).''.

On page 221, line 5, strike ''FARMING''.

On page 221, line 8, insert ''or commercial fishing'' before the comma.

On page 221, line 15, insert ''or commercial fishing'' before the period.

On page 225, strike line 21, and insert in lieu thereof:

''468B the following:

''Sec. 468C. Farm, Fishing and Ranch Risk Management Accounts.''.

AMENDMENT NO. 1461

At the appropriate place, insert the following new section.

SEC. . EXTENSION OF ACCELERATED COST RECOVERY TREATMENT FOR QUALIFIED PROPERTY ON INDIAN RESERVATIONS.

(a) Section 168(j) of the Internal Revenue Code of 1986 (relating to property on Indian reservations) is amended by striking ''December 31, 2003'' at the end of paragraph (1) and inserting ''December 31, 2009''.

BINGAMAN AMENDMENT NO. 1462

(Ordered to lie on the table.)

Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. SENSE OF THE SENATE REGARDING INVESTMENT IN EDUCATION.

(a) FINDINGS.—The Senate finds the following:

(1) The Republican tax plan requires cuts in discretionary spending of $775,000,000,000 over the next 10 years.

(2) If defense programs are funded at the level requested by the President, funding for domestic programs, including those providing funds for public schools, will have to be cut by at least 38 percent by 2009.

(3) Such cuts in funding for public schools would deny—

(A) access to critical early education services to 430,000 of the 835,000 young children who would otherwise be served by Head Start in fiscal year 2009;

(B) services to 5,900,000 children under the program for disadvantaged children under title I of the Elementary and Secondary Education Act of 1965, almost ½ of those who would otherwise be served;

(C) access to Reading Excellence programs to 480,000 children, making those children less likely to reach the goal of being able to read by the end of the third grade; and

(D) the opportunity to learn in smaller classes in the earlier grades to 1,000,000 children.

(4) If discretionary cuts are applied across the board, funding under the Individuals With Disabilities Education Act (IDEA) would be cut by $3,400,000,000 by the year 2009, resulting in a reduction in the Federal share of funding, rather than the increase in funding requested by school boards and administrators across the Nation.

(5) If the Federal share under IDEA is increased from its current level of 10 percent, then other education programs would experience even deeper reductions, denying more children access to services.

(6) The Pell grant, which benefits nearly 4,000,000 students, would have the maximum grant level reduced to $2175, from the current level of $3850.

(7) Such a level in Pell grants would be the lowest level since 1987, and would deny low and middle income students critical financial aid, increasing the cost of attending college.

(8) Nearly 500,000 students would be denied the opportunity to work their way through college with the help of the work-study program.

(9) Nearly 500,000 disadvantaged students would be denied extra help in preparing for college through the TRIO and Gear-up programs.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that $132 million should be shifted from tax breaks that disproportionately benefit upper income taxpayers to sustain our investment in public education and prepare children for the 21st Century, including our investment in programs such as IDEA special education, Pell grant, and Head Start, and to fully fund the class size initiative.

STEVENS AMENDMENT NO. 1463

(Ordered to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 375, redesignate existing subparagraph (E) as subparagraph (F) and insert the following new subparagraph:

''(E) FISHING OPERATION.—In the case of a fishing operation using fish oil to generate heat, the term 'qualified facility' means any facility of the taxpayer placed in service before July 1, 2004.

On page 376, line 9 strike ''and''.

On page 376, line 10 insert at the end ''; and''

''(D) fish oil.''.

On page 377, line 17 after the period insert the following new paragraph:

''(6) FISH OIL.—The term 'fish oil' means fish oil used as an energy source by a taxpayer in connection with the fishing operation of the taxpayer.''.

On page 378, between lines 11 and 12 insert the following new subsections:

''(d) DETERMINATION OF CREDIT FOR FISH OIL.—Section 45(a) of the Internal Revenue Code of 1986 is amended to read as follows:

''(a) GENERAL RULE.—For the purposes of section 38, the renewable energy production credit for any taxable year is an amount equal to the sum of—

''(1) the product of—

''(A) 1.5 cents, multiplied by

''(B) the kilowatt hours of electricity—

''(i) produced by the taxpayer—

''(I) from qualified energy resources, and

''(II) at a qualified facility during the 10 year period beginning on the date the facility was originally placed in service, and

''(ii) sold by the taxpayer to an unrelated person during the taxable year, and

''(2) the product of—

''(A) .0004967 cents, multiplied by

''(B) the Btus of heat generated and used by the taxpayer—

''(i) from qualified energy resources described in subsection (c)(1)(E), and

''(ii) at a qualified facility (including a fishing boat used in the fishing operation of the taxpayer).

''(e) CONFORMING AMENDMENTS.—

(1) Section 38(b)(8) and section 39(d)(3) of the Internal Revenue Code of 1986 are each amended by striking ''electricity'' each place it appears and inserting ''energy''.

(2) The table of contents for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 45 and inserting the following:

''Sec. 45. energy produced for certain renewable resources.''

(3) The heading of section 45 of such Code is amended by striking ''**ELECTRICITY**'' and inserting ''**ENERGY**''.''.

On page 378, line 12 strike ''(d) and insert in lieu thereof ''(f)''.

HATCH (AND OTHERS) AMENDMENT NO. 1464

(Ordered to lie on the table.)

Mr. HATCH (for himself, Mr. MACK, and Mr. COVERDELL) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the appropriate place, insert:

SECTION 1. DETERMINING RENTS FROM REAL PROPERTY.

(a) Section 1022(b) is amended by adding after paragraph (2):

(3) DETERMINING RENTS FROM REAL PROPERTY.—

(A)(i) Paragraph (1) of section 856(d) is amended by striking ''adjusted bases'' in each place that it occurs and inserting ''fair market values'' in each such place.

(ii) The amendment made by this paragraph shall apply to taxable years beginning after December 31, 1999.

(B)(i) Clause (i) of section 856(d)(2)(B) is amended by striking ''number'' and inserting ''value.''

(ii) The amendment made by this paragraph shall apply to amounts received or accrued in taxable years beginning after December 31, 1999, except for amounts paid pursuant to leases in effect on July 12, 1999 or pursuant to a binding contract in effect on such date and at all times thereafter.

(b) Section 1026(b)(1) is amended by adding after subparagraph (B):

(C) LIMITATION ON TRANSITION RULES.—Subparagraph (A) shall cease to apply to securities of a corporation held, acquired, or received, directly or indirectly, by a real estate investment trust as of the first day after July 12, 1999, on which such trust acquires any additional securities of such corporation other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter, or

(ii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

SANTORUM (AND FEINSTEIN) AMENDMENT NO. 1465

(Ordered to lie on the table.)

Mr. SANTORUM (for himself and Mrs. FEINSTEIN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 286, line 18, strike ''2004'' and insert ''2005''.

On page 288, strike line 5 and insert:

(c) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies), as amended by subsection (b), is amended by adding at the end the following new subparagraph:

''(I) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2005, 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 2004' 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.''.

(d) CONFORMING AMENDMENTS.—

On page 288, line 19, strike ''(d)'' and insert ''(e)''.

On page 347, line 13, strike ''2003'' and insert ''2004''.

HOLLINGS AMENDMENT NO. 1466

(Ordered to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Strike all after line 5 on page 1.

FRIST AMENDMENT NO. 1467

(Ordered to lie on the table.)

Mr. FRIST submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of the bill, add the following:

SEC. ___. SENSE OF THE SENATE ON MEDICARE RESERVE FUND.

(a) FINDINGS.—The Senate finds that—

(1) the Congressional budget plan has $505,000,000,000 over ten years in unallocated budget surpluses that could be used for long-term medicare reform, other priorities, or debt reduction;

(2) the Congressional budget resolution for fiscal year 2000 already has set aside $90,000,000,000 over ten years through a reserve fund for long-term medicare reform including prescription drug coverage;

(3) the President estimates that his medicare proposal will cost $46,000,000,000 over 10 years; and

(4) thus the Congressional budget resolution provides more than adequate resources for medicare reform, including prescription drugs.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the unallocated on-budget surpluses over the next 10 years provide adequate resources and that the Congressional budget resolution for fiscal year 2000 provides a sound framework for allocating resources to medicare to modernize medicare benefits, improve the solvency of the program, and improve coverage of prescription drugs; and

(2) Congress should act to accomplish these goals for the medicare program.

SNOWE AMENDMENT NO. 1468

(Ordered to lie on the table.)

Ms. SNOWE submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

On page 32, strike lines 12 through 14, and insert:

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

SEC. ___. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

''SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

''(b) MAXIMUM CREDIT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $1,500.

''(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(A) IN GENERAL.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $50,000 ($80,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this section shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $20,000.

''(B) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 911, 931, and 933.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2005, the $50,000 and $80,000 amounts referred to in subparagraph (A) 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 the calendar year in which the taxable year begins, by substituting '2004' for '1992'.

''(D) ROUNDING.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

''(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

''(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

''(e) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED EDUCATION LOAN.—The term 'qualified education loan' has the meaning given such term by section 221(e)(1).

''(2) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

''(f) SPECIAL RULES.—

''(1) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount taken into account for any deduction under any other provision of this chapter.

''(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703.''

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

''Sec. 25B. Interest on higher education loans.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 25B(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to any loan interest payment due after December 31, 2004.

KYL AMENDMENT NO. 1469

(Ordered to lie on the table.)

Mr. KYL submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Beginning on page 226, line 1, strike through page 237, line 5, and insert:

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 701. 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, 2007.

SEC. 702. 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, 2007, 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, 2007).''

SEC. 703. 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, 2007.

''(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, 2007, 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 Taxpayer Refund 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 Taxpayer Refund 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, 2007.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2007.

Subtitle B—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

SEC. 711. REDUCTIONS OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.

(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) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

SEC. 712. 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, 2004, 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 Taxpayer Refund 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:
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 2004, 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 Taxpayer Refund 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 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 Taxpayer Refund 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 Taxpayer Refund 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 Taxpayer Refund 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 ''the applicable exclusion amount'' 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)(i) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the sum of $1,000,000 and the exemption amount allowable under section 2052, reduced by

''(ii) the amount of tax which would be so imposed if the taxable estate equaled such exemption amount, 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, 2004, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2004.

Subtitle C—Simplification of Generation-Skipping Transfer Tax

ABRAHAM AMENDMENTS NOS. 1470–1471

(Ordered to lie on the table.)

Mr. ABRAHAM submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1470

At the appropriate place, insert the following:

''SECTION . SENSE OF THE SENATE ON CAPITAL GAINS TAX CUTS.

It is the Sense of the Senate that the Senate Conferees to any Conference Committee considering H.R. 2488, shall recede to the House position providing for Capital Gains tax cuts, specifically the capital gains tax cuts provided for in Section 202 of H.R. 2488.

AMENDMENT NO. 1471

Replace the current language with the following provisions:

(1) Raise the 15% income tax rate upper income limit by $10,000 for joint filers, $5,000 for non-joint filers, phased-in as quickly as possible within the limits of the reconciliation instructions, but so as to allow for the inclusion the other proposed provisions;

(2) Allow married couples filing jointly to file single returns on a combined form where income follows ownership, as well as adjusting upwards by at least $2,000 the income bracket for EITC for married couples filing jointly;

(3) Phase-out the estate and gift taxes with a full repeal no later than December 31, 2009;

(4) Exclude the first $500 of interest and dividend income from income taxes, phased-in as quickly as possible within the limits of the reconciliation instructions, but so as to allow for the inclusion the other proposed provisions;

(5) Cut capital gains tax rates from 20% and 10% to 15% and 7.5%, respectively;

(6) Raise the contribution limitation on all Individual Retirement Accounts to $5,000 per year;

(7) Raise the contribution limits for Education Savings Accounts to $2,000 per year;

(8) Increase student loan interest deductibility income limits by at least $10,000, adjust the income limits for married couples filing jointly to twice that of a single taxpayer, use a phase-out range of at least $15,000 for both, and repeal the 60-month rule;

(9) Exclude from taxation distributions for educational expenses from state-sponsored Prepaid Educational Savings Plans, allow tax-deferral on income from private Prepaid Educational Savings plans, phase-in an exclusion of distributions from all plans for educational expenses, and allow tax-free education withdrawals from Prepaid Savings Plans and Education IRAs;

(10) Provide a phased-in, above-the-line, deduction for health insurance expenses for which the taxpayer pays at least 50% of the premium;

(11) Provide an Additional Dependency Deduction to Caretakers to Elderly Family Members;

(12) Provide a phased-in, above-the-line, deduction for long-term care insurance expenses for which the taxpayer pays at least 50% of the premium;

(13) Make the Medical Savings Account program permanent, repeal the $750,000 income cap, allow any employer to provide these accounts, lower the minimum deductible to at least $1,000, $2,000 for family coverage, allow MSA contributions equal to 100% of the deductible, allow both employer and employee contributions, and allow MSAs to be part of cafeteria health plans;

(14) Accelerate the 100% deductibility of health insurance expenses for the self-employed;

(15) Increase small business equipment expensing limitations to $30,000 per year;

(16) Provide a permanent extension of the Research and Development Tax Credit;

(17) Allow farmers and ranchers to contribute up to at least 20% of their annual income to tax-deferred risk management accounts, taxed as regular if withdrawn within no more than five years, and subject to at least a 10% penalty after that, and provide that self-employment taxes are paid upon receipt of the income;

(18) Not exceed the revenue reduction reconciliation instructions contained in H. Con. Res. 68;

(19) Sunset all provisions on some day in 2009.

HUTCHISON (AND OTHERS) AMENDMENT NO. 1472

Mrs. HUTCHISON (for herself, Mr. ASHCROFT, and Mr. BROWNBACK) proposed an amendment to the bill, S. 1429, supra; as follows:

(1) On page 15, line 14, insert the following to paragraph (c):

(A) Twice the dollar amount in effect under subparagraph (C) in the case of—

(i) a joint return for married individuals not filing a combined return under 6013A, or

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

On page 15, line 14, insert the following new paragraph (d) and reorder the remaining paragraphs accordingly:

(d) PHASE-IN.—In the case of taxable years before January 1, 2004—

(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 2002.

(ii) ''1.889 times'' in the case of the taxable year 2003.

(2) Alternative Minimum Tax: Modifications to Section 206:

On page 32, line 3—

Strike ''1998'' and insert ''2000''.

On page 32, line 14—

Strike ''2004'' and insert ''2006.''

(3) AGI Limitations on Contributions to the Roth IRA: Modification to Sections 302:

On page 38, line 18, strike ''2000'' and insert ''2002.

(4) Gift Tax Exclusion: Modification to Section 721:

On page 236, line 11, strike all of Section 721 and insert the following new section;

SEC. 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking ''$10,000'' and inserting ''$20,000.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2004.''

(5) Charitable Contributions for Individuals Who Do Not Itemize; Modifications to Section 808:

On page 262, strike lines 15 through 17 and insert the following new paragraph:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001 and ending before January 1, 2004.

(6) International Tax Provisions: Modifications to Sections 901 and 902:

On page 275, line 12, strike ''2003'' and insert ''2004''.

On page 278, line 13, strike ''2002'' and insert ''2004''.

TORRICELLI AMENDMENTS NOS. 1473–1474

(Ordered to lie on the table.)

Mr. TORRICELLI submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1473

At the end of subtitle B of title III, insert:

SEC. ___NO EXCISE TAX ON SIMPLE PENSION CONTRIBUTIONS ON BEHALF OF DOMESTIC WORKERS.

(a) IN GENERAL.—Section 4972(c) (defining nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) SIMPLE CONTRIBUTIONS ON BEHALF OF DOMESTIC WORKERS.—The term 'nondeductible contribution' shall not include a contribution to any simplified employee pension or any simple retirement account with respect to which a deduction is not allowable under section 404 solely because such contribution constitutes remuneration paid for domestic services (within the meaning of section 3510) in a private home of the employer for which a deduction is not allowable under section 162.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions in taxable years beginning after December 31, 1999.

AMENDMENT NO. 1474

On page 371, between lines 16 and 17, insert the following:

SEC. ___. EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

''SEC. 139. SEVERANCE PAYMENTS.

''(a) IN GENERAL.—In the case of an individual, gross income shall not include any qualified severance payment.

''(b) LIMITATION.—The amount to which the exclusion under subsection (a) applies shall not exceed $2,000 with respect to any separation from employment.

''(c) QUALIFIED SEVERANCE PAYMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified severance payment' means any payment received by an individual if—

''(A) such payment was paid by such individual's employer on account of such individual's separation from employment,

''(B) such separation was in connection with a reduction in the work force of the employer, and

''(C) such individual does not attain employment within 6 months of the date of such separation in which the amount of compensation is equal to or greater than 95 percent of the amount of compensation for the employment that is related to such payment.

''(2) LIMITATION.—Such term shall not include any payment received by an individual if the aggregate payments received with respect to the separation from employment exceed $75,000.''

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

''Sec. 139. Severance payments.

''Sec. 140. Cross references to other Acts.''

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1999.

Beginning on page 98, strike all through page 103, line 3, and insert:

SEC. 321. CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) ELECTIVE DEFERRALS.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

''(v) CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

''(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

''(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

''(A) IN GENERAL.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

''(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or

''(ii) the excess (if any) of—

''(I) the participant's compensation for the year, over

''(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	**The applicable percentage is:**
2002	10 percent
2003	20 percent
2004	30 percent
2005	40 percent
2006 and thereafter	50 percent.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

''(A) such contribution shall not, with respect to the year in which the contribution is made—

''(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

''(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

''(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B), 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

''(B) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(D) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in paragraph (5)(B)(iii) for any year to which section 457(b)(3) applies.''

(b) INDIVIDUAL RETIREMENT PLANS.—Section 219(b), as amended by sections 301 and 318, is amended by adding at the end the following new paragraph:

''(7) CATCHUP CONTRIBUTIONS.—

''(A) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such taxable year shall be equal to the applicable percentage of such amount determined without regard to this paragraph.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	**The applicable percentage is:**
2002	110 percent
2003	120 percent
2004	130 percent
2005	140 percent
2006 and thereafter	150 percent.''

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2001.

On page 195, strike lines 4 through 9, and insert:

SEC. 404. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination of exclusion for educational assistance programs), as amended by this Act, is amended by striking ''May 31, 2000'' and inserting ''December 31, 2008''.

TORRICELLI (AND OTHERS) AMENDMENT NO. 1475

(Ordered to lie on the table.)

Mr. TORRICELLI (for himself, Mr. LIEBERMAN, Mr. LAUTENBERG, and Mr. DODD) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. PROHIBITION ON IMPOSITION OF DISCRIMINATORY COMMUTER TAXES BY POLITICAL SUBDIVISIONS OF STATES.

(a) IN GENERAL.—Chapter 4 of title 4, United States Code, is amended by adding at the end the following:

"§ 116. Prohibition on imposition of discriminatory commuter taxes by political subdivisions of States

''Except to the extent otherwise provided in any voluntary compact between or among States, a political subdivision of a State may not impose a tax on income earned within such political subdivision by nonresidents of the political subdivision unless the effective rate of such tax imposed on such nonresidents who are residents of such State is not less than such rate imposed on such nonresidents who are not residents of such State.''.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 4 of title 4, United States Code, is amended by adding at the end the following:

''116. Prohibition on imposition of discriminatory commuter taxes by political subdivisions of States.''.

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

SANTORUM (AND OTHERS) AMENDMENTS NOS. 1476–1478

(Ordered to lie on the table.)

Mr. SANTORUM (for himself, Mr. ABRAHAM, and Mr. DEWINE) submitted three amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1476

On page 371, between lines 16 and 17, insert the following:

TITLE ____—DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES, PROVIDING ASSISTANCE TO STATES IN PROVIDING CHARITY TAX CREDITS, AND REVENUE OFFSET

Subtitle A—Designation of and Tax Incentives for Renewal Communities

SEC. ___01. 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 100 nominated areas as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 20 percent 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 50 percent of the designations made under this section—

''(i) half shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

''(ii) 20 percent 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 interest in a 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 IRA'S.—No deduction shall be allowed under this section to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid 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 such section).

''(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 business that does not contravene 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 includible 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) TERMINATION.—No deduction shall be allowed under this section for any amount paid to a family development account for any taxable year beginning after December 31, 2007.

"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 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 credit.

''Sec. 1400L. Increase in expensing under section 179.

"SEC. 1400K. COMMERCIAL REVITALIZATION CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, except as provided in subsection (e), the commercial revitalization credit for any taxable year is an amount equal to the applicable percentage of the qualified revitalization expenditures with respect to any qualified revitalization building.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable percentage' means—

''(A) 20 percent for the taxable year in which a qualified revitalization building is placed in service, or

''(B) at the election of the taxpayer, 5 percent for each taxable year in the credit period.

The election under subparagraph (B), once made, shall be irrevocable.

''(2) CREDIT PERIOD.—

''(A) IN GENERAL.—The term 'credit period' means, with respect to any building, the period of 10 taxable years beginning with the taxable year in which the building is placed in service.

''(B) APPLICABLE RULES.—Rules similar to the rules under paragraphs (2) and (4) of section 42(f) shall apply.

''(c) 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 credit amount is allocated to the building under subsection (e); and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building.

''(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 and which is—

''(I) nonresidential real property; or

''(II) an addition or improvement to property described in subclause (I); and

''(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.

''(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 credit under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) STRAIGHT LINE DEPRECIATION MUST BE USED.—Any expenditure (other than with respect to land acquisitions) with respect to which the taxpayer does not use the straight line method over a recovery period determined under subsection (c) or (g) of section 168. The preceding sentence shall not apply to any expenditure to the extent the alternative depreciation system of section 168(g) applies to such expenditure by reason of subparagraph (B) or (C) of section 168(g)(1).

''(ii) 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.

''(iii) OTHER CREDITS.—Any expenditure which the taxpayer may take into account in computing any other credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(d) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—

''(1) IN GENERAL.—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.

''(2) PROGRESS EXPENDITURE PAYMENTS.—Rules similar to the rules of subsections (b)(2) and (d) of section 47 shall apply for purposes of this section.

''(e) LIMITATION ON AGGREGATE CREDITS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization credit amount (in the case of an amount determined under subsection (b)(1)(B), the present value of such amount as determined under the rules of section 42(b)(2)(C)) allocated to such building under this subsection by the commercial revitalization credit 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 CREDIT AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization credit amount which a commercial revitalization credit agency may allocate for any calendar year is the amount of the State commercial revitalization credit ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION CREDIT CEILING.—The State commercial revitalization credit ceiling applicable to any State—

''(i) for each calendar year after 2000 and before 2008 is $2,000,000 for each renewal community in the State; and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION CREDIT AGENCY.—For purposes of this section, the term 'commercial revitalization credit agency' means any agency authorized by a State to carry out this section.

''(f) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION CREDIT AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization credit 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 credit 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 credit 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.

''(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. ___02. 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).''.

(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. ___03. 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''.

SEC. ___04. 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 (17) the following new paragraph:

''(18) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1)(A).''.

(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 a family development account, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the account (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 account 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 account 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 CREDIT.—

(1) Section 46 (relating to investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) the commercial revitalization credit provided under section 1400K.''.

(2) Section 39(d) is amended by adding at the end the following new paragraph:

''(9) NO CARRYBACK OF SECTION 1400K CREDIT BEFORE DATE OF ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''.

(3) 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.

(4) Subparagraph (C) of section 49(a)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) the portion of the basis of any qualified revitalization building attributable to qualified revitalization expenditures.''.

(5) Paragraph (2) of section 50(a) is amended by inserting ''or 1400K(d)(2)'' after ''section 47(d)'' each place it appears.

(6) Subparagraph (A) of section 50(a)(2) is amended by inserting ''or qualified revitalization building (respectively)'' after ''qualified rehabilitated building''.

(7) Subparagraph (B) of section 50(a)(2) is amended by adding at the end the following new sentence: ''A similar rule shall apply for purposes of section 1400K.''.

(8) Paragraph (2) of section 50(b) 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) a qualified revitalization building (as defined in section 1400K) to the extent of the portion of the basis which is attributable to qualified revitalization expenditures (as defined in section 1400K).''.

(9) The last sentence of section 50(b)(3) is amended to read as follows: ''If any qualified rehabilitated building or qualified revitalization building is used by the tax-exempt organization pursuant to a lease, this paragraph shall not apply for purposes of determining the amount of the rehabilitation credit or the commercial revitalization credit.''.

(10) Subparagraph (C) of section 50(b)(4) is amended—

(A) by inserting ''or commercial revitalization'' after ''rehabilitated'' in the text and heading; and

(B) by inserting ''or commercial revitalization'' after ''rehabilitation''.

(11) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by striking ''CREDIT'' in the heading and inserting ''AND COMMERCIAL REVITALIZATION CREDITS''.

(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. ___05. 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.

SEC. ___06. 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 estimates of changes in receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of this Act.

SEC. ___07. REVENUE OFFSET.

(a) IN GENERAL.—Notwithstanding any provision of, or amendment made by sections 1102 through 1114 and section 1116 of this Act, such sections shall only take effect for taxable years beginning after December 31, 2006.

(b) ADDITIONAL OFFSET.—The Secretary of the Treasury shall adjust the effective dates of the phase-in of the applicable dollar amounts in section 2503(b)(2), as amended by section 721(a)(2) of this Act, as necessary to offset the decrease in revenues to the Treasury resulting from the enactment of this title, taking into account the revenue effect of subsection (a).

(c) PHASE-IN OF DESIGNATIONS OF RENEWAL COMMUNITIES.—For purposes of section 1400E(a)(2)(A) of the Internal Revenue Code of 1986 (as added by this title) the Secretary of Housing and Urban Development shall take into account the availability of revenues in the Treasury resulting from the application of subsection (a) in making any designation of a renewal community under such section.

Subtitle B—Assistance to States in Providing Charity Tax Credits

SEC. ___11. AUTHORITY TO USE CERTAIN FEDERAL GRANT FUNDS FOR STATE CHARITY TAX CREDIT.

(a) IN GENERAL.—Notwithstanding any other provision of law, if there is in effect under State law a charity tax credit, then the State may use for any purpose not more than 50 percent of each total amount paid to the State during the fiscal year under each of the provisions of law specified in subsection (d).

(b) LIMITATION.—The aggregate amount a State may use under subsection (a) during a fiscal year shall not exceed an amount equal to 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 2000.

(c) CERTAIN CREDIT AMOUNTS TREATED AS STATE PAYMENT FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—For purposes of title IV of the Social Security Act, an amount equal to the excess (if any) of—

(1) the amount of the revenue loss of a State (not to exceed 100 percent) during a fiscal year that is attributable to the charity tax credit, as determined under subsection (b); over

(2) the aggregate amount used by the State under subsection (a) during the fiscal year,

shall be treated as an amount used during the fiscal year by the State to carry out a State program funded under part A of such title.

(d) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Paragraphs (1) through (4) of section 403(a) of the Social Security Act (42 U.S.C. 603(a)).

(2) The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858–9858q) and section 418 of the Social Security Act (42 U.S.C. 618).

(3) Sections 2002 and 2007 of the Social Security Act (42 U.S.C. 1397a and 1397f).

(4) The Community Services Block Grant Act (42 U.S.C. 9901–9912).

(5) The Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

SEC. ___12. DEFINITIONS.

(a) CHARITY TAX CREDIT.—For purposes of this subtitle, the term ''charity tax credit'' means a nonrefundable credit against State income tax (or, in the case of a State which does not impose an income tax, a comparable benefit)—

(1) which is allowable only to an individual for a cash contribution to a qualified charity; and

(2) of which the maximum amount allowable to an individual for any taxable year does not exceed $50 ($100 in the case of a joint or combined return of individuals who are married to each other) in the first year the credit is available and such amount is increased by not more than $50 ($100 in the case of a joint or combined return of individuals who are married to each other) for each subsequent year (but not to exceed $250 ($500, if applicable)).

(b) QUALIFIED CHARITY.—For purposes of this subtitle—

(1) IN GENERAL.—The term ''qualified charity'' means any organization—

(A) which is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

(B) which is certified by the appropriate State authority as meeting the requirements of paragraphs (3) and (4); and

(C) which annually reports the information required to be furnished under paragraph (5) and if such organization is otherwise required to file a return under section 6033 of such Code, which elects to treat the information required to be furnished under paragraph (5) as the information specified in section 6033(b) of such Code.

(2) CERTAIN CONTRIBUTIONS TO COLLECTION ORGANIZATIONS TREATED AS CONTRIBUTIONS TO QUALIFIED CHARITY.—

(A) IN GENERAL.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

(B) COLLECTION ORGANIZATION.—The term ''collection organization'' means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code—

(i) which solicits and collects gifts and grants which, by agreement, are distributed to qualified charities described in paragraph (1);

(ii) which distributes to qualified charities described in paragraph (1) at least 90 percent of the gifts and grants received that are designated for such qualified charities; and

(iii) which meets the requirements of paragraph (6).

(3) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget) in order to prevent or alleviate poverty among such individuals and families.

(B) NO RECORDKEEPING IN CERTAIN CASES.—An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subparagraph (A) if such individuals or families are members of groups which are generally recognized as including substantially only individuals and families described in subparagraph (A).

(C) FOOD AID AND HOMELESS SHELTERS.—Except as otherwise provided by the appropriate State authority, for purposes of subparagraph (A), services to individuals in the form of—

(i) donations of food or meals; or

(ii) temporary shelter to homeless individuals,

shall be treated as provided to individuals described in subparagraph (A) if the location and operation of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subparagraph (A).

(4) MINIMUM EXPENSE REQUIREMENT.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the annual poverty program expense of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

(i) IN GENERAL.—The term ''poverty program expense'' means any expense paid or incurred in providing program services described in paragraph (3).

(ii) EXCEPTIONS.—Such term shall not include—

(I) any management or general expense;

(II) any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986);

(III) any expense for the purpose of fundraising;

(IV) any expense for a legal service provided on behalf of any individual described in paragraph (3); and

(V) any expense which consists of a payment to an affiliate of the organization.

(5) REPORTING REQUIREMENT.—The information required to be furnished under this paragraph is—

(A) each category of services (including food, shelter, education, substance abuse, job training, or otherwise) which constitutes the predominant activities of the organization; and

(B) the percentages determined by dividing the categories of the organization's expenses for the year by the total expenses of the organization for the year, including—

(i) program services;

(ii) management expenses;

(iii) general expenses;

(iv) fundraising expenses; and

(v) payments to affiliates.

(6) ADDITIONAL REQUIREMENTS FOR SOLICITATION ORGANIZATIONS.—The requirements of this paragraph are met if the organization—

(A) maintains separate accounting for revenues and expenses; and

(B) makes available to the public administrative and fundraising costs and information regarding any organization receiving funds from the organization and the amount of such funds.

(7) RECOMMENDATIONS.—It is recommended, but not required, that—

(A) the definition of ''qualified charity'' be further limited under State law to an organization—

(i) which has been operating for at least 1 year or is controlled by, or operated under the auspices of, an organization which has been operating for at least 1 year; and

(ii) with expenses for the purpose of influencing legislation, litigation on behalf of any individual described in paragraph (3), voter registration, political organizing, public policy advocacy, or public policy research in an amount not in excess of 5 percent of the total expenses of the organization;

(B) except as provided in subsection (a)(2), the amount of the charity tax credit be equal to at least 50 percent and not more than 90 percent of the amount of the individual's cash contribution to a qualified charity; and

(C) contributions made not later than the time prescribed by law for filing the return of the State income tax for a taxable year (not including extensions thereof) be treated as made (at the taxpayer's election) on the last day of such year.

(8) SPECIAL RULE FOR STATES REQUIRING TAX UNIFORMITY.—In the case of a State—

(A) which has a constitutional requirement of tax uniformity; and

(B) which, as of December 31, 1997, imposed a tax on personal income with—

(i) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

(ii) no generally available exemptions or deductions to individuals,

the requirement of subsection (a)(2) shall be treated as met if the amount of the credit is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

(9) COORDINATION WITH FEDERAL CHARITABLE CONTRIBUTION DEDUCTION.—The amount of the deduction allowed under the Internal Revenue Code of 1986 for contributions which are taken into account in determining any charity tax credit shall be reduced by the amount of such credit which is allowed.

(c) STATE.—For purposes of this subtitle, the term ''State'' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States.

SEC. ___13. STUDY AND REPORT.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of the effects of the charity tax credit under this subtitle, including—

(1) the types of organizations which receive contributions during the first year to which the credit applies; and

(2) the types of services provided to the poor by such organizations.

(b) REPORT.—The Comptroller General shall report to Congress the results of such study, including—

(1) the geographical distribution of funding from charity tax credit contributions, and an analysis of the information provided on the annual returns required under section 6033 of the Internal Revenue Code of 1986 with respect to qualified charities to determine if the broad categories of services provided to the poor (including food, shelter, education, substance abuse, job training, or otherwise) match the services that would otherwise be provided by Federal welfare program funds without the enactment of the reductions in the programs permitted by this legislation; and

(2) any recommendations for legislative changes.

SEC. ___14. EFFECTIVE DATE.

This subtitle shall take effect on January 1, 2000.

Subtitle C—Revenue Offset

SEC. ___21. REDUCTION OF EARNED INCOME CREDIT FOR INDIVIDUALS WITHOUT CHILDREN.

(a) IN GENERAL.—The table in subparagraph (A) of section 32(b)(1) (relating to percentages) is amended by striking the item relating to no qualifying children and inserting the following:

''No qualifying children ..... 3.825 7.65.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

AMENDMENT NO. 1477

On page 371, between lines 16 and 17, insert the following:

TITLE ____—ASSISTANCE TO STATES IN PROVIDING CHARITY TAX CREDITS AND REVENUE OFFSET

Subtitle A—Assistance to States in Providing Charity Tax Credits

SEC. ___01. AUTHORITY TO USE CERTAIN FEDERAL GRANT FUNDS FOR STATE CHARITY TAX CREDIT.

(a) IN GENERAL.—Notwithstanding any other provision of law, if there is in effect under State law a charity tax credit, then the State may use for any purpose not more than 50 percent of each total amount paid to the State during the fiscal year under each of the provisions of law specified in subsection (d).

(b) LIMITATION.—The aggregate amount a State may use under subsection (a) during a fiscal year shall not exceed an amount equal to 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 2000.

(c) CERTAIN CREDIT AMOUNTS TREATED AS STATE PAYMENT FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—For purposes of title IV of the Social Security Act, an amount equal to the excess (if any) of—

(1) the amount of the revenue loss of a State (not to exceed 100 percent) during a fiscal year that is attributable to the charity tax credit, as determined under subsection (b); over

(2) the aggregate amount used by the State under subsection (a) during the fiscal year,

shall be treated as an amount used during the fiscal year by the State to carry out a State program funded under part A of such title.

(d) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Paragraphs (1) through (4) of section 403(a) of the Social Security Act (42 U.S.C. 603(a)).

(2) The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858–9858q) and section 418 of the Social Security Act (42 U.S.C. 618).

(3) Sections 2002 and 2007 of the Social Security Act (42 U.S.C. 1397a and 1397f).

(4) The Community Services Block Grant Act (42 U.S.C. 9901–9912).

(5) The Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

SEC. ___02. DEFINITIONS.

(a) CHARITY TAX CREDIT.—For purposes of this subtitle, the term ''charity tax credit'' means a nonrefundable credit against State income tax (or, in the case of a State which does not impose an income tax, a comparable benefit)—

(1) which is allowable only to an individual for a cash contribution to a qualified charity; and

(2) of which the maximum amount allowable to an individual for any taxable year does not exceed $50 ($100 in the case of a joint or combined return of individuals who are married to each other) in the first year the credit is available and such amount is increased by not more than $50 ($100 in the case of a joint or combined return of individuals who are married to each other) for each subsequent year (but not to exceed $250 ($500, if applicable)).

(b) QUALIFIED CHARITY.—For purposes of this subtitle—

(1) IN GENERAL.—The term ''qualified charity'' means any organization—

(A) which is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

(B) which is certified by the appropriate State authority as meeting the requirements of paragraphs (3) and (4); and

(C) which annually reports the information required to be furnished under paragraph (5) and if such organization is otherwise required to file a return under section 6033 of such Code, which elects to treat the information required to be furnished under paragraph (5) as the information specified in section 6033(b) of such Code.

(2) CERTAIN CONTRIBUTIONS TO COLLECTION ORGANIZATIONS TREATED AS CONTRIBUTIONS TO QUALIFIED CHARITY.—

(A) IN GENERAL.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

(B) COLLECTION ORGANIZATION.—The term ''collection organization'' means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code—

(i) which solicits and collects gifts and grants which, by agreement, are distributed to qualified charities described in paragraph (1);

(ii) which distributes to qualified charities described in paragraph (1) at least 90 percent of the gifts and grants received that are designated for such qualified charities; and

(iii) which meets the requirements of paragraph (6).

(3) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget) in order to prevent or alleviate poverty among such individuals and families.

(B) NO RECORDKEEPING IN CERTAIN CASES.—An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subparagraph (A) if such individuals or families are members of groups which are generally recognized as including substantially only individuals and families described in subparagraph (A).

(C) FOOD AID AND HOMELESS SHELTERS.—Except as otherwise provided by the appropriate State authority, for purposes of subparagraph (A), services to individuals in the form of—

(i) donations of food or meals; or

(ii) temporary shelter to homeless individuals,

shall be treated as provided to individuals described in subparagraph (A) if the location and operation of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subparagraph (A).

(4) MINIMUM EXPENSE REQUIREMENT.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the annual poverty program expense of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

(i) IN GENERAL.—The term ''poverty program expense'' means any expense paid or incurred in providing program services described in paragraph (3).

(ii) EXCEPTIONS.—Such term shall not include—

(I) any management or general expense;

(II) any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986);

(III) any expense for the purpose of fundraising;

(IV) any expense for a legal service provided on behalf of any individual described in paragraph (3); and

(V) any expense which consists of a payment to an affiliate of the organization.

(5) REPORTING REQUIREMENT.—The information required to be furnished under this paragraph is—

(A) each category of services (including food, shelter, education, substance abuse, job training, or otherwise) which constitutes the predominant activities of the organization; and

(B) the percentages determined by dividing the categories of the organization's expenses for the year by the total expenses of the organization for the year, including—

(i) program services;

(ii) management expenses;

(iii) general expenses;

(iv) fundraising expenses; and

(v) payments to affiliates.

(6) ADDITIONAL REQUIREMENTS FOR SOLICITATION ORGANIZATIONS.—The requirements of this paragraph are met if the organization—

(A) maintains separate accounting for revenues and expenses; and

(B) makes available to the public administrative and fundraising costs and information regarding any organization receiving funds from the organization and the amount of such funds.

(7) RECOMMENDATIONS.—It is recommended, but not required, that—

(A) the definition of ''qualified charity'' be further limited under State law to an organization—

(i) which has been operating for at least 1 year or is controlled by, or operated under the auspices of, an organization which has been operating for at least 1 year; and

(ii) with expenses for the purpose of influencing legislation, litigation on behalf of any individual described in paragraph (3), voter registration, political organizing, public policy advocacy, or public policy research in an amount not in excess of 5 percent of the total expenses of the organization;

(B) except as provided in subsection (a)(2), the amount of the charity tax credit be equal to at least 50 percent and not more than 90 percent of the amount of the individual's cash contribution to a qualified charity; and

(C) contributions made not later than the time prescribed by law for filing the return of the State income tax for a taxable year (not including extensions thereof) be treated as made (at the taxpayer's election) on the last day of such year.

(8) SPECIAL RULE FOR STATES REQUIRING TAX UNIFORMITY.—In the case of a State—

(A) which has a constitutional requirement of tax uniformity; and

(B) which, as of December 31, 1997, imposed a tax on personal income with—

(i) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

(ii) no generally available exemptions or deductions to individuals,

the requirement of subsection (a)(2) shall be treated as met if the amount of the credit is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

(9) COORDINATION WITH FEDERAL CHARITABLE CONTRIBUTION DEDUCTION.—The amount of the deduction allowed under the Internal Revenue Code of 1986 for contributions which are taken into account in determining any charity tax credit shall be reduced by the amount of such credit which is allowed.

(c) STATE.—For purposes of this subtitle, the term ''State'' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States.

SEC. ___03. STUDY AND REPORT.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of the effects of the charity tax credit under this subtitle, including—

(1) the types of organizations which receive contributions during the first year to which the credit applies; and

(2) the types of services provided to the poor by such organizations.

(b) REPORT.—The Comptroller General shall report to Congress the results of such study, including—

(1) the geographical distribution of funding from charity tax credit contributions, and an analysis of the information provided on the annual returns required under section 6033 of the Internal Revenue Code of 1986 with respect to qualified charities to determine if the broad categories of services provided to the poor (including food, shelter, education, substance abuse, job training, or otherwise) match the services that would otherwise be provided by Federal welfare program funds without the enactment of the reductions in the programs permitted by this legislation; and

(2) any recommendations for legislative changes.

SEC. ___04. EFFECTIVE DATE.

This subtitle shall take effect on January 1, 2000.

Subtitle B—Revenue Offset

SEC. ___11. REDUCTION OF EARNED INCOME CREDIT FOR INDIVIDUALS WITHOUT CHILDREN.

(a) IN GENERAL.—The table in subparagraph (A) of section 32(b)(1) (relating to percentages) is amended by striking the item relating to no qualifying children and inserting the following:

''No qualifying children.	3.825	7.65.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

AMENDMENT NO. 1478

On page 371, between lines 16 and 17, insert the following:

TITLE ____—DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES

SEC. ___01. 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 100 nominated areas as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 20 percent 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 50 percent of the designations made under this section—

''(i) half shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

''(ii) 20 percent 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 interest in a 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 IRA'S.—No deduction shall be allowed under this section to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid 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 such section).

''(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 business that does not contravene 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 includible 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) TERMINATION.—No deduction shall be allowed under this section for any amount

paid to a family development account for any taxable year beginning after December 31, 2007.

"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 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 credit.

''Sec. 1400L. Increase in expensing under section 179.

"SEC. 1400K. COMMERCIAL REVITALIZATION CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, except as provided in subsection (e), the commercial revitalization credit for any taxable year is an amount equal to the applicable percentage of the qualified revitalization expenditures with respect to any qualified revitalization building.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable percentage' means—

''(A) 20 percent for the taxable year in which a qualified revitalization building is placed in service, or

''(B) at the election of the taxpayer, 5 percent for each taxable year in the credit period.

The election under subparagraph (B), once made, shall be irrevocable.

''(2) CREDIT PERIOD.—

''(A) IN GENERAL.—The term 'credit period' means, with respect to any building, the period of 10 taxable years beginning with the taxable year in which the building is placed in service.

''(B) APPLICABLE RULES.—Rules similar to the rules under paragraphs (2) and (4) of section 42(f) shall apply.

''(c) 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 credit amount is allocated to the building under subsection (e); and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building.

''(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 and which is—

''(I) nonresidential real property; or

''(II) an addition or improvement to property described in subclause (I); and

''(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.

''(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 credit under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) STRAIGHT LINE DEPRECIATION MUST BE USED.—Any expenditure (other than with respect to land acquisitions) with respect to which the taxpayer does not use the straight line method over a recovery period determined under subsection (c) or (g) of section

168. The preceding sentence shall not apply to any expenditure to the extent the alternative depreciation system of section 168(g) applies to such expenditure by reason of subparagraph (B) or (C) of section 168(g)(1).

''(ii) 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.

''(iii) OTHER CREDITS.—Any expenditure which the taxpayer may take into account in computing any other credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(d) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—

''(1) IN GENERAL.—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.

''(2) PROGRESS EXPENDITURE PAYMENTS.—Rules similar to the rules of subsections (b)(2) and (d) of section 47 shall apply for purposes of this section.

''(e) LIMITATION ON AGGREGATE CREDITS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization credit amount (in the case of an amount determined under subsection (b)(1)(B), the present value of such amount as determined under the rules of section 42(b)(2)(C)) allocated to such building under this subsection by the commercial revitalization credit 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 CREDIT AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization credit amount which a commercial revitalization credit agency may allocate for any calendar year is the amount of the State commercial revitalization credit ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION CREDIT CEILING.—The State commercial revitalization credit ceiling applicable to any State—

''(i) for each calendar year after 2000 and before 2008 is $2,000,000 for each renewal community in the State; and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION CREDIT AGENCY.—For purposes of this section, the term 'commercial revitalization credit agency' means any agency authorized by a State to carry out this section.

''(f) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION CREDIT AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization credit 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 credit 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 credit 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.

''(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. ___02. 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).''.

(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. ___03. 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''.

SEC. ___04. 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 (17) the following new paragraph:

''(18) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1)(A).''.

(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 a family development account, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the account (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 account 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 account 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 CREDIT.—

(1) Section 46 (relating to investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) the commercial revitalization credit provided under section 1400K.''.

(2) Section 39(d) is amended by adding at the end the following new paragraph:

''(9) NO CARRYBACK OF SECTION 1400K CREDIT BEFORE DATE OF ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''.

(3) 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.

(4) Subparagraph (C) of section 49(a)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) the portion of the basis of any qualified revitalization building attributable to qualified revitalization expenditures.''.

(5) Paragraph (2) of section 50(a) is amended by inserting ''or 1400K(d)(2)'' after ''section 47(d)'' each place it appears.

(6) Subparagraph (A) of section 50(a)(2) is amended by inserting ''or qualified revitalization building (respectively)'' after ''qualified rehabilitated building''.

(7) Subparagraph (B) of section 50(a)(2) is amended by adding at the end the following new sentence: ''A similar rule shall apply for purposes of section 1400K.''.

(8) Paragraph (2) of section 50(b) 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) a qualified revitalization building (as defined in section 1400K) to the extent of the portion of the basis which is attributable to qualified revitalization expenditures (as defined in section 1400K).''.

(9) The last sentence of section 50(b)(3) is amended to read as follows: ''If any qualified rehabilitated building or qualified revitalization building is used by the tax-exempt organization pursuant to a lease, this paragraph shall not apply for purposes of determining the amount of the rehabilitation credit or the commercial revitalization credit.''.

(10) Subparagraph (C) of section 50(b)(4) is amended—

(A) by inserting ''or commercial revitalization'' after ''rehabilitated'' in the text and heading; and

(B) by inserting ''or commercial revitalization'' after ''rehabilitation''.

(11) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by striking ''CREDIT'' in the heading and inserting ''AND COMMERCIAL REVITALIZATION CREDITS''.

(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. ___05. 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.

SEC. ___06. 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 estimates of changes in receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of this Act.

SEC. ___07. REVENUE OFFSET.

(a) IN GENERAL.—Notwithstanding any provision of, or amendment made by sections 1102 through 1114 and section 1116 of this Act, such sections shall only take effect for taxable years beginning after December 31, 2006.

(b) ADDITIONAL OFFSET.—The Secretary of the Treasury shall adjust the effective dates of the phase-in of the applicable dollar amounts in section 2503(b)(2), as amended by section 721(a)(2) of this Act, as necessary to offset the decrease in revenues to the Treasury resulting from the enactment of this title, taking into account the revenue effect of subsection (a).

(c) PHASE-IN OF DESIGNATIONS OF RENEWAL COMMUNITIES.—For purposes of section 1400E(a)(2)(A) of the Internal Revenue Code of 1986 (as added by this title) the Secretary of Housing and Urban Development shall take into account the availability of revenues in the Treasury resulting from the application of subsection (a) in making any designation of a renewal community under such section.

JOHNSON AMENDMENT NO. 1479

(Ordered to lie on the table.)

Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, add the following:

SECTION 1. CERTAIN NATIVE AMERICAN HOUSING ASSISTANCE DISREGARDED IN DETERMINING WHETHER BUILDING IS FEDERALLY SUBSIDIZED FOR PURPOSES OF THE LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Subparagraph (E) of section 42(i)(2) of the Internal Revenue Code of

1986 (relating to determination of whether building is federally subsidized) is amended—

(1) in clause (i), by inserting ''or the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.) (as in effect on October 1, 1997)'' after ''this subparagraph)'', and

(2) in the subparagraph heading, by inserting ''OR NATIVE AMERICAN HOUSING ASSISTANCE'' after ''HOME ASSISTANCE''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to periods after the date of the enactment of this Act.

SHELBY AMENDMENTS NOS. 1480–148111

(Ordered to lie on the table.)

Mr. SHELBY submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1480

Section 1503(c) of the Internal Revenue Code of 1986 is amended to add the following immediately after the first sentence thereof:

If—

(1) the business activities of a common parent of an affiliated group does not include any significant activities other than those generally recognized in the business community as related to the operations of a holding company, and

(2) such affiliated group includes members not taxed under section 801 and members taxed under section 801 and no members to which sections 831 through 835 applies, and

(3) if the consolidated taxable income of the common parent results in a net operating loss for the taxable year

the limitation contained in the preceding sentence of this subsection shall not apply to the portion of the consolidated net operating loss that equals the common parent's loss for the taxable year multiplied by the ratio of the taxable income of the members of the group taxed under section 801 to the taxable income of the affiliated group (such taxable income of such member and such group shall be determined for this purpose without deductions, and with such other adjustments as provided under regulation prescribed by the Secretary). For purposes of applying such limitation, the taxable income of the members of the group taxed under section 801 shall be reduced by the portion of such common parent's loss to which the limitation does not apply.

AMENDMENT NO. 1481

The provision amends section (b) of section 1321 of S. 1429 to read as follows:

''(b) EFFECTIVE DATES.—

''(1) IN GENERAL.—The amendment made by this section shall apply to distributions made after July 14, 1999.

''(2) TRANSITION RULE.—The amendment made by this section shall not apply to any distribution after July 14, 1999, if such distribution is—

''(A) made pursuant to a written binding contract in effect on such date and at all times thereafter.

''(B) made pursuant to a loan commitment made on or before such date, provided that the distribution occurs not more than two weeks after the date of enactment of this Act, or

''(C) described in a public announcement on or before such date, provided that the distribution occurs not more than two weeks after the date of enactment of this Act.''

CRAIG AMENDMENT NO. 1482

(Ordered to lie on the table).

Mr. CRAIG submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. CLARIFICATION OF NONRECOGNITION OF GAIN FOR CERTAIN SALES OF STOCK TO ELIGIBLE FARM COOPERATIVES.

Section 1042(g) (relative to application of section to sales of stock in agricultural refiners and processors to eligible farm cooperatives) is amended by adding at the end the following new paragraph:

''(5) TREATMENT OF PREDECESSOR.—Any reference in this subsection to stock in a qualified refiner or processor shall be treated as including a reference to any controlling interest in any predecessor or successor (including a controlled partnership) of such refiner or processor.''

LOTT AMENDMENT NO. 1483

(Ordered to lie on the table.)

Mr. LOTT submitted an amendment intended to be propsoed by him to the bill, S. 1429, supra, as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. ___. SENSE OF THE SENATE.

It is the sense of the Senate that—

(1) in 1975, the Federal Government promised to pay 40 percent of the costs associated with part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.), which guarantees each special education child the right to a free and appropriate public education;

(2) the Administration's fiscal year 2000 budget request provides a .07 percent increase in funding for part B of the Individuals with Disabilities Education Act, which is less than an adjustment for inflation, and the Administration's budget request represents a decrease in real funding for educating children with disabilities;

(3) in the 3 years preceding 1999, Congress has increased funding for part B of the Individuals with Disabilities Education Act by nearly 80 percent, however, the increase is still far short of the nearly $15,000,000,000 needed to live up to the originally promised funding level for such part;

(4) fulfilling the Federal obligation to fund part B of Individuals with Disabilities Education Act at the originally promised level will allow State and local governments, some of whom spend up to 19 percent of their local dollars on special education costs, to have more flexibility to spend their local resources to meet the unique educational needs of all of their students;

(5) the recent United States Supreme Court decision *Cedar Rapids Community School District v. Garret F.*, 119 S. Ct. 992; (1999) will increase the amount of funding that school districts will need to dedicate to educating, and providing related services to, their special needs children; and

(6) because the need for the Federal Government to fulfill such obligation is so great, part B of the Individuals with Disabilities Education Act should be fully funded at the originally promised level of 40 percent before federal funds are appropriated for any new federal education programs.

BAYH AMENDMENT NO. 1484

(Ordered to lie on the table.)

Mr. BAYH submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, add the following:

SECTION 1. CERTAIN EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 of the Internal Revenue Code of 1986 (relating to qualified scholarships) is amended by adding at the end the following:

''(e) EMPLOYER-PROVIDED EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

''(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

''(A) such amount is provided by the employer to a child (as defined in section 161(c)(3)) of an employee of such employer,

''(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

''(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

''(2) DOLLAR LIMITATIONS.—

''(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

''(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

''(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

''(4) DEGREE REQUIREMENT NOT TO APPLY.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection, subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree.

''(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection.''

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

MURRAY AMENDMENT NO. 1485

(Ordered to lie on the table.)

Mr. MURRAY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. TREATMENT OF BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.

(a) IN GENERAL.—Section 145 (defining qualified 501(c)(3) bond) is amended by redesignating subsection (e) as subsection (f) and

by inserting after subsection (d) the following new subsection:

''(e) BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.—

''(1) IN GENERAL.—If—

''(A) the proceeds of any bond are used to acquire land (or a long-term lease thereof) together with any renewable resource associated with the land (including standing timber, agricultural crops, or water rights) from an unaffiliated person,

''(B) the land is subject to a conservation restriction—

''(i) which is granted in perpetuity to an unaffiliated person that is—

''(I) a 501(c)(3) organization, or

''(II) a Federal, State, or local government conservation organization,

''(ii) which meets the requirements of clauses (ii) and (iii)(II) of section 170(h)(4)(A),

''(iii) which exceeds the requirements of relevant environmental and land use statutes and regulations, and

''(iv) which obligates the owner of the land to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction,

''(C) a management plan which meets the requirements of the statutes and regulations referred to in subparagraph (B)(iii) is developed for the conservation of the renewable resources, and

''(D) such bond would be a qualified 501(c)(3) bond (after the application of paragraph (2)) but for the failure to use revenues derived by the 501(c)(3) organization from the sale, lease, or other use of such resource as otherwise required by this part,

such bond shall not fail to be a qualified 501(c)(3) bond by reason of the failure to so use such revenues if the revenues which are not used as otherwise required by this part are used in a manner consistent with the stated charitable purposes of the 501(c)(3) organization.

''(2) TREATMENT OF TIMBER, ETC.—

''(A) IN GENERAL.—For purposes of subsection (a), the cost of any renewable resource acquired with proceeds of any bond described in paragraph (1) shall be treated as a cost of acquiring the land associated with the renewable resource and such land shall not be treated as used for a private business use because of the sale or leasing of the renewable resource to, or other use of the renewable resource by, an unaffiliated person to the extent that such sale, leasing, or other use does not constitute an unrelated trade or business, determined by applying section 513(a).

''(B) APPLICATION OF BOND MATURITY LIMITATION.—For purposes of section 147(b), the cost of any land or renewable resource acquired with proceeds of any bond described in paragraph (1) shall have an economic life commensurate with the economic and ecological feasibility of the financing of such land or renewable resource.

''(C) UNAFFILIATED PERSON.—For purposes of this subsection, the term 'unaffiliated person' means any person who controls not more than 20 percent of the governing body of another person.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after the date of the enactment of this Act.

SEC. . AIRLINE MILEAGE AWARDS TO CERTAIN FOREIGN PERSONS.

(a) IN GENERAL.—The last sentence of section 4261(e)(3)(C) (relating to regulations) is amended by inserting 'and mileage awards which are issued to individuals whose mailing addresses on record with the person providing the right to air transportation are outside the United States' before the period at the end thereof.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid after December 31, 2004.

SEC. . MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

(a) 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).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1998.

(b) PERSONAL EXEMPTIONS ALLOWED IN COMPUTING MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (E) of section 56(b)(1) is amended by striking ', the deduction for personal exemptions under section 151.'.

(A) The deduction for personal exemption for purposes of this title shall be reduced by $10.00.

(2) CONFORMING AMENDMENT.—The heading to section 56(b)(1)(E) is amended by striking 'AND DEDUCTION FOR PERSONAL EXEMPTIONS'.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2004.

BREAUX (AND LOTT) AMENDMENT NO. 1486

(Ordered to lie on the table.)

Mr. BREAUX (for himself and Mr. LOTT) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the appropriate place, insert:

TITLE .—U.S.-FLAG MERCHANT MARINE REVITALIZATION

SEC. 1. SHORT TITLE.

This Act may be cited as the ''United States-Flag Merchant Revitalization Act of 1999''.

SEC. 2. AMENDMENTS OF MERCHANT MARINE ACT, 1936.

(a) CHANGES IN VESSELS TO WHICH CAPITAL CONSTRUCTION FUNDS APPLY.—

(1) The second sentence of subsection (a) of section 607 of the Merchant Marine Act, 1936 is amended by striking ''for operation in the United States foreign, Great Lakes, or noncontiguous domestic trade or in the fisheries of the United States'' and inserting ''for operation in the fisheries of the United States, or in the United States foreign, Great Lakes, noncontiguous domestic trade, or other oceangoing domestic trade between two coastal points in the United States or in support of operations conducted on the Outer Continental Shelf.''

(2) Paragraph (1) of section 607(k) of such Act (defining eligible vessel) is amended to read as follows:

''(1) The term 'eligible vessel' means any vessel—

(A) documented under the laws of the United States, and

(B) operated in the foreign or domestic commerce of the United States or in the fisheries of the United States.''.

(3) Paragraph (2)(C) of section 607(k) of such Act is amended to read as follows:

''(C) which the person maintaining the fund agrees with the Secretary of Commerce will be operated in the fisheries of the United States, or in the United States foreign, Great Lakes, noncontiguous domestic trade, or other oceangoing domestic trade between two coastal points in the United States or in support of operations conducted on the Outer Continental Shelf.''.

(4) Section 607(k) of such Act is amended by striking paragraph (8) and redesignating paragraph (9) as paragraph (8).

(5) The last sentence of paragraph (1) of section 607(f) of such Act is amended by striking 'and containers' each place it appears.

(6) Paragraph (7) of section 607(k) of such Act is amended by inserting 'containers or trailers intended for use as part of the complement of one or more eligible vessels and' before 'cargo handling'.

(7) Subsection (k) of section 607 of such Act (as amended by paragraph (4)) is amended by adding at the end the following new paragraph:

''(9) The terms 'foreign commerce' and 'foreign trade' have the meanings given such terms in section 905, except that these terms shall include commerce or trade between foreign ports.''.

(b) TREATMENT OF CERTAIN LEASE PAYMENTS.—

(1) Paragraph (1) of section 607(f) of such Act is amended by striking 'or' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ', or' and by inserting after subparagraph (C) the following new subparagraph:

''(D) the payment of amounts which reduce the principal amount (as determined under regulations promulgated by the Secretary) of a qualified lease of a qualified vessel or container which is part of the complement or an eligible vessel.''.

(2) Paragraph (4) of section 607(g) of such Act is amended by inserting 'or to reduce the principal amount of any qualified lease' after indebtedness'.

(3) Subsection (k) of section 607 of such Act is amended by adding after paragraph (10) the following new paragraph:

''(11) The term 'qualified lease' means any lease with a term of at least 5 years.''.

(c) AUTHORITY TO MAKE DEPOSITS UNDER THE TARIFF ACT OF 1930.—

(1) Paragraph (1) of section 607(b) of such Act 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) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466).''.

(2) Subparagraph (A) of section 607(e)(2) of such Act is amended to read as follows:

(d) AUTHORITY TO MAKE DEPOSITS FOR PRIOR YEARS BASED ON AUDIT ADJUSTMENTS.—Subsection (b) of section 607 of such Act is amended by adding at the end thereof the following new paragraph:

''(4) To the extent permitted by joint regulations, deposits may be made in excess of the limitation described in paragraph (1) (and any limitation specified in the agreement) for the taxable year if, by reason of a change in taxable income for a prior taxable year that has become final pursuant to a closing agreement or other similar agreement entered into during the taxable year, the amount of the deposit could have been made for such prior taxable year.''.

(e) TREATMENT OF CAPITAL GAINS AND LOSSES.—

(1) Paragraph (3) of section 607(e) of such Act as amended to read as follows:

''(3) The capital gain account shall consist of—

'(A) amounts representing long-term capital gains (as defined in section 1222 of such Code) on assets held in the fund, reduced by

'(B) amounts representing long-term capital losses (as defined in such section) on assets held in the fund.''.

(2) Subparagraph (B) of section 607(e)(4) of such Act is amended to read as follows:

''(B)(i) amounts representing short-term capital losses (as defined in such section) on assets held in the fund,''.

(3) Subparagraph (B) of section (607)(h)(3) of such Act is amended by striking 'gain' and all that follows and inserting 'long-term capital gain (as defined in section 1222 of such Code), and'.

(4) The last sentence of subparagraph (A) of section 607(h)(6) of such Act is amended by striking '20 percent (34 percent in the case of a corporation)' and inserting 'the rate applicable to net capital gain under section 1(h)(1)(C) or 1201(a) of such Code, as the case may be'.

(f) COMPUTATION OF INTEREST WITH RESPECT TO NONQUALIFIED WITHDRAWAL.—

(1) Subparagraph (C) of section 607(h)(3) of such Act is amended—

(A) by striking clause (i) and inserting the following new clause:

'(i) no addition to the tax shall be payable under section 6651 of such Code, and', and

(B) by striking 'paid at the applicable rate (as defined in paragraph (4))' in clause (ii) and inserting 'paid in accordance with section 6601 of such Code'.

(2) Subsection (h) of section 607 of such Act is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(3) Subparagraph (A) of section 607(h)(5) of such Act, as redesignated by paragraph (2), is amended by striking 'paragraph (5)' and inserting 'paragraph (4)'.

(g) OTHER CHANGES.—

(1) Section 607 of such Act is amended by striking 'the Internal Revenue Code of 1954' each place it appears and inserting 'the Internal Revenue Code of 1986'.

(2) Subsection (c) of section 607 of such Act is amended by striking 'interest-bearing securities approved by the Secretary' and inserting 'interest-bearing securities and other income-producing assets (including accounts receivable) approved by the Secretary'.

SEC. 3. AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.

(a) TREATMENT OF CERTAIN LEASE PAYMENTS.—

(1) Paragraph (1) of section 7518(e) of the Internal Revenue Code of 1986 is amended by striking 'or' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ', or', and by inserting after subparagraph (C) the following new subparagraph:

'(D) the payments of amounts which reduce the principal amount (as determined under regulations) of a qualified lease of a qualified vessel or container which is part of the complement of an eligible vessel.'.

(2) Paragraph (4) of section 7518(f) of such Code is amended by inserting 'or to reduce the principal amount of any qualified lease' after 'indebtedness'.

(b) AUTHORITY TO MAKE DEPOSITS UNDER THE TARIFF ACT OF 1930.—

(1) Paragraph (1) of section 7518(a) of such Code 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) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466).'.

(2) Subparagraph (A) of section 7518(d)(2) of such Code is amended to read as follows:

'(A) amounts referred to in subsections (a)(1)(B) and (E).'.

(c) AUTHORITY TO MAKE DEPOSITS FOR PRIOR YEARS BASED ON AUDIT ADJUSTMENTS.—Subsection (a) of section 7518 of such Code is amended by adding at the end thereof the following new paragraph:

'(4) To the extent permitted by joint regulations, deposits may be made in excess of the limitation described in paragraph (1) (and any limitation specified in the agreement) for the taxable year if, by reason of a change in taxable income for a prior taxable year that has become final pursuant to a closing agreement or other similar agreement entered into during the taxable year, the amount of the deposit could have been made for such prior taxable year.'.

(d) TREATMENT OF CAPITAL GAINS AND LOSSES.—

(1) Paragraph (3) of section 7518(d) of such Code is amended to read as follows:

'(3) CAPITAL GAIN ACCOUNT.—The capital gain account shall consist of—

'(A) amounts representing long-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

'(B) amounts representing long-term capital losses (as defined in such section) on assets held in the fund'.

(2) Subparagraph (B) of section 7518(d)(4) of such Code is amended to read as follows:

'(B)(i) amounts representing short-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

'(ii) amounts representing short-term capital losses (as defined in such section) on assets held in the fund,'.

(3) Subparagraph (B) of section 7518(g)(3) of such Code is amended by striking 'gain' and all that follows and inserting 'long-term capital gain (as defined in section 1222), and'.

(4) The last sentence of subparagraph (A) of section 7518(g)(6) of such Code is amended by striking '20 percent (34 percent in the case of a corporation)' and inserting 'the rate applicable to net capital gain under such section 1(h)(1)(C) or 1201(a), as the case may be'.

(e) COMPUTATION OF INTEREST WITH RESPECT TO NONQUALIFIED WITHDRAWALS.—

(1) Subparagraph (C) of section 7518(g)(3) of such Code is amended—

(A) by striking clause (i) and inserting the following new clause:

'(i) no addition to the tax shall be payable under section 6651, and', and

(B) by striking 'paid at the applicable rate (as defined in paragraph (4))' in clause (ii) and inserting 'paid in accordance with section 6601'.

(2) Subsection (g) of section 7518 of such Code is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(3) Subparagraph (a) of section 7518(g)(5) of such Code, as redesignated by paragraph (2), is amended by striking 'paragraph (5)' and inserting 'paragraph (4)'.

(f) OTHER CHANGES.—

(1) Paragraph (2) of section 7518(b) of such Code is amended by striking 'interest-bearing securities approved by the Secretary' and inserting 'interest-bearing securities and other income-producing assets (including accounts receivable) approved by the Secretary'.

(2) Paragraph (1) of section 7518(e) of such Code is amended by striking 'and containers' each place it appears.

(3) Subsection (i) of section 7518 of such Code is amended by striking 'this section' and inserting 'the United States-Flag Merchant Revitalization Act of 1999'.

(4) Subparagraph (B) of section 543(a)(1) of such Code is amended to read as follows:

''(B) interest on amounts set aside in a capital construction fund under section 607 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1177), or in a construction reserve fund under section 511 of such Act (46 App. U.S.C. 1161),''.

(5) Subsection (c) of section 56 of such Code is amended by striking paragraph (2) and by redesignating paragraph (5) as paragraph (2).

SEC. 4. AMENDMENT TO THE TARIFF ACT OF 1930.

Section 466 of the Tariff Act of 1930 (19 U.S.C. 1466) is amended by adding at the end the following new subsection.

''(i) ELECTION TO DEPOSIT DUTY INTO A CAPITAL CONSTRUCTION FUND IN LIEU OF PAYMENT TO THE SECRETARY OF THE TREASURY.—At the election of the owner or master of any vessel referred to in subsection (a) of this section which is an eligible vessel (as defined in section 607(k) of the Merchant Marine Act, 1936), the portion of any duty imposed by subsection (a) which is deposited in a fund established under section 607 of such Act shall be treated as paid to the Secretary of the Treasury in satisfaction of the liability for such duty.''.

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this Act shall apply to taxable years beginning after December 31, 2001, and shall terminate on December 31, 2005.

(b) CHANGES IN COMPUTATION OF INTEREST.—The amendments made by sections 2(f) and 3(e) shall apply to withdrawals made after December 31, 2001, including for purposes of computing interest on such a withdrawal for periods on or before such date.

(c) QUALIFIED LEASES.—The amendments made by sections 2(b) and 3(a) shall apply to leases in effect on, or entered after, December 31, 2001.

(d) AMENDMENT TO THE TARIFF ACT OF 1930.—The amendment made by section 4 shall apply with respect to entries not yet liquidated by December 31, 2001, and to entries made on or after such date.

SEC. 6. PENALTIES FOR FAILURE TO DISCLOSE POSITION THAT CERTAIN INTERNATIONAL SHIPPING INCOME IS NOT INCLUDIBLE IN GROSS INCOME.

(a) IN GENERAL.—Section 883 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(d) PENALTIES FOR FAILURE TO DISCLOSE POSITION THAT CERTAIN INTERNATIONAL SHIPPING INCOME IS NOT INCLUDIBLE IN GROSS INCOME.—

''(1) IN GENERAL.—A taxpayer who, with respect to any tax imposed by this title, takes the position that any of its gross income derived from the international operation of a ship or ships is not includible in gross income by reason of subsection (a)(1) or section 872(b)(1) (or by reason of any applicable treaty) shall be entitled to such treatment only if such position is disclosed (in such manner as the Secretary may prescribe) on the return for such tax (or any statement attached to such return).

''(2) ADDITIONAL PENALTIES FOR FAILING TO DISCLOSE POSITION.—If a taxpayer fails to meet the requirement of paragraph (1) with respect to any taxable year—

''(A) the amount of the income from the international operation of a ship or ships—

''(i) which is from sources without the United States, and

''(ii) which is attributable to a fixed place of business in the United States, shall be treated for purposes of this title as effectively connected with the conduct of a trade or business within the United States, and

''(B) no deductions or credits shall be allowed which are attributable to income from the international operation of a ship or ships.

''(3) REASONABLE CAUSE EXCEPTION.—This subsection shall not apply to a failure to disclose a position if it is shown that such failure is due to reasonable cause and not due to willful neglect.''

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 872(b) of such Code is amended by striking ''Gross income'' and inserting ''Except as provided in section 883(d), gross income''.

(2) Paragraph (1) of section 883(a) of such Code is amended by striking ''Gross income'' and inserting ''Except as provided in subsection (d), gross income''.

(c) COORDINATION WITH TREATIES.—The amendments made by this section shall not apply in any case where their application would be contrary to any treaty obligation of the United States.

(d) INFORMATION TO BE PROVIDED BY CUSTOMS SERVICE.—The United States Customs Service shall provide the Secretary of the Treasury or his delegate with such information as may be specified by such Secretary in order to enable such Secretary to determine whether ships which are not registered in the United States are engaged in transportation to or from the United States.

SEC. 7. MODIFICATION OF LIMITATIONS ON DEDUCTIONS FOR ATTENDANCE AT CONVENTIONS, ETC. ON CRUISE SHIPS.

(a) ONLY HOME PORT OF CRUISE SHIP MUST BE IN UNITED STATES OR POSSESSIONS.—Subparagraph (B) of section 274(h)(2) of the Internal Revenue Code of 1986 (relating to conventions on cruise ships) is amended to read as follows:

''(B) the home port of such cruise ship is located in the United States or a possession of the United States.''

McCAIN AMENDMENT NO. 1487

(Ordered to lie on the table.)

Mr. McCAIN submitted an amendment intended to be proposed by him to the bill, S. 1429, supre; as follows:

Strike all after the first word and insert:

. 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Middle Class Tax Relief Act of 1999''.

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

Sec. 1. Short title; table of contents.

TITLE I—MIDDLE CLASS TAX RELIEF

Sec. 11. Increase in maximum taxable income for 15 percent rate bracket.
Sec. 12. Elimination of marriage penalty in standard deduction.
Sec. 13. Exemption of certain interest and dividend income from tax.
Sec. 14. Phase-out of estate and gift taxes through increase in unified estate and gift tax credit.
Sec. 15. Elimination of earnings test for individuals who have attained retirement age.

TITLE II—OFFSETS

Subtitle A—Tax Loophole Closures

Sec. 31. Inclusion in gross income of contributions in aid of construction.
Sec. 32. Elimination of nonexclusion of discharge of farm debt income.
Sec. 33. Elimination of U.S. possessions tax credit.
Sec. 34. Elimination of tax incentives relating to merchant marine capital construction funds.
Sec. 35. Source rules for inventory property.
Sec. 36. Phaseout of oil, gas, and minerals expensing of drilling exploration and development costs.
Sec. 37. Sunset of alcohol fuels incentives.
Sec. 38. Repeal of enhanced oil recovery credit.
Sec. 39. Repeal of unlimited passive loss deductions for oil and gas properties.
Sec. 40. Uniform depreciation treatment of rental property.
Sec. 41. Elimination expensing of certain timber production costs.
Sec. 42. Excise tax on excludable non-retirement fringe benefits.
Sec. 43. Transfer pricing.
Sec. 44. Disallowance of deduction for advertising and promotion expenditures.
Sec. 45. Elimination of private-purpose tax-exempt bonds.

Subtitle B—Spending Cuts

CHAPTER 1—GENERAL PROVISIONS

Sec. 61. Elimination of free use of government owned takeoff and landing slots.
Sec. 62. Elimination of foreign market development program.
Sec. 63. Elimination of highway demonstration projects.
Sec. 64. Elimination of Federal subsidies for AMTRAK.
Sec. 65. Elimination of funding to complete Appalachian Development Highway System.
Sec. 66. Elimination of advanced technology program.
Sec. 67. Elimination of NASA's earth science program.
Sec. 68. Elimination of market access program.
Sec. 69. Elimination of below-cost sales of timber from national forest system lands.
Sec. 70. Prohibition on certain research functions of Department of Energy.
Sec. 71. Offset fee for the Federal capital costs savings provided to the FNMA and FHLMC.
Sec. 72. Enhanced competition with the private sector regarding military family housing.

CHAPTER 2—ABOLISHMENT OF DEPARTMENT OF COMMERCE

Sec. 81. Short title.

Subchapter A—Abolishment of Department of Commerce

Sec. 101. Definitions.
Sec. 102. Abolishment of Department of Commerce.
Sec. 103. Resolution and termination of Department functions.
Sec. 104. Responsibilities of the Director of the Office of Management and Budget.
Sec. 105. Personnel.
Sec. 106. Plans and reports.
Sec. 107. General Accounting Office audit and access to records.
Sec. 108. Conforming amendments.
Sec. 109. Privatization framework.
Sec. 110. Priority placement programs for Federal employees affected by a reduction in force attributable to this chapter.
Sec. 111. Funding reductions for transferred functions.

Subchapter B—Disposition of Programs, Functions, and Agencies of Department of Commerce

Sec. 201. Economic development.
Sec. 202. Technology Administration.
Sec. 203. Reorganization of the Bureau of the Census and the Bureau of Economic Analysis.
Sec. 204. Terminated functions of National Telecommunications and Information Administration.
Sec. 205. Terminations and transfers.
Sec. 206. National Oceanic and Atmospheric Administration.
Sec. 207. Miscellaneous terminations; moratorium on program activities.
Sec. 208. Effective date.

Subchapter C—Establishment of United States Trade Administration

PART I—GENERAL PROVISIONS

Sec. 301. Definitions.

PART II—UNITED STATES TRADE ADMINISTRATION

Subpart A—Establishment

Sec. 311. Establishment of the United States Trade Administration.
Sec. 312. Functions of the Trade Representative.

Subpart B—Officers

Sec. 321. Deputy United States Trade Representatives.
Sec. 322. Assistant Administrators.
Sec. 323. General Counsel.
Sec. 324. Inspector General.
Sec. 325. Chief Financial Officer.

Subpart C—Transfers to the Trade Administration

Sec. 331. Office of the United States Trade Representative.
Sec. 332. Transfers from the Department of Commerce.
Sec. 333. Trade and Development Agency.
Sec. 334. Export-Import Bank.
Sec. 335. Overseas Private Investment Corporation.
Sec. 336. Consolidation of export promotion and financing activities.
Sec. 337. Functions related to textile agreements.

Subpart D—Administrative Provisions

Sec. 341. Personnel provisions.
Sec. 342. Delegation and assignment.
Sec. 343. Succession.
Sec. 344. Reorganization.
Sec. 345. Rules.
Sec. 346. Funds transfer.
Sec. 347. Contracts, grants, and cooperative agreements.
Sec. 348. Use of facilities.
Sec. 349. Gifts and bequests.
Sec. 350. Working capital fund.
Sec. 351. Service charges.
Sec. 352. Seal of office.

Subpart E—Related Agencies

Sec. 361. Interagency trade organization.
Sec. 362. National Security Council.
Sec. 363. International Monetary Fund.

Subpart F—Conforming Amendments

Sec. 371. Amendments to general provisions.
Sec. 372. Repeals.
Sec. 373. Conforming amendments relating to Executive Schedule positions.

Subpart G—Miscellaneous

Sec. 381. Effective date.
Sec. 382. Interim appointments.
Sec. 383. Funding reductions resulting from reorganization.

Subchapter D—Establishment of the Office of Patents, Trademarks, and Standards

PART I—ESTABLISHMENT

Sec. 401. Definitions.
Sec. 402. Establishment of the Office of Patents, Trademarks, and Standards.
Sec. 403. Functions.
Sec. 404. Transfers to the Office.
Sec. 405. Additional officers.

PART II—ADMINISTRATIVE PROVISIONS

Sec. 411. Rules.
Sec. 412. Delegation.
Sec. 413. Personnel and services.
Sec. 414. Contracts.
Sec. 415. Copyrights and patents.
Sec. 416. Gifts and bequests.
Sec. 417. Transfers of funds from other Federal agencies.
Sec. 418. Seal of Office.
Sec. 419. Status of Office under certain laws.

PART III—CONFORMING AMENDMENTS

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SEC. 11. INCREASE IN MAXIMUM TAXABLE INCOME FOR 15 PERCENT RATE BRACKET.

Section 1(f) of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

''(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the 15 percent rate bracket and the minimum taxable income level for the 28 percent rate bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 1999, by the applicable dollar amount for such calendar year,'', and

(C) by striking ''subparagraph (A)'' in subparagraph (C) (as so redesignated) and inserting ''subparagraphs (A) and (B)'', and

(2) by adding at the end the following:

''(8) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B), the applicable dollar amount for any calendar year shall be determined as follows:

''(A) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

''Calendar year:	Applicable Dollar Amount:
2000	$1,000
2001	$2,000
2002	$3,000
2003	$4,000
2004 and thereafter	$5,000.

''(B) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

''Calendar year:	Applicable Dollar Amount:
2000	$500
2001	$1,000
2002	$1,500
2003	$2,000
2004 and thereafter	$2,500.''

SEC. 12. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended by adding at the end the following:

''(7) ELIMINATION OF MARRIAGE PENALTY FOR JOINT FILERS.—

''(A) IN GENERAL.—In the case of a joint return or a surviving spouse (as defined in section 2(a)), the basic standard deduction under paragraph (2)(A) shall be increased by an amount equal to the applicable percentage of the excess of—

''(i) 200 percent of the basic standard deduction in effect for the taxable year under paragraph (2)(C), over

''(ii) the basic standard deduction in effect for the taxable year under paragraph (2)(A) (without regard to this paragraph).

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined as follows:

''For taxable years beginning in calendar year:	The applicable percentage is:
1999	20
2000	40
2001	60
2002	80
2003 and thereafter	100.''

(b) CONFORMING AMENDMENT.—Section 63(c)(2)(A) of the Internal Revenue Code of 1986 is amended by inserting ''except as provided in paragraph (7),'' before ''$5,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 13. EXEMPTION OF CERTAIN INTEREST AND DIVIDEND INCOME FROM TAX.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to amounts specifically excluded from gross income) is amended by inserting after section 115 the following:

''SEC. 116. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST RECEIVED BY INDIVIDUALS.

''(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include the sum of the amounts received during the taxable year by an individual as—

''(1) dividends from domestic corporations, or

''(2) interest.

''(b) LIMITATIONS.—

''(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed $200 ($400 in the case of a joint return).

''(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a)(1) shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organization) or section 521 (relating to farmers' cooperative associations).

''(c) INTEREST.—For purposes of this section, the term 'interest' means—

''(1) interest on deposits with a bank (as defined in section 581),

''(2) amounts (whether or not designated as interest) paid in respect of deposits, investment certificates, or withdrawable or repurchasable shares, by—

''(A) a mutual savings bank, cooperative bank, domestic building and loan association, industrial loan association or bank, or credit union, or

''(B) any other savings or thrift institution which is chartered and supervised under Federal or State law,

the deposits or accounts in which are insured under Federal or State law or which are protected and guaranteed under State law,

''(3) interest on—

''(A) evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a domestic corporation in registered form, and

''(B) to the extent provided in regulations prescribed by the Secretary, other evidences of indebtedness issued by a domestic corporation of a type offered by corporations to the public,

''(4) interest on obligations of the United States, a State, or a political subdivision of a State (not excluded from gross income of the taxpayer under any other provision of law), and

''(5) interest attributable to participation shares in a trust established and maintained by a corporation established pursuant to Federal law.

''(d) SPECIAL RULES.—For purposes of this section—

''(1) DISTRIBUTIONS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—Subsection (a) shall apply with respect to distributions by—

''(A) regulated investment companies to the extent provided in section 854(c), and

''(B) real estate investment trusts to the extent provided in section 857(c).

''(2) DISTRIBUTIONS BY A TRUST.—For purposes of subsection (a), the amount of dividends and interest properly allocable to a beneficiary under section 652 or 662 shall be deemed to have been received by the beneficiary ratably on the same date that the dividends and interest were received by the estate or trust.

''(3) CERTAIN NONRESIDENT ALIENS INELIGIBLE FOR EXCLUSION.—In the case of a nonresident alien individual, subsection (a) shall apply only—

''(A) in determining the tax imposed for the taxable year pursuant to section 871(b)(1) and only in respect of dividends and interest which are effectively connected with the conduct of a trade or business within the United States, or

''(B) in determining the tax imposed for the taxable year pursuant to section 877(b).''

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 115 the following:

''Sec. 116. Partial exclusion of dividends and interest received by individuals.''

(2) Paragraph (2) of section 265(a) of such Code is amended by inserting before the period at the end the following: '', 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''.

(3) Subsection (c) of section 584 of such Code 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.''

(4) Subsection (a) of section 643 of such Code is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following:

''(7) DIVIDENDS OR INTEREST.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116.''

(5) Section 854 of such Code is amended by adding at the end the following:

''(c) TREATMENT UNDER SECTION 116.—

''(1) IN GENERAL.—For purposes of section 116, in the case of any dividend (other than a dividend described in subsection (a)) received from a regulated investment company which meets the requirements of section 852 for the taxable year in which it paid the dividend—

''(A) the entire amount of such dividend shall be treated as a dividend if the sum of the aggregate dividends and the aggregate interest received by such company during the taxable year equals or exceeds 75 percent of its gross income, or

''(B) if subparagraph (A) does not apply, there shall be taken into account under section 116 only the portion of such dividend which bears the same ratio to the amount of such dividend as the sum of the aggregate dividends received and aggregate interest received bears to gross income.

For purposes of the preceding sentence, gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year as does not exceed aggregate interest received for the taxable year.

''(2) NOTICE TO SHAREHOLDERS.—The amount of any distribution by a regulated investment company which may be taken into account as a dividend for purposes of the exclusion under section 116 shall not exceed the amount so designated by the company in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) The term 'gross income' does not include gain from the sale or other disposition of stock or securities.

''(B) The term 'aggregate dividends' includes only dividends received from domestic corporations other than dividends described in section 116(b)(2). In determining the amount of any dividend for purposes of this subparagraph, the rules provided in section 116(d)(1) (relating to certain distributions) shall apply.

''(C) The term 'interest' has the meaning given such term by section 116(c).''

(6) Subsection (c) of section 857 of such Code is amended to read as follows:

''(c) LIMITATIONS APPLICABLE TO DIVIDENDS RECEIVED FROM REAL ESTATE INVESTMENT TRUSTS.—

''(1) IN GENERAL.—For purposes of section 116 (relating to an exclusion for dividends and interest received by individuals) and 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.

''(2) TREATMENT AS INTEREST.—For purposes of section 116, in the case of a dividend (other than 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 for the taxable year in which it paid the dividend—

''(A) such dividend shall be treated as interest if the aggregate interest received by the real estate investment trust for the taxable year equals or exceeds 75 percent of its gross income, or

''(B) if subparagraph (A) does not apply, the portion of such dividend which bears the same ratio to the amount of such dividend as the aggregate interest received bears to gross income shall be treated as interest.

''(3) ADJUSTMENTS TO GROSS INCOME AND AGGREGATE INTEREST RECEIVED.—For purposes of paragraph (2)—

''(A) gross income does not include the net capital gain,

''(B) gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year (other than for interest on mortgages on real property owned by the real estate investment trust) as does not exceed aggregate interest received by the taxable year, and

''(C) gross income shall be reduced by the sum of the taxes imposed by paragraphs (4), (5), and (6) of section 857(b).

''(4) INTEREST.—The term 'interest' has the meaning given such term by section 116(c).

''(5) NOTICE TO SHAREHOLDERS.—The amount of any distribution by a real estate investment trust which may be taken into account as interest for purposes of the exclusion under section 116 shall not exceed the amount so designated by the trust in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 14. PHASE-OUT OF ESTATE AND GIFT TAXES THROUGH INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.

(a) PHASE-OUT.—

(1) IN GENERAL.—The table in section 2010(c) of the Internal Revenue Code of 1986 (relating to applicable credit amount) is amended to read as follows:

''In the case of estates of decedents dying, and gifts made, during:	**The applicable exclusion amount is:**
2000	$1,000,000
2001	$1,500,000
2002	$2,000,000
2003	$2,500,000
2004	$5,000,000.''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to the estates of decedents dying, and gifts made, after December 31, 1999.

(b) REPEAL OF FEDERAL TRANSFER TAXES.—

(1) IN GENERAL.—Subtitle B of the Internal Revenue Code of 1986 is repealed.

(2) EFFECTIVE DATE.—The repeal made by this subsection shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2004.

(c) TECHNICAL AND CONFORMING CHANGES.—The Secretary of the Treasury or the Secretary's delegate shall not later than 90 days after the effective date of subsection (b), submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a draft of any technical and conforming changes in the Internal Revenue Code of 1986 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

SEC. 15. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) IN GENERAL.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking ''the age of seventy'' and inserting ''retirement age (as defined in section 216(l))'';

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking ''the age of seventy'' each place it appears and inserting ''retirement age (as defined in section 216(l))'';

(3) in subsection (f)(1)(B), by striking ''was age seventy or over'' and inserting ''was at or above retirement age (as defined in section 216(l))'';

(4) in subsection (f)(3)—

(A) by striking ''33⅓ percent'' and all that follows through ''any other individual,'' and inserting ''50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8),''; and

(B) by striking ''age 70'' and inserting ''retirement age (as defined in section 216(l))'';

(5) in subsection (h)(1)(A), by striking ''age 70'' each place it appears and inserting ''retirement age (as defined in section 216(l))''; and

(6) in subsection (j)—

(A) in the heading, by striking ''Age Seventy'' and inserting ''Retirement Age''; and

(B) by striking ''seventy years of age'' and inserting ''having attained retirement age (as defined in section 216(l))''.

(b) CONFORMING AMENDMENTS ELIMINATING THE SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.—

(1) UNIFORM EXEMPT AMOUNT.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking ''the new exempt amounts (separately stated

for individuals described in subparagraph (D) and for other individuals) which are to be applicable'' and inserting ''a new exempt amount which shall be applicable''.

(2) CONFORMING AMENDMENTS.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(A) in the matter preceding clause (i), by striking ''Except'' and all that follows through ''whichever'' and inserting ''The exempt amount which is applicable for each month of a particular taxable year shall be whichever'';

(B) in clauses (i) and (ii), by striking ''corresponding'' each place it appears; and

(C) in the last sentence, by striking ''an exempt amount'' and inserting ''the exempt amount''.

(3) REPEAL OF BASIS FOR COMPUTATION OF SPECIAL EXEMPT AMOUNT.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. (f)(8)(D)) is repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(A) in subsection (c), in the last sentence, by striking ''nor shall any deduction'' and all that follows and inserting ''nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.''; and

(B) in subsection (f)(1), by striking clause (D) and inserting the following: ''(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60,''.

(2) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(A) by striking ''either''; and

(B) by striking ''or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit''.

(3) PROVISIONS RELATING TO EARNINGS TAKEN INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking ''if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted'' and inserting the following: ''if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by section 106 of the Middle Class Tax Relief Act of 1999 had not been enacted''.

(d) EFFECTIVE DATE.—The amendments and repeals made by this section shall apply with respect to taxable years ending after December 31, 1998.

TITLE II—OFFSETS

Subtitle A—Tax Loophole Closures

SEC. 31. INCLUSION IN GROSS INCOME OF CONTRIBUTIONS IN AID OF CONSTRUCTION.

(a) IN GENERAL.—Section 118 of the Internal Revenue Code of 1986 (relating to contributions to the capital of a corporation) is amended by striking subsections (c) and (d) and by redesignating subsection (e) as subsection (c).

(b) CONFORMING AMENDMENT.—Section 118(b) of the Internal Revenue Code of 1986 is amended by striking ''except as provided in subsection (c),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1999, in taxable years ending after such date.

SEC. 32. ELIMINATION OF NONEXCLUSION OF DISCHARGE OF FARM DEBT INCOME.

(a) IN GENERAL.—Section 108(a)(1) of the Internal Revenue Code of 1986 (relating to exclusion from gross income) is amended by adding ''or'' at the end of subparagraph (B), by striking subparagraph (C), and by redesignating subparagraph (D) as subparagraph (C).

(b) CONFORMING AMENDMENTS.—

(1) Section 108(a)(2) of the Internal Revenue Code of 1986 is amended by striking ''Subparagraphs (B), (C), and (D)'' and inserting ''Subparagraphs (B) and (C)''.

(2) Section 108(a)(2)(B) of such Code is amended to read as follows:

''(B) INSOLVENCY EXCLUSION TAKES PRECEDENCE OVER QUALIFIED REAL PROPERTY BUSINESS EXCLUSION.—Subparagraph (C) of paragraph (1) shall not apply to a discharge to the extent the taxpayer is insolvent.''

(3) Section 108(b)(1) of such Code is amended by striking ''(A), (B), or (C)'' and inserting ''(A) or (B)''.

(4) Paragraphs (1)(A), (2)(A), and (2)(B) of section 108(c) of such Code are each amended by striking ''(D)'' and inserting ''(C)''.

(5) Section 108(c)(3) of such Code is amended by striking the second sentence.

(6) Section 108(d)(7)(B) of such Code is amended by striking ''subsection (a)(1)(D)'' and inserting ''subsection (a)(1)(C)''.

(7) Section 108 of such Code is amended by striking subsection (g).

(8) Section 1017(b) of such Code is amended by striking paragraph (4).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges after December 31, 1999.

SEC. 33. ELIMINATION OF U.S. POSSESSIONS TAX CREDIT.

(a) SECTION 936.—

(1) Section 936(j)(2)(A) of the Internal Revenue Code of 1986 is amended by striking ''2002'' and inserting ''2000''.

(2) Section 936(j)(3)(A)(i) of such Code is amended by striking ''2006'' and inserting ''2000''.

(3) Section 936(j)(8)(A) of such Code is amended by striking ''2006'' and inserting ''2000''.

(b) SECTION 30A.—

(1) Section 30A(g) of such Code is amended by striking ''2006'' and inserting ''2000''.

(2) Section 30A(a)(1) of such Code is amended by striking the last sentence.

SEC. 34. ELIMINATION OF TAX INCENTIVES RELATING TO MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS.

Section 7518 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(j) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 1999.''

SEC. 35. SOURCE RULES FOR INVENTORY PROPERTY.

(a) IN GENERAL.—Section 863(b) of the Internal Revenue Code of 1986 (relating to income partly from within and partly from without United States) is amended by adding at the end the following new paragraph:

''(2) CERTAIN SALES FOR USE IN UNITED STATES.—If—

''(A) a United States resident sells (directly or indirectly) inventory property to another United States resident for use, consumption, or disposition in the United States, and

''(B) such sale is not attributable to an office or other fixed place of business maintained by the seller outside the United States, any income of such United States resident (or any related person) from such sale shall be sourced in the United States.''

(b) CONFORMING AMENDMENTS.—Section 863(b) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''In the case of'' and inserting:

''(1) IN GENERAL.—In the case of'', and

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively.

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

SEC. 36. PHASEOUT OF OIL, GAS, AND MINERALS EXPENSING OF DRILLING EXPLORATION AND DEVELOPMENT COSTS.

(a) OIL AND GAS AND MINING DEVELOPMENT COSTS.—Sections 263(c) and 616(a) of the Internal Revenue Code of 1986 are each amended by adding at the end the following new sentence: ''This subsection shall not apply to the applicable percentage of costs incurred in taxable years beginning after December 31, 1999. For purposes of the preceding sentence, the applicable percentage for any taxable year shall be determined in accordance with the following table:

''In the case of any taxable year beginning in—	The applicable percentage is—
2000	20
2001	40
2002	60
2003	80
After 2003	100.''

(b) MINING EXPLORATION COSTS.—Section 617(a)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: ''This paragraph shall not apply to the applicable percentage of costs incurred in taxable years beginning after December 31, 1999. For purposes of the preceding sentence, the applicable percentage for any taxable year shall be determined in accordance with the following table:

''In the case of any taxable year beginning in—	The applicable percentage is—
2000	20
2001	40
2002	60
2003	80
After 2003	100.''

SEC. 37. SUNSET OF ALCOHOL FUELS INCENTIVES.

(a) IN GENERAL.—The following provisions of the Internal Revenue Code of 1986 are each repealed:

(1) Section 40 (relating to alcohol used as fuel).

(2) Section 4041(b)(2) (relating to qualified methanol and ethanol).

(3) Section 4041(k) (relating to fuels containing alcohol).

(4) Section 4081(c) (relating to taxable fuels mixed with alcohol).

(5) Section 4091(c) (relating to reduced rate of tax for aviation fuel in alcohol mixture, etc.).

(6) Section 6427(f) (relating to gasoline, diesel fuel, kerosene, and aviation fuel used to produce certain alcohol fuels).

(7) The headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007).

(b) EFFECTIVE DATE.—The repeals made by subsection (a) shall take effect on October 1, 1999.

SEC. 38. REPEAL OF ENHANCED OIL RECOVERY CREDIT.

Section 43 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(f) TERMINATION.—In the case of taxable years beginning after December 31, 1999, the enhanced oil recovery credit is zero.''.

SEC. 39. REPEAL OF UNLIMITED PASSIVE LOSS DEDUCTIONS FOR OIL AND GAS PROPERTIES.

Section 469(c)(3) of the Internal Revenue Code of 1986 (relating to working interests in oil and gas property) is amended by adding at the end the following:

''(C) TERMINATION.—This paragraph shall not apply with respect to any taxable year beginning after December 31, 1999.''

SEC. 40. UNIFORM DEPRECIATION TREATMENT OF RENTAL PROPERTY.

(a) IN GENERAL.—The table in section 168(c) is amended by striking ''27.5 years'' and inserting ''39 years''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 1999.

SEC. 41. ELIMINATION EXPENSING OF CERTAIN TIMBER PRODUCTION COSTS.

(a) IN GENERAL.—Section 263A(c) of the Internal Revenue Code of 1986 (relating to general exceptions) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 42. EXCISE TAX ON EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS.

(a) IN GENERAL.—Subtitle D of the Internal Revenue Code of 1986 (relating to miscellaneous excise taxes) is amended by adding at the end the following:

''CHAPTER 48—EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS

''Sec. 5000A. Tax on excludable non-retirement fringe benefits.

''SEC. 5000A. TAX ON EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS.

''(a) IMPOSITION OF TAX.—There is hereby imposed on any person who provides excludable non-retirement fringe benefits to such person's employees, retired employees, or former employees a tax equal to ____ percent of the amount of benefits.

''(b) EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS.—For purposes of this section, the term 'excludable non-retirement fringe benefits' means any benefit (other than a pension benefit) otherwise excludable from gross income of any employee under any provision of this title.''

(b) CONFORMING AMENDMENT.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''CHAPTER 48. Excludable non-retirement fringe benefits.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits paid or incurred after December 31, 1999, in taxable years ending after such date.

SEC. 43. TRANSFER PRICING.

(a) AUTHORITY OF SECRETARY WHEN LEGAL LIMITS ON TRANSFER BY TAXPAYER.—Section 482 (relating to allocation of income and deductions among taxpayers) is amended by adding at the end the following: ''The authority of the Secretary under this section shall not be limited by any restriction (by any law or agreement) on the ability of such interests, organizations, trades, or businesses to transfer or receive money or other property.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 44. DISALLOWANCE OF DEDUCTION FOR ADVERTISING AND PROMOTION EXPENDITURES.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items not deductible) is amended by adding at the end the following:

''SEC. 280I. ADVERTISING AND PROMOTION EXPENDITURES.

No deduction otherwise allowable under this chapter shall be allowed for any amount paid or incurred to advertise or promote (by means of television, radio, other electronic media, newspaper or other periodical, billboard, or any other means).''

(b) CONFORMING AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 of such Code is amended by adding at the end the following:

''Sec. 280I. Advertising and promotion expenditures.''

(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. 45. ELIMINATION OF PRIVATE-PURPOSE TAX-EXEMPT BONDS.

Section 141(e) of the Internal Revenue Code of 1986 (defining qualified bond) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) ISSUANCE DATE.—Such bond is issued before January 1, 2000.''

Subtitle B—Spending Cuts

CHAPTER 1—GENERAL PROVISIONS

SEC. 61. ELIMINATION OF FREE USE OF GOVERNMENT OWNED TAKEOFF AND LANDING SLOTS.

(a) DEFINITIONS.—In this section:

(1) AIR CARRIER.—The term ''air carrier'' has the meaning given that term in section 40102(a)(2) of title 49, United States Code.

(2) HIGH DENSITY AIRPORT.—The term ''high density airport'' has the meaning given that term in section 41714(h)(2) of title 49, United States Code.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Transportation.

(4) SLOT.—The term ''slot'' has the meaning given that term in section 41714(h)(4) of title 49, United States Code.

(5) SLOT EXEMPTION.—The term ''slot exemption'' means an exemption to the requirements of subparts K and S of part 93 of title 14, United States Code, that permits an air carrier to conduct a takeoff or landing from an airport without holding a slot.

(b) FEES.—The Secretary shall establish a fee schedule and assess fees for each slot held by, or slot exemption granted to, an air carrier at a high density airport. The amount of each such fee shall be the fair market value of the slot or slot exemption involved.

SEC. 62. ELIMINATION OF FOREIGN MARKET DEVELOPMENT PROGRAM.

Title VII of the Agricultural Trade Act of 1978 (7 U.S.C. 5721 et seq.) is repealed.

SEC. 63. ELIMINATION OF HIGHWAY DEMONSTRATION PROJECTS.

(a) HIGH PRIORITY PROJECTS PROGRAM.—Section 117 of title 23, United States Code, is repealed.

(b) PROJECTS.—Subtitle F of title I of the Transportation Equity Act for the 21st Century (112 Stat. 255) is repealed.

(c) FUNDING.—Section 1101(a) of the Transportation Equity Act for the 21st Century (112 Stat. 111) is amended by striking paragraph (13).

(d) CONFORMING AMENDMENTS.—

(1) The analysis for chapter 1 of title 23, United States Code, is amended by striking the item relating to section 117 of title 23, United States Code.

(2) Section 105 of title 23, United States Code, is amended—

(A) in the first sentence of subsection (a), by striking ''high priority projects,''; and

(B) in subsection (c)(1), by striking ''high priority projects,'' each place it appears.

(3) Section 145(b) of title 23, United States Code, is amended—

(A) by striking ''section 1602 of the Transportation Equity Act for the 21st Century,'';

(B) by striking ''seq.),'' and inserting ''seq.)'';

(C) by striking ''section 1101(a)(13) of the Transportation Equity Act for the 21st Century, 117 of title 23, United States Code,''; and

(D) by striking ''1991,'' and inserting ''1991''.

(4) Section 1102(c)(4) of the Transportation Equity Act for the 21st Century (112 Stat. 116) is amended by striking ''section 117 of title 23, United States Code (relating to high priority projects program),''.

(5) Section 1212 of the Transportation Equity Act for the 21st Century is amended by striking subsections (g) and (h) (112 Stat. 196, 840).

(6) Section 1217(j) of the Transportation Equity Act for the 21st Century (112 Stat. 216, 841) is amended by striking the second sentence.

(7) Section 5118 of the Transportation Equity Act for the 21st Century (112 Stat. 452) is amended—

(A) by striking subsection (b); and

(B) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

SEC. 64. ELIMINATION OF FEDERAL SUBSIDIES FOR AMTRAK.

(a) IN GENERAL.—Notwithstanding any other provision of law, including section 24104 of title 49, United States Code, beginning with fiscal year 2000, the Secretary of Transportation may not use any funds for the benefit of Amtrak for—

(1) capital expenditures, operating expenses, or payments (including direct grants); or

(2) loan guarantees.

(b) CONFORMING AMENDMENTS.—

(1) Section 24104(a) of title 49, United States Code, is amended—

(A) in paragraph (1), by adding ''and'' at the end;

(B) in paragraph (2), by striking the semicolon and adding a period;

(C) by striking paragraphs (3) through (5); and

(D) in the matter following paragraph (2), by striking the last sentence.

(2) Section 24909(a) of title 49, United States Code, is amended—

(A) in paragraph (1), by striking ''Not more'' and inserting ''Except as provided in paragraph (3), not more'';

(B) in paragraph (2), by striking ''Not more'' and inserting ''Except as provided in paragraph (3), not more''; and

(C) by adding at the end the following:

''(3) Beginning with fiscal year 2000, no funds shall be appropriated to Amtrak under this section.

(3) Section 26104 of title 49, United States Code, is amended by adding at the end the following:

''(i) PROHIBITION.—Beginning with fiscal year 2000, the Secretary may not use any amounts made available under this section to provide assistance to Amtrak.''.

SEC. 65. ELIMINATION OF FUNDING TO COMPLETE APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM.

(a) PROGRAM.—Section 1117 of the Transportation Equity Act for the 21st Century (112 Stat. 160) is amended—

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

(2) by redesignating subsections (c) and (d) as subsections (a) and (b), respectively.

(b) FUNDING.—Section 1101(a) of the Transportation Equity Act for the 21st Century (112 Stat. 111) is amended by striking paragraph (6).

(c) CONFORMING AMENDMENTS.—

(1) Section 104(a)(1) of title 23, United States Code, is amended—

(A) by inserting ''or'' after ''section 105,'';

(B) by striking ''or the Appalachian development highway system program under section 201 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.),'';

(C) by striking ''necessary'' and all that follows through ''(A) to'' and inserting ''necessary to''; and

(D) by striking ''chapter 2'' and all that follows and inserting ''chapter 2.''.

(2) Section 105 of title 23, United States Code, is amended—

(A) in the first sentence of subsection (a), by striking ''Appalachian development highway system,''; and

(B) in subsection (c)(1), by striking ''Appalachian development highway system,'' each place it appears.

(3) Section 1102(c) of the Transportation Equity Act for the 21st Century (112 Stat. 116) is amended—

(A) in paragraph (4), by striking ''section 201 of the Appalachian Regional Development Act of 1965,''; and

(B) in paragraph (6), by striking '', and the Appalachian development highway system program''.

SEC. 66. ELIMINATION OF ADVANCED TECHNOLOGY PROGRAM.

(a) IN GENERAL.—

(1) REPEAL.—Section 28 of the National Institute of Standards and Technology Act (15 U.S.C. 278n) is repealed, effective October 1, 1999.

(2) MORATORIUM.—Beginning on the date of enactment of this section, neither the Secretary of Commerce or the Director of the National Institute of Standards and Technology may enter into any contract or agreement under section 28(b) of the National Institute of Standards and Technology Act (15 U.S.C. 278n) or otherwise initiate any activity or joint venture under the Advanced Technology Program.

(b) CONTRACTS AND COOPERATIVE AGREEMENTS.—Beginning on October 1, 1999, any contract or cooperative agreement entered into under section 28(b) of the National Institute of Standards and Technology Act (15 U.S 278n(b)) shall be null and void. To the extent necessary to carry out this subsection, the Secretary of Commerce, from funds otherwise available to carry out the Advanced Technology Program, shall provide compensation to a party to such a contract or agreement.

SEC. 67. ELIMINATION OF NASA'S EARTH SCIENCE PROGRAM.

The Earth Science Program of the National Aeronautics and Space Administration is terminated, effective October 1, 1999. The Administrator of the National Areonautics and Space Administration shall take such action as may be necessary to carry out this section.

SEC. 68. ELIMINATION OF MARKET ACCESS PROGRAM.

(a) IN GENERAL.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 211 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by striking subsection (c).

(2) Section 402(a)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)(1)) is amended by striking ''203,''.

(3) Section 1302 of the Omnibus Budget Reconciliation Act of 1993 (7 U.S.C. 5623 note; Public Law 103–66) is repealed.

SEC. 69. ELIMINATION OF BELOW-COST SALES OF TIMBER FROM NATIONAL FOREST SYSTEM LANDS.

The National Forest Management Act of 1976 is amended by inserting after section 14 (16 U.S.C. 472a) the following:

''SEC. 14A. ELIMINATION OF BELOW-COST TIMBER SALES FROM NATIONAL FOREST SYSTEM LANDS.

''(a) DEFINITION OF BELOW-COST TIMBER SALE.—In this section, the term 'below-cost timber sale' means a sale of timber in which the costs to be incurred by the Federal Government exceed the cash returns to the United States Treasury.

''(b) REQUIREMENT THAT SALE REVENUES EXCEED COSTS.—Effective beginning October 1, 2003, in appraising timber and setting a minimum bid for trees, portions of trees, or forest products located on National Forest System land that are proposed for sale under section 14 or any other provision of law, the Secretary of Agriculture shall ensure that the estimated cash returns to the United States Treasury from each sale equal or exceed the estimated costs to be incurred by the Federal Government in the preparation of the sale or as a result of the sale.

''(c) COSTS TO BE CONSIDERED.—For purposes of estimating under this section the costs to be incurred by the Federal Government from each timber sale, the Secretary shall assign to the sale the following costs:

''(1) The actual appropriated expenses for sale preparation and harvest administration incurred or to be incurred by the Federal Government from the sale and the payments to counties to be made as a result of the sale.

''(2) A portion of the annual timber resource planning costs, silvicultural examination costs, other resource support costs, road design and construction costs, road maintenance costs, transportation planning costs, appropriated reforestation costs, timber stand improvement costs, forest genetics research costs, general administrative costs (including administrative costs of the national and regional offices of the Forest Service), and facilities construction costs of the Federal Government directly or indirectly related to the timber harvest program conducted on National Forest System land.

''(d) METHOD OF ALLOCATING COSTS.—The Secretary shall allocate the costs referred to in subsection (c)(2) to each unit of the National Forest System, and each proposed timber sale in the unit, on the basis of harvest volume.

''(e) TRANSITIONAL REQUIREMENTS.—To ensure the elimination of all below-cost timber sales by the date specified in subsection (b), the Secretary shall progressively reduce the number and size of below-cost timber sales on National Forest System land as follows:

''(1) In fiscal year 2000, the quantity of timber sold in below-cost timber sales on National Forest System land shall not exceed 75 percent of the quantity of timber sold in such sales in the preceding fiscal year.

''(2) In fiscal year 2001, the quantity of timber sold in below-cost timber sales on National Forest System land shall not exceed 65 percent of the quantity of timber sold in such sales in fiscal year 2000.

''(3) In fiscal year 2002, the quantity of timber sold in below-cost timber sales on National Forest System land shall not exceed 50 percent of the quantity of timber sold in such sales in fiscal year 2001.''.

SEC. 70. PROHIBITION ON CERTAIN RESEARCH FUNCTIONS OF DEPARTMENT OF ENERGY.

Section 209 of the Department of Energy Organization Act (42 U.S.C. 7139) is amended by adding at the end the following:

''(c) PROHIBITION ON CERTAIN RESEARCH FUNCTIONS.—Notwithstanding any other provision of law, the Secretary and each other officer, employee, and office and agency of the Department shall not carry out or support any—

''(1) general science research; or

''(2) applied research and development activity.''.

SEC. 71. OFFSET FEE FOR THE FEDERAL CAPITAL COSTS SAVINGS PROVIDED TO THE FNMA AND FHLMC.

(a) IN GENERAL.—Notwithstanding any other provision of law and on January 1 of each year, the Secretary of the Treasury shall assess and collect from the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (each referred to in this section as an ''enterprise'') an annual fee to be deposited in the General Fund of the Treasury that represents the savings in capital costs derived by each enterprise from Federal affiliation in the preceding year calculated as provided in subsection (b).

(b) FEE CALCULATION.—The Secretary of the Treasury shall calculate a fee equal to an amount equal to 20 basis points on the average debt outstanding of the enterprise at the end of the preceding year.

(c) EFFECTIVE DATE.—This section shall take effect on January 1, 2000 with respect to calendar year 1999.

SEC. 72. ENHANCED COMPETITION WITH THE PRIVATE SECTOR REGARDING MILITARY FAMILY HOUSING.

(a) PAYMENT OF BAH TO MEMBERS WITH DEPENDENTS ASSIGNED TO QUARTERS.—Notwithstanding section 403 of title 37, United States Code, or any other provision of law, each member of the Armed Forces with dependents who is entitled to a basic allowance for housing under that section shall be paid the basic allowance for housing to which such member is entitled, without regard to whether such member is assigned to quarters of the United States or a housing facility under the jurisdiction of a military department.

(b) PAYMENT FOR QUARTERS BY MEMBERS WITH DEPENDENTS ASSIGNED TO QUARTERS.—(1) Except as provided in paragraph (2), a member of the Armed Forces described in subsection (a) who is assigned to quarters of the United States or a housing facility under the jurisdiction of a military department shall pay to the Secretary concerned an amount of rent for such quarters or facility determined by such Secretary under subsection (c).

(2) Paragraph (1) shall not apply in the case of any member referred to in that paragraph who resides in quarters or a housing facility for reasons of military necessity (as determined by the Secretary concerned).

(c) DETERMINATION OF RENTAL AMOUNTS.—(1) During the period beginning on January 1, 2001, and ending on December 31, 2002, the rental amount for quarters of the United States, or a housing facility under the jurisdiction of a military department, in existence on the date of the enactment of this Act shall be the amount (as determined by the Secretary concerned) necessary to ensure

that such quarters or facility is fully occupied without any waiting list for occupancy of such quarters or facility.

(2) After December 31, 2002, the rental amount of any quarters or housing facility shall be the amount (as determined by the Secretary concerned) equal to the amount necessary—

(A) to cover the costs of operation and maintenance of such quarters or facility; and

(B) to provide for the amortization of any capital costs associated with the construction of such quarters or facility.

(3) The Secretary concerned may establish rental amounts for quarters or facilities of a historic or unique character that differ from the rental amounts that would otherwise be established for such quarters or facilities under this subsection if the Secretary concerned that such differing amounts are required for purposes of preserving or maintaining the character of such quarters or facilities.

(d) USE OF RENTAL AMOUNTS PAID.—Amounts paid for quarters or facilities under subsection (c) shall be the only amounts available to the Secretary concerned—

(1) in the case of quarters or facilities covered by paragraph (1) of subsection (c), for purposes of defraying the costs of such Secretary in operating and maintaining the quarters or facilities; or

(2) in the case of quarters or facilities covered by paragraph (2) of subsection (c), for purposes of—

(A) covering the costs of operation and maintenance of the quarters or facilities; and

(B) providing for the amortization of any capital costs associated with the construction of the quarters or facilities.

CHAPTER 2—ABOLISHMENT OF DEPARTMENT OF COMMERCE

SEC. 81. SHORT TITLE.

This chapter may be cited as the ''Department of Commerce Dismantling Act''.

Subchapter A—Abolishment of Department of Commerce

SEC. 101. DEFINITIONS.

For purposes of this chapter, the following definitions apply:

(1) DEPARTMENT.—The term ''Department'' means the Department of Commerce.

(2) DIRECTOR.—The term ''Director'' means the Director of the Office of Management and Budget.

(3) OFFICE.—The term ''Office'' means the Office of Management and Budget.

SEC. 102. ABOLISHMENT OF DEPARTMENT OF COMMERCE.

(a) ABOLISHMENT OF DEPARTMENT.—Effective on the applicable date specified in subsection (c), the Department of Commerce is abolished.

(b) TRANSFER OF DEPARTMENT FUNCTIONS TO OFFICE OF MANAGEMENT AND BUDGET.—Except as otherwise provided in this chapter, all functions that on the day before the applicable date specified in subsection (c) are authorized to be performed by the Secretary of Commerce, any other officer or employee of the Department acting in that capacity, or any agency or office of the Department, are transferred to the Director effective on that date.

(c) ABOLISHMENT DATE.—The date of abolishment of the Department is the earlier of—

(1) the last day of the 6-month period beginning on the date of enactment of this chapter; or

(2) September 30, 1999.

SEC. 103. RESOLUTION AND TERMINATION OF DEPARTMENT FUNCTIONS.

(a) RESOLUTION OF FUNCTIONS.—During the period beginning on the date of enactment of this chapter and ending on the date specified in subsection (c)—

(1) the disposition and resolution of functions of the Department shall be completed in accordance with this chapter; and

(2) the Director shall resolve all functions that are transferred to the Director under section 102(b) and are not otherwise continued under this chapter.

(b) TERMINATION OF FUNCTIONS.—All functions that are transferred to the Director under section 102(b) that are not otherwise continued by this chapter shall terminate on the date specified in subsection (c).

(c) FUNCTIONS TERMINATION DATE.—The date of termination of functions referred to in subsections (a) and (b) is the last day of the 3-year period beginning on the date of enactment of this chapter.

SEC. 104. RESPONSIBILITIES OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.

(a) IN GENERAL.—The Director shall be responsible for the implementation of this title, including—

(1) the administration, during the period specified in section 103(c), of all functions transferred to the Director under section 102(b);

(2) the administration, during the period specified in section 103(a), of any outstanding obligations of the Federal Government under any programs terminated by this chapter; and

(3) taking any other action that may be necessary to complete any outstanding affairs of the Department before the end of the period specified in section 103(a).

(b) DELEGATION OF FUNCTIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Director may, to the extent that the Director determines that such delegation is appropriate to carry out this title, delegate to any officer of the Office or to any other Federal department or agency head the performance of the functions of the Director under this title.

(2) EXCEPTION.—The Director may not delegate the planning and reporting responsibilities under section 106.

(c) TRANSFER OF ASSETS AND PERSONNEL.—In connection with any delegation of functions under subsection (b), the Director may transfer, within the Office or to the department or agency concerned, such assets, funds, personnel, records, and other property relating to the delegated function as the Director determines to be appropriate.

(d) AUTHORITIES OF THE DIRECTOR.—For purposes of performing the functions of the Director under this title, the Director may—

(1) enter into contracts;

(2) employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates for individuals not to exceed the per diem rate equivalent to the rate for level IV of the Executive Schedule; and

(3) utilize, on a reimbursable basis, the services, facilities, and personnel of other Federal agencies.

SEC. 105. PERSONNEL.

Effective on the date specified in section 102(c), there is transferred to the Office any individual who—

(1) on the day before that date, was an officer or employee of the Department; and

(2) in the capacity as an officer or employee of the Department, performed functions that are transferred to the Director under section 102(b).

SEC. 106. PLANS AND REPORTS.

(a) INITIAL IMPLEMENTATION PLAN.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this chapter, the Director shall submit a report to Congress and the President that specifies actions that have been taken and actions that have not been taken but are necessary—

(A) to resolve the programs and functions terminated in this chapter on the date of enactment of this chapter; and

(B) to implement the additional transfers and other program dispositions provided for in this chapter.

(2) CONTENTS.—The report in paragraph (1) shall include—

(A) recommendations for any legislation necessary for the implementation of the abolishments, transfers, terminations, and other dispositions of programs and functions under this chapter; and

(B) a description of actions planned and taken to comply with limitations imposed by this chapter on spending for continued functions.

(b) ANNUAL STATUS REPORTS.—At the end of the first full fiscal year following the date of enactment of this chapter and at the end of each of the 2 following fiscal years, the Director shall submit a report, through the President, to Congress that—

(1) specifies the status and progress of actions taken to implement this chapter and to wind up the affairs of the Department of Commerce by the functions termination date specified in section 103(c);

(2) includes any recommendations for legislation that the Director considers appropriate; and

(3) describes actions taken to comply with limitations imposed by this chapter on spending for continued functions.

(c) GAO REPORTS.—Not later than 60 days after the issuance of a report under subsection (a) or (b), the Comptroller General of the United States shall submit to Congress a report that—

(1) evaluates the report; and

(2) includes any recommendations the Comptroller General considers appropriate.

SEC. 107. GENERAL ACCOUNTING OFFICE –AUDIT AND ACCESS TO RECORDS.

(a) AUDIT OF PERSONS PERFORMING FUNCTIONS PURSUANT TO THIS CHAPTER.—All agencies, corporations, organizations, and other persons of any description that, under the authority of the United States, perform any function or activity covered under this chapter shall be subject to an audit by the Comptroller General of the United States with respect to that function or activity.

(b) AUDIT OF PERSONS PROVIDING CERTAIN GOODS OR SERVICES.—All persons and organizations that, by contract, grant, or otherwise, provide goods or services to, or receive financial assistance from, any agency or other person performing functions or activities covered under this chapter shall be subject to an audit by the Comptroller General of the United States with respect to the provision of such goods or services or the receipt of such financial assistance.

(c) PROVISIONS APPLICABLE TO AUDITS UNDER THIS SECTION.—

(1) NATURE AND SCOPE OF AUDIT.—The Comptroller General of the United States shall determine the nature, scope, terms, and conditions of audits conducted under this section.

(2) COORDINATION WITH OTHER PROVISIONS OF LAW.—The authority of the Comptroller General of the United States under this section shall be in addition to any audit authority available to the Comptroller General under any other provision of law (including any other provision of this chapter).

(3) RIGHTS OF ACCESS, EXAMINATION, AND COPYING.—The Comptroller General of the

United States, and any duly authorized representative of the Comptroller General, shall have access to, and the right to examine and copy, all records and other recorded information in any form, and to examine any property within the possession or control of any agency or person that—

(A) is subject to audit under this section; and

(B) the Comptroller General considers relevant to an audit conducted under this section.

(4) ENFORCEMENT OF RIGHT OF ACCESS.—The right of access of the Comptroller General of the United States to information under this section shall be enforceable under section 716 of title 31, United States Code.

(5) MAINTENANCE OF CONFIDENTIAL RECORDS.—Section 716(e) of title 31, United States Code, shall apply to information obtained by the Comptroller General under this section.

SEC. 108. CONFORMING AMENDMENTS.

(a) PRESIDENTIAL SUCCESSION.—Section 19(d)(1) of title 3, United States Code, is amended by striking ''Secretary of Commerce,''.

(b) EXECUTIVE DEPARTMENTS.—Section 101 of title 5, United States Code, is amended by striking the following item:

''The Department of Commerce.''.

(c) SECRETARY'S COMPENSATION.—Section 5312 of title 5, United States Code, is amended by striking the following item:

''Secretary of Commerce.''.

(d) COMPENSATION FOR POSITIONS AT LEVEL III.—Section 5314 of title 5, United States Code, is amended—

(1) by striking the following item:

''Under Secretary of Commerce, Under Secretary of Commerce for Economic Affairs, Under Secretary of Commerce for Export Administration and Under Secretary of Commerce for Travel and Tourism.'';

(2) by striking the following item:

''Under Secretary of Commerce for Oceans and Atmosphere, the incumbent of which also serves as Administrator of the National Oceanic and Atmospheric Administration.'';

and

(3) by striking the following item:

''Under Secretary of Commerce for Technology.''.

(e) COMPENSATION FOR POSITIONS AT LEVEL IV.—Section 5315 of title 5, United States Code, is amended—

(1) by striking the following item:

''Assistant Secretaries of Commerce (11).'';

(2) by striking the following item:

''General Counsel of the Department of Commerce.'';

(3) by striking the following item:

''Assistant Secretary of Commerce for Oceans and Atmosphere, the incumbent of which also serves as Deputy Administrator of the National Oceanic and Atmospheric Administration.'';

(4) by striking the following item:

''Director, National Institute of Standards and Technology, Department of Commerce.'';

(5) by striking the following item:

''Inspector General, Department of Commerce.'';

(6) by striking the following item:

''Chief Financial Officer, Department of Commerce.'';

(7) by striking the item relating to the Director of the Bureau of the Census and inserting ''Director of the Census, Federal Statistical Service''; and

(8) by striking the following item:

''Chief Information Officer, Department of Commerce.''.

(f) COMPENSATION FOR POSITIONS AT LEVEL V.—Section 5316 of title 5, United States Code, is amended—

(1) by striking the following item:

''Director, United States Travel Service, Department of Commerce.''; and

(2) by striking the following item:

''National Export Expansion Coordinator, Department of Commerce.''.

(g) INSPECTOR GENERAL ACT OF 1978.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 9(a)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (W) as subparagraphs (B) through (V), respectively;

(2) in section 11(1), by striking ''Commerce,''; and

(3) in section 11(2), by striking ''Commerce,''.

(h) EFFECTIVE DATE.—The amendments made by this section shall be effective on the applicable date specified in section 102(c).

SEC. 109. PRIVATIZATION FRAMEWORK.

(a) IN GENERAL.—

(1) PRIVATIZATION.—Not later than 18 months after a function designated for privatization under title II is transferred to the Office, the Director shall privatize that function. The Director shall pursue such forms of privatization arrangements as the Director considers appropriate to best serve the interests of the United States.

(2) REPORT.—If, by the date specified in paragraph (1), the Director is unable to privatize a function, the Director shall submit a report that states that inability to Congress, together with recommendations concerning the appropriate disposition of the function involved and the assets of the function.

(b) ROLE OF THE FEDERAL GOVERNMENT.—No privatization arrangement made under subsection (a) shall include any role for, or accountability to, the Federal Government unless the role or accountability is necessary to ensure the continued accomplishment of a specific Federal objective. The Federal role should be the minimum role necessary to accomplish Federal objectives.

(c) ASSETS.—In privatizing a function, the Director shall take any action necessary—

(1) to preserve the value of the assets of a function during the period during which the Office holds such assets; and

(2) to continue the performance of the function to the extent necessary—

(A) to preserve the value of the assets; or

(B) to accomplish core Federal objectives (as that term is defined by the Director).

SEC. 110. PRIORITY PLACEMENT PROGRAMS FOR FEDERAL EMPLOYEES AFFECTED BY A REDUCTION IN FORCE ATTRIBUTABLE TO THIS CHAPTER.

(a) IN GENERAL.—Subchapter I of chapter 33 of title 5, United States Code, is amended by inserting after section 3329 the following:

''§ 3329a. Priority placement programs for employees affected by a reduction in force attributable to the Department of Commerce Dismantling Act

''(a)(1) For the purpose of this section, the term 'affected agency'—

''(A) except as provided in subparagraph (B), means an Executive agency to which personnel are transferred in connection with a transfer of function under the Department of Commerce Dismantling Act, and

''(B) with respect to employees of the Department of Commerce in general administration, the Inspector General's office, or the General Counsel's office, or who provided overhead support to other components of the Department on a reimbursable basis, means all agencies to which functions of those employees are transferred under the Department of Commerce Dismantling Act.

''(2) This section applies with respect to any reduction in force that—

''(A) occurs within 12 months after the date of enactment of this section; and

''(B) is due to—

''(i) the termination of any function of the Department of Commerce; or

''(ii) the agency's having excess personnel as a result of a transfer of function described in paragraph (1), as determined by—

''(I) the Director of the Office of Management and Budget, in the case of a function transferred to the Office of Management and Budget; or

''(II) the head of the agency, in the case of any function transferred to an agency other than the Office of Management and Budget.

''(b) As soon as practicable after the date of enactment of this section, each affected agency shall establish an agencywide priority placement program to facilitate employment placement for employees who, due to a reduction in force described in subsection (a)(2)—

''(1) are scheduled to be separated from service; or

''(2) are separated from service.

''(c)(1) Each agencywide priority placement program shall include provisions under which a vacant position shall not be filled by the appointment or transfer of any individual from outside of that agency if—

''(A) an individual described in paragraph (2) who is qualified for the position is available for the position at the time of the occurrence of the vacancy; and

''(B) the position—

''(i) is at the same grade (or pay level) or not more than 1 grade (or pay level) below that of the position last held by such individual before placement in the new position; and

''(ii) is within the same commuting area as the individual's last-held position (as referred to in clause (i)) or residence.

''(2) For purposes of an agencywide priority placement program, an individual shall be considered to be described in this paragraph if the most recent performance evaluation of the individual was at least fully successful (or the equivalent), and such individual is either—

''(A) an employee of the agency who is scheduled to be separated, as described in subsection (b)(1); or

''(B) an individual who became a former employee of the agency as a result of a separation, as described in subsection (b)(2).

''(d)(1) Nothing in this section shall affect any priority placement program of the Department of Defense that is in operation as of the date of enactment of this section.

''(2) Nothing in this section shall impair any placement program within an agency subject to a reduction in force resulting from a cause other than the Department of Commerce Dismantling Act.

''(e) An individual shall cease to be eligible to participate in a program under this section on the earlier of—

''(1) the conclusion of the 12-month period beginning on the date on which the individual first became eligible to participate under subsection (c)(2); or

''(2) the date on which the individual declines a bona fide offer (or if the individual does not act on the offer, the last date on which the individual could accept the offer) from the affected agency of a position described in subsection (c)(1)(B).''.

(b) CONFORMING AMENDMENT.—The chapter analysis for chapter 33 of title 5, United States Code, is amended by inserting after the item relating to section 3329 the following:

''3329a. Priority placement programs for employees affected by a reduction in force attributable to the Department of Commerce Dismantling Act.''.

SEC. 111. FUNDING REDUCTIONS FOR TRANSFERRED FUNCTIONS.

(a) FUNDING REDUCTIONS.—Except as provided in subsection (b), the total amount obligated or expended by the United States in performing functions transferred under this chapter to the Director or to the Office from the Department, or any of its officers or components, shall not exceed—

(1) for the first fiscal year that begins after the date specified in section 102(c), 75 percent of the total amount appropriated to the Department for the performance of those functions for fiscal year 1998; and

(2) for the second fiscal year that begins after the date specified in section 102(c) and for each fiscal year thereafter, 65 percent of the total amount appropriated to the Department for the performance of those functions for fiscal year 1998.

(b) EXCEPTION.—Subsection (a) shall not apply to obligations or expenditures incurred as a direct consequence of the termination, transfer, or other disposition of functions described in subsection (a) pursuant to this chapter.

(c) RULE OF CONSTRUCTION.—This section shall supersede any other provision of law that does not explicitly—

(1) refer to this section; and

(2) create an exemption from this section.

(d) RESPONSIBILITIES OF THE DIRECTOR.—The Director shall—

(1) ensure compliance with the requirements of this section; and

(2) include in each report under subsections (a) and (b) of section 106 a description of actions taken to comply with the requirements referred to in paragraph (1).

Subchapter B—Disposition of Programs, Functions, and Agencies of Department of Commerce

SEC. 201. ECONOMIC DEVELOPMENT.

(a) TERMINATED FUNCTIONS.—The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) is repealed.

(b) TRANSFER OF FINANCIAL OBLIGATIONS OWED TO THE DEPARTMENT.—There are transferred to the Secretary of the Treasury the loans, notes, bonds, debentures, securities, and other financial obligations owned by the Department of Commerce under the Public Works and Economic Development Act of 1965, together with all assets or other rights (including security interests) incident thereto, and all liabilities related thereto. There are assigned to the Secretary of the Treasury the functions, powers, and abilities vested in or delegated to the Secretary of Commerce or the Department of Commerce to manage, service, collect, sell, dispose of, or otherwise realize proceeds on obligations owed to the Department of Commerce under authority of such chapter with respect to any loans, obligations, or guarantees made or issued by the Department of Commerce pursuant to such chapter.

(c) AUDIT.—Not later than 18 months after the date of enactment of this chapter, the Comptroller General shall—

(1) conduct an audit of all grants made or issued by the Department of Commerce under the Public Works and Economic Development Act of 1965 in fiscal year 1998 and all loans, obligations, and guarantees; and

(2) transmit to Congress a report on the results of the audit referred to in paragraph (1).

SEC. 202. TECHNOLOGY ADMINISTRATION.

(a) TECHNOLOGY ADMINISTRATION.—

(1) GENERAL RULE.—Except as otherwise provided in this section, the Technology Administration of the Department of Commerce is terminated.

(2) OFFICE OF TECHNOLOGY POLICY.—The Office of Technology Policy of the Department of Commerce is terminated.

(b) NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.—

(1) REDESIGNATION.—The National Institute of Standards and Technology of the Department of Commerce is hereby redesignated as the National Bureau of Standards, and all references to the National Institute of Standards and Technology in Federal law or regulations are deemed to be references to the National Bureau of Standards.

(2) GENERAL RULE.—The National Bureau of Standards (in this subsection referred to as the ''Bureau'') is transferred from the Department of Commerce to the National Oceanic and Atmospheric Administration, established in section 206.

(3) FUNCTIONS OF DIRECTOR.—Except as otherwise provided in this section or section 207, upon the transfer under paragraph (2), the Director of the Bureau shall perform all functions relating to the Bureau that, immediately before the effective date specified in section 208(a), were functions of the Secretary of Commerce or the Under Secretary of Commerce for Technology.

(c) NATIONAL TECHNICAL INFORMATION SERVICE.—

(1) PRIVATIZATION.—All functions of the National Technical Information Service of the Department of Commerce are transferred to the Director of the Office of Management and Budget for privatization in accordance with section 109 by the date specified in subsection (a) of that section.

(2) TRANSFER TO NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.—If, by the date specified in section 109(a), an appropriate arrangement for the privatization of functions of the National Technical Information Service under paragraph (1) has not been made, the National Technical Information Service shall be transferred to the National Oceanic and Atmospheric Administration established in section 206.

(3) GOVERNMENT CORPORATION.—If, by the date specified in section 109(a), an appropriate arrangement for the privatization of functions of the National Technical Information Service under paragraph (1) has not been made, the Director of the Office of Management and Budget shall, not later than 180 days after the date specified in section 109(a), submit to Congress recommended legislation to establish the National Technical Information Service as a wholly owned Government corporation. The recommended legislation shall provide for the corporation to perform substantially the same functions that, as of the date of enactment of this chapter, are performed by the National Technical Information Service.

(4) FUNDING.—No funds are authorized to be appropriated for the National Technical Information Service or any successor corporation established pursuant to recommended legislation under paragraph (3).

(d) AMENDMENTS.—

(1) NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY ACT.—The National Institute of Standards and Technology Act (15 U.S.C. 271 et seq.) is amended—

(A) in section 2(b), by striking paragraph (1) and redesignating paragraphs (2) through (11) as paragraphs (1) through (10), respectively;

(B) in section 2(d), by striking '', including the programs established under sections 25, 26, and 28 of this chapter'';

(C) in section 10—

(i) in the section heading, by striking ''Advanced'' and inserting ''Standards and''; and

(ii) in subsection (a), by striking ''Advanced'' and inserting ''Standards and''; and

(D) by striking sections 24, 25, 26, and 28.

(2) STEVENSON-WYDLER TECHNOLOGY INNOVATION ACT OF 1980.—The Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.) is amended—

(A) in section 3, by striking paragraph (2) and redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(B) in section 4, by striking paragraphs (1), (4), and (13) and redesignating paragraphs (2), (3), (5), (6), (7), (8), (9), (10), (11), and (12) as paragraphs (1) through (10), respectively;

(C) by striking sections 5 through 10;

(D) in section 11—

(i) in subsection (c)(3), by striking '', the Federal Laboratory Consortium for Technology Transfer,'';

(ii) in subsection (d)—

(I) in paragraph (2), by striking ''and the Federal Laboratory Consortium for Technology Transfer''; and

(II) in paragraph (3), by striking '', and refer such requests'' and all that follows through ''available to the Service''; and

(iii) by striking subsection (e); and

(E) in section 17—

(i) in subsection (c)—

(I) in paragraph (1), by striking ''Subject to paragraph (2), separate'' and inserting ''Separate''; and

(II) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2);

(ii) in subsection (f), by striking ''funds to carry out'' and inserting ''funds only to pay the salary of the Director of the Office of Quality Programs, who shall be responsible for carrying out''; and

(iii) by adding at the end the following new subsection:

''(h) VOLUNTARY AND UNCOMPENSATED SERVICES.—The Director of the Office of Quality Programs may accept voluntary and uncompensated services notwithstanding the provisions of section 1342 of title 31, United States Code.''.

(3) MISCELLANEOUS AMENDMENTS.—Section 3 of Public Law 94–168 (15 U.S.C. 205b) is amended—

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(C) in paragraph (3), as redesignated by subparagraph (B) of this paragraph, by striking ''in nonbusiness activities''.

SEC. 203. REORGANIZATION OF THE BUREAU OF THE CENSUS AND THE BUREAU OF ECONOMIC ANALYSIS.

(a) TRANSFER OF FUNCTIONS.—All functions of the Secretary of Commerce relating to the Bureau of the Census and the Bureau of Economic Analysis of the Department of Commerce are transferred to the Federal Statistical Service established under title V.

(b) TRANSFER OF BUREAUS.—The Bureau of the Census and Bureau of Economic Analysis of the Department of Commerce are transferred to the Federal Statistical Service established under title V.

(c) REFERENCES TO SECRETARY.—Section 1(2) of the title 13, United States Code, is amended by striking ''Secretary of Commerce'' and inserting ''Administrator of the Federal Statistical Service''.

(d) REFERENCES TO DEPARTMENT.—Section 2 of title 13, United States Code, is amended by striking ''Department of Commerce'' and inserting ''Federal Statistical Service''.

(e) GENERAL REFERENCES TO SECRETARY AND DEPARTMENT.—Title 13, United States Code, is further amended—

(1) by striking ''Secretary of Commerce'' each place it appears and inserting ''Administrator of the Federal Statistical Service''; and

(2) by striking ''Department of Commerce'' each place it appears and inserting ''Federal Statistical Service''.

SEC. 204. TERMINATED FUNCTIONS OF NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION.

(a) REPEALS.—The following provisions of law are repealed:

(1) Subpart A of part IV of title III of the Communications Act of 1934 (47 U.S.C. 390 et seq.), relating to assistance for public telecommunications facilities.

(2) Subpart B of part IV of title III of the Communications Act of 1934 (47 U.S.C. 394), relating to the Endowment for Children's Educational Television.

(3) Subpart C of part IV of title III of the Communications Act of 1934 (47 U.S.C. 395), relating to Telecommunications Demonstration grants.

(b) DISPOSAL OF NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION LABORATORIES.—

(1) PRIVATIZATION.—All laboratories of the National Telecommunications and Information Administration are transferred to the Director of the Office of Management and Budget for privatization in accordance with section 109 by the date specified in subsection (a) of that section.

(2) TRANSFER TO NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.—If an appropriate arrangement for the privatization of functions of the laboratories of the National Telecommunications and Information Administration under paragraph (1) has not been made by the date specified in section 109(a), the laboratories of the National Telecommunications and Information Administration shall be transferred as of the end of such period to the National Oceanic and Atmospheric Administration established in section 206.

(3) TRANSFER OF FUNCTIONS.—The functions of the National Telecommunications and Information Administration concerning research and analysis of the electromagnetic spectrum described in section 5112(b) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 1532) are transferred to the Director of the National Bureau of Standards.

(c) TRANSFER OF NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION FUNCTIONS.—

(1) TRANSFER TO FEDERAL COMMUNICATIONS COMMISSION.—Except as provided in subsection (b)(2), the functions of the National Telecommunications and Information Administration, and of the Secretary of Commerce and the Assistant Secretary for Communications and Information of the Department of Commerce with respect to the National Telecommunications and Information Administration, are transferred to the Federal Communications Commission. The functions transferred by this paragraph shall be placed in an organizational component that is independent from all Federal Communications Commission functions directly related to the negotiation of trade agreements. Such functions shall be supervised by an individual whose principal professional expertise is in the area of telecommunications. The position to which such individual is appointed shall be graded at a level sufficiently high to attract a highly qualified individual, while ensuring autonomy in the conduct of such functions from all activities and influences associated with trade negotiations.

(2) REFERENCES.—References in any provision of law (including the National Telecommunications and Information Administration Organization Act) to the Secretary of Commerce or the Assistant Secretary for Communications and Information of the Department of Commerce—

(A) with respect to a function vested pursuant to this section in the Federal Communications Commission shall be deemed to refer to the United States Trade Representative; and

(B) with respect to a function vested pursuant to this section in the Director of the National Bureau of Standards shall be deemed to refer to the Director of the National Bureau of Standards.

(3) TERMINATION OF NTIA.—Effective on the applicable date specified in section 102(c), the National Telecommunications and Information Administration is abolished.

SEC. 205. TERMINATIONS AND TRANSFERS.

(a) TERMINATION OF MISCELLANEOUS RESEARCH PROGRAMS AND ACCOUNTS.—

(1) IN GENERAL.—No funds may be appropriated for any fiscal year for the following programs and accounts of the National Oceanic and Atmospheric Administration:

(A) The National Undersea Research Program.

(B) The Fleet Modernization Program.

(C) The Charleston, South Carolina, Special Management Plan.

(D) Chesapeake Bay Observation Buoys (as of September 30, 1999).

(E) Federal/State Weather Modification Grants.

(F) The Southeast Storm Research Account.

(G) The Southeast United States Caribbean Fisheries Oceanographic Coordinated Investigations Program.

(H) National Institute for Environmental Renewal.

(I) The Lake Champlain Study.

(J) The Maine Marine Research Center.

(K) The South Carolina Cooperative Geodetic Survey Account.

(L) Pacific Island Technical Assistance.

(M) Sea Grant Oyster Disease Account.

(N) Sea Grant Zebra Mussel Account.

(O) National Weather Service non-Federal, non-wildfire Weather Service.

(P) National Weather Service Regional Climate Centers.

(Q) National Weather Service Samoa Weather Forecast Office Repair and Upgrade Account.

(R) Dissemination of Weather Charts (Marine Facsimile Service).

(S) The Climate and Global Change Account.

(T) The Global Learning and Observations to Benefit the Environment Program.

(U) Mussel watch.

(2) REPEALS.—The following provisions of law are repealed:

(A) The Ocean Thermal Conversion Act of 1980 (42 U.S.C. 9101 et seq.).

(B) Title IV of the Marine Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1447 et seq.).

(C) Title V of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2801 et seq.).

(D) The Great Lakes Fish and Wildlife Tissue Bank Act (16 U.S.C. 943 et seq.).

(E) Section 208(c) of the National Sea Grant College Program Act (33 U.S.C. 1127(c)).

(F) Section 305 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1454) is repealed effective October 1, 2000.

(G) The NOAA Fleet Modernization Act (33 U.S.C. 891 et seq.).

(H) Public Law 85–342 (72 Stat. 35; 16 U.S.C. 778 et seq.), relating to fish research and experimentation.

(I) The first section of the Act of August 8, 1956 (70 Stat. 1126, chapter 1039; 16 U.S.C. 760d), relating to grants for commercial fishing education.

(J) Public Law 86–359 (16 U.S.C. 760e et seq.), relating to the study of migratory marine gamefish.

(b) AERONAUTICAL MAPPING AND CHARTING.—

(1) IN GENERAL.—The aeronautical mapping and charting functions of the National Oceanic and Atmospheric Administration are transferred to the Defense Mapping Agency.

(2) TERMINATION OF CERTAIN FUNCTIONS.—The Defense Mapping Agency shall terminate any functions transferred under paragraph (1) that are performed by the private sector.

(3) FUNCTIONS REQUESTED BY FEDERAL AVIATION ADMINISTRATION.—

(A) IN GENERAL.—Notwithstanding paragraph (2), the Director of the Defense Mapping Agency (referred to in this paragraph as the ''Director'') shall carry out such aeronautical charting functions as may be requested by the Administrator of the Federal Aviation Administration.

(B) AERONAUTICAL MAPPING.—In carrying out aeronautical mapping functions requested by the Administrator under subparagraph (A), the Director shall in such manner and including such information as the Administrator determines is necessary for, or will promote, the safe and efficient movement of aircraft in air commerce—

(i) publish and distribute to the public and to the Administrator any aeronautical charts requested by the Administrator; and

(ii) provide to the Administrator such other air traffic control products and services as may be requested by the Administrator.

(4) CONTINUING APPLICABILITY.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the requirements of section 1307 of title 44, United States Code, shall continue to apply with respect to all aeronautical products created or published by the Director in carrying out the functions transferred to the Director under this paragraph.

(B) EXCEPTIONS.—The prices for products referred to in subparagraph (A) shall be established jointly by the Director and the Secretary of Transportation on an annual basis.

(c) TRANSFER OF MAPPING, CHARTING, AND GEODESY FUNCTIONS TO THE ARMY CORPS OF ENGINEERS.—

(1) IN GENERAL.—Except as provided in subsection (b), there are transferred to the Army Corps of Engineers the functions relating to mapping, charting, and geodesy authorized under the Act of August 7, 1947 (61 Stat. 787, chapter 504; 33 U.S.C. 883a).

(2) TERMINATION OF CERTAIN FUNCTIONS.—The Secretary of the Army, acting through the Chief of Engineers of Army Corps of Engineers, shall terminate any functions transferred under paragraph (1) that are performed by the private sector.

(d) NATIONAL ENVIRONMENTAL SATELLITE, DATA, AND INFORMATION.—There are transferred to the National Oceanic and Atmospheric Administration established in section 206 all functions and assets of the National Oceanic and Atmospheric Administration that on the date immediately before the effective date of this section are authorized to be performed by the National Environmental Satellite, Data, and Information System.

(e) OCEANIC AND ATMOSPHERIC ADMINISTRATION.—There are transferred to the National Oceanic and Atmospheric Administration established in section 206 all functions and assets of the National Oceanic and Atmospheric Administration (including global programs) that on the date immediately before the effective date of this section were authorized to be performed by the Office of Oceanic and Atmospheric Research.

(f) NATIONAL WEATHER SERVICE.—

(1) IN GENERAL.—There are transferred to the National Oceanic and Atmospheric Administration established in section 206 all functions and assets of the National Oceanic and Atmospheric Administration that on the date immediately before the effective date of this section are authorized to be performed by the National Weather Service.

(2) DUTIES.—Except as provided in paragraph (3), to protect life and property and enhance the national economy, the Administrator of Oceans and Atmosphere, through the National Weather Service, shall be responsible for the following:

(A) Forecasts. (The Administrator shall serve as the sole and official sources of weather and flood warnings for the Federal Government.)

(B) The issuance of storm warnings.

(C) The collection, exchange, and distribution of meteorological, hydrological, climatic, and oceanographic data and information.

(D) The preparation of hydro-meteorological guidance and core forecast information.

(3) LIMITATIONS ON COMPETITION.—The National Weather Service may not compete, or assist other entities in competing, with the private sector to provide a service in any case in which that service is provided by a private sector commercial enterprise or a private sector commercial enterprise is able to provide that service, unless—

(A) the Administrator of Oceans and Atmosphere finds that private sector commercial enterprises are unwilling or unable to provide the service; and

(B) the Administrator of Oceans and Atmosphere finds that the service provides vital weather warnings and forecasts for the protection of lives and property of the general public.

(4) ORGANIC ACT AMENDMENTS.—The chapter entitled ''An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Bureau to the Department of Agriculture'', approved October 1, 1890 (26 Stat. 653, chapter 1266) is amended—

(A) by striking section 3 (15 U.S.C. 313); and

(B) in section 9 (15 U.S.C. 317), by striking ''Department of'' and all that follows thereafter and inserting ''National Oceanic and Atmospheric Administration.''.

(5) REPEAL.—Sections 706 and 707 of the Weather Service Modernization Act (15 U.S.C. 313 note) are repealed.

(6) CONFORMING AMENDMENTS.—The Weather Service Modernization Act (15 U.S.C. 313 note) is amended—

(A) in section 702, by striking paragraph (3) and redesignating paragraphs (4) through (10) as paragraphs (3) through (9), respectively; and

(B) in section 703—

(i) by striking ''(a) NATIONAL IMPLEMENTATION PLAN.—'';

(ii) by striking paragraph (3) and redesignating paragraphs (4) through (6) as paragraphs (3) through (5), respectively; and

(iii) by striking subsections (b) and (c).

(g) TERMINATION OF THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION CORPS OF COMMISSIONED OFFICERS.—

(1) NUMBER OF OFFICERS.—Notwithstanding section 8 of the Act of June 3, 1948 (62 Stat. 298, chapter 390; 33 U.S.C. 853g), no funding may be provided for a commissioned officer of the National Oceanic and Atmospheric Administration Corps after fiscal year 1999 and no individual may serve as such a commissioned officer after fiscal year 1999.

(2) SEPARATION PAY.—

(A) IN GENERAL.—Commissioned officers may be separated from the active list of the National Oceanic and Atmospheric Administration. Any officer so separated because of paragraph (1) shall, subject to subparagraph (B) and the availability of appropriations, be eligible for separation pay under section 9 of the chapter of June 3, 1948 (62 Stat. 299, chapter 390; 33 U.S.C. 853h) to the same extent as if such officer had been separated under section 8 of such chapter (62 Stat. 298, chapter 390; 33 U.S.C. 853g).

(B) TRANSFEREES.—Any officer who, under paragraph (4), transfers to another of the uniformed services or becomes employed in a civil service position shall not be eligible for separation pay under this paragraph.

(C) REPAYMENT.—

(i) IN GENERAL.—Any officer who receives separation pay under this paragraph shall be required to repay the amount received if, within 1 year after the date of the separation on which the payment is based, such officer is reemployed in a civil service position in the National Oceanic and Atmospheric Administration, the duties of which position would formerly have been performed by a commissioned officer, as determined by the Administrator of Oceans and Atmosphere.

(ii) LUMP SUM.—A repayment under this subparagraph shall be made in a lump sum or in such installments as the Administrator may specify.

(D) REPAYMENTS.—

(i) IN GENERAL.—In the case of any officer who makes a repayment under subparagraph (C)—

(I) the National Oceanic and Atmospheric Administration shall pay into the Civil Service Retirement and Disability Fund, on such officer's behalf, any deposit required under section 8422(e)(1) of title 5, United States Code, with respect to any prior service performed by that individual as such an officer; and

(II) if the amount paid under subclause (I) is less than the amount of the repayment under subparagraph (C), the National Oceanic and Atmospheric Administration shall pay into the Government Securities Investment Fund (established under section 8438(b)(1)(A) of title 5, United States Code), on such individual's behalf, an amount equal to the difference.

(ii) APPLICABILITY.—The provisions of paragraph (5)(C)(iv) shall apply with respect to any contribution to the Thrift Savings Plan made under clause (ii).

(3) PRIORITY PLACEMENT PROGRAM.—A priority placement program similar to the programs described in section 3329a of title 5, United States Code (as added by section 110 of this chapter) shall be established by the National Oceanic and Atmospheric Administration to assist commissioned officers who are separated from the active list of the National Oceanic and Atmospheric Administration because of paragraph (1).

(4) TRANSFER.—

(A) TRANSFERS TO ARMED FORCES.—Subject to the approval of the Secretary of Defense and under terms and conditions specified by the Secretary, commissioned officers subject to paragraph (1) may transfer to the Armed Forces under section 716 of title 10, United States Code.

(B) TRANSFERS TO UNITED STATES COAST GUARD.—Subject to the approval of the Secretary of Transportation and under terms and conditions specified by the Secretary, commissioned officers subject to paragraph (1) may transfer to the United States Coast Guard under section 716 of title 10, United States Code.

(C) TRANSFERS TO NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.—Subject to the approval of the Administrator of Oceans and Atmosphere and under terms and conditions specified by that Administrator, commissioned officers subject to paragraph (1) may be employed by the National Oceanic and Atmospheric Administration as members of the civil service.

(5) RETIREMENT PROVISIONS.—

(A) IN GENERAL.—For commissioned officers who transfer under paragraph (4)(A) to the Armed Forces, the National Oceanic and Atmospheric Administration shall pay into the Department of Defense Military Retirement Fund an amount, to be calculated by the Secretary of Defense in consultation with the Secretary of the Treasury, equal to the actuarial present value of any retired or retainer pay they will draw upon retirement, including full credit for service in the National Oceanic and Atmospheric Administration (referred to in this title as the ''NOAA Corps''). Any payment under this subparagraph shall, for purposes of paragraph (2) of section 206(g), be considered to be an expenditure described in such paragraph.

(B) OTHER TRANSFERS.—For commissioned officers who transfer under paragraph (4)(B) to the United States Coast Guard, full credit for service in the NOAA Corps shall be given for purposes of any annuity or other similar benefit under the retirement system for members of the United States Coast Guard, entitlement to which is based on the separation of such officer.

(C) PAYMENT TO CERTAIN COMMISSIONED OFFICERS WHO TRANSFER TO CIVIL SERVICE POSITIONS.—(i) For a commissioned officer who becomes employed in a civil service position pursuant to paragraph (4)(C) and thereupon becomes subject to the Federal Employees' Retirement System, the National Oceanic and Atmospheric Administration shall pay, on such officer's behalf—

(I) into the Civil Service Retirement and Disability Fund, the amounts required under clause (ii); and

(II) into the Government Securities Investment Fund, the amount required under clause (iii).

(ii)(I) The amount required under this subclause is the amount of any deposit required under section 8422(e)(1) of title 5, United States Code, with respect to any prior service performed by the individual as a commissioned officer of the National Oceanic and Atmospheric Administration.

(II) To determine the amount required under this subclause, first determine, for each year of service with respect to which the deposit under subclause (I) relates, the product of the normal-cost percentage for such year (as determined under the last sentence of this subclause) multiplied by basic

pay received by the individual for any such service performed in such year. Second, take the sum of the amounts determined for the respective years under the first sentence. Finally, subtract from such sum the amount of the deposit under subclause (I). For purposes of the first sentence, the normal-cost percentage for any year shall be as determined for such year under the provisions of section 8423(a)(1) of title 5, United States Code, except that, in the case of any year before the first year for which any normal-cost percentage was determined under such provisions, the normal-cost percentage for such first year shall be used.

(iii) The amount required under this clause is the amount by which the separation pay to which the officer would have been entitled under the second sentence of paragraph (2)(A) (assuming the conditions for receiving such separation pay have been met) exceeds the amount of the deposit under clause (ii)(I), if at all.

(iv)(I) Any contribution made under this subparagraph to the Thrift Savings Plan shall not be subject to any otherwise applicable limitation on contributions contained in the Internal Revenue Code of 1986, and shall not be taken into account in applying any such limitation to other contributions or benefits under the Thrift Savings Plan, with respect to the year in which the contribution is made.

(II) A plan referred to in subclause (I) shall not be treated as failing to meet any nondiscrimination requirement by reason of the making of such contribution.

(6) REPEALS.—

(A) IN GENERAL.—The following provisions of law are repealed:

(i) The Coast and Geodetic Survey Commissioned Officers' Act of 1948 (33 U.S.C. 853a–853o, 853p–853u).

(ii) Section 5 of the Act of February 16, 1929 (45 Stat. 1187, chapter 221; 33 U.S.C. 852a).

(iii) The Act of January 19, 1942 (56 Stat. 6, chapter 6).

(iv) Section 9(c) of Public Law 87–649 (76 Stat. 495).

(v) Section 16 of the Act of May 22, 1917 (40 Stat. 87, chapter 20; 33 U.S.C. 854).

(vi) The Act of December 3, 1942 (56 Stat. 1038, chapter 670).

(vii) Sections 1 through 5 of Public Law 91–621 (33 U.S.C. 857–1 through 857–5).

(viii) Section 3 of the Act of August 10, 1956 (70A Stat. 619, chapter 1041; 33 U.S.C. 857a).

(ix) Section 11 of the Act of May 18, 1920 (41 Stat. 603, chapter 190; 33 U.S.C. 864).

(x) The Act of July 22, 1947 (61 Stat. 400, chapter 286; 33 U.S.C. 873 and 874).

(xi) The Act of August 3, 1956 (70 Stat. 988, chapter 932; 33 U.S.C. 875 and 876).

(B) RULE OF CONSTRUCTION.—No repeal under this subparagraph shall affect any annuity or other similar benefit payable, under any provision of law so repealed, based on the separation of any individual from the NOAA Corps on or before September 30, 2000. Any authority exercised by the Secretary of Commerce or the designee of the Secretary with respect to any such benefits shall be exercised by the Administrator of Oceans and Atmosphere, and any authorization of appropriations relating to those benefits, which is in effect as of September 30, 2000, shall be considered to have remained in effect.

(C) EFFECTIVE DATE OF REPEALS.—The effective date of the repeals under subparagraph (A) shall be October 1, 2000.

(D) APPLICABILITY OF RETIREMENT LAWS.—

(i) IN GENERAL.—All laws relating to the retirement of commissioned officers of the Navy shall apply to commissioned officers of the former Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and its predecessors.

(ii) ACTIVE MILITARY SERVICE.—Active service of officers of the former Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and its predecessors who have retired from the Commissioned Officers Corps shall be deemed to be active military service in the United States Navy for purposes of all rights, privileges, immunities, and benefits provided to retired commissioned officers of the Navy by the laws and regulations of the United States and any agency thereof. In the Administration of those laws (including regulations) with respect to retired officers of the former Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and its predecessors, the authority of the Secretary of the Navy shall be exercised by the Administrator of Oceans and Atmosphere.

(iii) ITS PREDECESSORS DEFINED.—For purposes of this subparagraph, the term ''its predecessors'' means the former Commissioned Officers Corps of the Environmental Science Services Administration and the former Commissioned Officers Corps of the Coast and Geodetic Survey.

(7) CREDITABILITY OF NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION SERVICE FOR PURPOSES RELATING TO REDUCTIONS IN FORCE.—A commissioned officer who is separated from the active list of the National Oceanic and Atmospheric Administration or its successor by reason of paragraph (1) shall, for purposes of any subsequent reduction in force, receive credit for any period of service performed as such an officer before separation from such list to the same extent and in the same manner as if the period had been a period of active service in the Armed Forces.

(8) ABOLITION.—Effective September 30, 2000, the Office of the National Oceanic and Atmospheric Administration Corps of Operations or its successor and the Commissioned Personnel Center are abolished.

(h) NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION FLEET.—

(1) SERVICE CONTRACTS.—Notwithstanding any other provision of law, the Administrator of Oceans and Atmosphere shall enter into contracts, including multiyear contracts, subject to paragraph (3), for the use of vessels to conduct oceanographic research and fisheries research, monitoring, enforcement, and management, and to acquire other data necessary to carry out the missions of the National Oceanic and Atmospheric Administration. The Administrator of Oceans and Atmosphere shall enter into these contracts unless—

(A) the cost of the contract is more than the cost (including the cost of vessel operation, maintenance, and all personnel) to the National Oceanic and Atmospheric Administration of obtaining those services on vessels of the National Oceanic and Atmospheric Administration;

(B) the contract is for a period greater than 7 years; or

(C) the data is acquired through a vessel agreement pursuant to paragraph (4).

(2) VESSELS.—The Administrator of Oceans and Atmosphere may not enter into any contract for the construction, lease-purchase, upgrade, or service life extension of any vessel.

(3) MULTIYEAR CONTRACTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), and notwithstanding section 1341 of title 31, United States Code, and section 11 of title 41, United States Code, the Administrator of Oceans and Atmosphere may acquire data under multiyear contracts.

(B) REQUIRED FINDINGS.—The Administrator of Oceans and Atmosphere may not enter into a contract pursuant to this paragraph unless the Administrator finds, with respect to that contract, that there is a reasonable expectation that throughout the contemplated contract period the Administrator will request from Congress funding for the contract at the level required to avoid the termination of that contract.

(C) REQUIRED PROVISIONS.—The Administrator of Oceans and Atmosphere may not enter into a contract under this paragraph unless the contract includes—

(i) a provision under which the obligation of the United States to make payments under the contract for any fiscal year is subject to the availability of appropriations provided in advance for those payments;

(ii) a provision that specifies the term of effectiveness of the contract; and

(iii) appropriate provisions under which, in case of any termination of the contract before the end of the term specified pursuant to clause (ii), the United States shall only be liable for the lesser of—

(I) an amount specified in the contract for such a termination; or

(II) amounts that were appropriated before the date of the termination for the performance of the contract or for procurement of the type of acquisition covered by the contract and are unobligated on the date of the termination.

(4) VESSEL AGREEMENTS.—The Administrator of Oceans and Atmosphere—

(A) shall, if appropriate, use excess capacity of University National Oceanographic Laboratory System vessels; and

(B) may enter into memoranda of agreement with the operators of the vessels referred to in subparagraph (A) to carry out the requirement under that subparagraph.

(5) TRANSFER OF EXCESS VESSELS.—The Administrator of Oceans and Atmosphere shall transfer any vessel that weighs more than 1,500 gross tons that are excess to the needs of the National Oceanic and Atmospheric Administration to the National Defense Reserve Fleet. Notwithstanding any other provision of law, these vessels may be scrapped in accordance with section 510(i) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1160(i)).

(i) NATIONAL MARINE FISHERIES SERVICE.—There are transferred to the National Oceanic and Atmospheric Administration all functions that on the day before the effective date of this section are authorized by law to be performed by the National Marine Fisheries Service.

(j) NATIONAL OCEAN SERVICE.—Except as otherwise provided in this chapter, there are transferred to the National Oceanic and Atmospheric Administration established under section 206 all functions and assets of the National Oceanic and Atmospheric Administration that on the date immediately before the effective date of this section are authorized to be performed by the National Ocean Service (including the Coastal Ocean Program).

(k) TRANSFER OF COASTAL NONPOINT POLLUTION CONTROL FUNCTIONS.—There are transferred to the Administrator of the Environmental Protection Agency the functions under section 6217 of the Omnibus Budget Reconciliation Act of 1990 (16 U.S.C. 1455b) that on the day before the effective date of this section are vested in the Secretary of Commerce.

SEC. 206. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established as an independent agency in the executive branch the National Oceanic and Atmospheric Administration (in this section referred to as ''NOAA''). NOAA, and all functions and offices transferred to NOAA under this chapter, shall be administered under the supervision and direction of an Administrator of Oceans and Atmosphere.

(2) ADMINISTRATOR OF OCEANS AND ATMOSPHERE.—The Administrator of Oceans and Atmosphere shall—

(A) be appointed by the President, by and with the advice and consent of the Senate; and

(B) receive basic pay at the rate payable for level II of the Executive Schedule under section 5313 of title 5, United States Code.

(3) FUNCTIONS.—The Administrator of Oceans and Atmosphere shall perform the functions performed by the Administrator of the National Oceanic and Atmospheric Administration, except as otherwise provided in this chapter.

(b) PRINCIPAL OFFICER.—There shall be in NOAA, on the transfer of functions and offices under this chapter, a Director of the National Bureau of Standards, who—

(1) shall be appointed by the President, by and with the advice and consent of the Senate; and

(2) shall receive basic pay at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(c) ADDITIONAL OFFICERS.—

(1) IN GENERAL.—There shall be in NOAA—

(A) a Chief Financial Officer, to be appointed by the President, by and with the advice and consent of the Senate;

(B) a Chief of External Affairs, to be appointed by the President, by and with the advice and consent of the Senate;

(C) a General Counsel, to be appointed by the President, by and with the advice and consent of the Senate; and

(D) an Inspector General, to be appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

(2) COMPENSATION.—Each Officer appointed under this subsection shall receive basic pay at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(d) TRANSFER OF FUNCTIONS AND OFFICES.—Except as otherwise provided in this chapter, there are transferred to NOAA—

(1) the functions and offices of the National Oceanic and Atmospheric Administration, as provided in section 205;

(2) the National Bureau of Standards, along with its functions and offices, as provided in section 202; and

(3) the Office of Space Commerce, along with its functions and offices.

(e) ELIMINATION OF POSITIONS.—The Administrator of Oceans and Atmosphere may eliminate positions that are no longer necessary because of the termination of functions under this section and sections 202 and 205.

(f) AGENCY TERMINATIONS.—

(1) TERMINATIONS.—

(A) IN GENERAL.—On the date specified in section 208(a), the following shall terminate:

(i) The Office of the Deputy Administrator and Assistant Secretary of the National Oceanic and Atmospheric Administration.

(ii) The Office of the Deputy Under Secretary of the National Oceanic and Atmospheric Administration.

(iii) The Office of the Chief Scientist of the National Oceanic and Atmospheric Administration.

(iv) The position of Deputy Assistant Secretary for Oceans and Atmosphere.

(v) The position of Deputy Assistant Secretary for International Affairs.

(vi) Any office of the National Oceanic and Atmospheric Administration or the National Bureau of Standards whose primary purpose is to perform high performance computing communications, legislative, personnel, public relations, budget, constituent, intergovernmental, international, policy and strategic planning, sustainable development, administrative, financial, educational, legal and coordination functions.

(vii) The position of Associate Director of the National Institute of Standards and Technology.

(B) REQUIREMENT.—The functions referred to in subparagraph (A)(vi) shall be performed only by officers described in subsection (c).

(2) TERMINATION OF EXECUTIVE SCHEDULE POSITIONS.—Each position that, before the effective date of this section, was expressly authorized by law, or the incumbent of which is authorized to receive compensation at the rate prescribed for levels I through V of the Executive Schedule under sections 5312 through 5315 of title 5, United States Code, in an office terminated pursuant to this section and sections 202 and 205 shall also terminate.

(g) FUNDING REDUCTIONS RESULTING FROM REORGANIZATION.—

(1) FUNDING REDUCTIONS.—Notwithstanding the transfer of functions under this title, the total amount appropriated by the United States for the performance of all functions vested in the National Oceanic and Atmospheric Administration pursuant to this title shall not exceed—

(A) for the first fiscal year that begins after the date specified in section 102(c), 75 percent of the total amount appropriated for fiscal year 1998 for the performance of all functions vested in the National Oceanic and Atmospheric Administration, the National Institute of Standards and Technology, and the Office of Space Commerce, except for those functions transferred under section 205 to agencies or departments other than the National Oceanic and Atmospheric Administration; and

(B) for the second fiscal year that begins after the abolishment date specified in section 102(c) and for each fiscal year thereafter, 65 percent of the total amount appropriated for fiscal year 1998 for the performance of all functions vested in the National Oceanic and Atmospheric Administration, the National Institute of Standards and Technology, and the Office of Space Commerce, except for those functions transferred under section 205 to agencies or departments other than the National Oceanic and Atmospheric Administration.

(2) EXCEPTION.—Paragraph (1) shall not apply to obligations or expenditures incurred as a direct consequence of the termination, transfer, or other disposition of functions described in paragraph (1) pursuant to this title.

(3) RULE OF CONSTRUCTION.—This section shall supersede any other provision of law that does not explicitly—

(A) refer to this section; and

(B) create an exemption from this section.

(4) RESPONSIBILITY OF NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.—The National Oceanic and Atmospheric Administration, in consultation with the Director of the Office of Management and Budget, shall make such modifications in programs as are necessary to carry out the reductions in appropriations set forth in subparagraphs (A) and (B) of paragraph (1).

(5) RESPONSIBILITIES OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.—The Director of the Office of Management and Budget shall include in each report under subsections (a) and (b) of section 106 a description of actions taken to comply with the requirements of this subsection.

SEC. 207. MISCELLANEOUS TERMINATIONS; MORATORIUM ON PROGRAM ACTIVITIES.

(a) TERMINATIONS.—The following agencies and programs of the Department of Commerce are terminated:

(1) The Minority Business Development Administration.

(2) The programs and activities of the National Telecommunications and Information Administration referred to in section 204(a).

(3) The Advanced Technology Program under section 28 of the National Institute of Standards and Technology Act (15 U.S.C. 278n), as in effect on the day before the effective date of section 202(d).

(4) The Manufacturing Extension Programs under sections 25 and 26 of the National Institute of Standards and Technology Act (15 U.S.C. 278k and 278l), as in effect on the day before the effective date of section 202(d).

(5) The National Institute of Standards and Technology METRIC Program.

(b) MORATORIUM ON PROGRAM ACTIVITIES.—The authority to make grants, enter into contracts, provide assistance, incur obligations, or provide commitments (including any enlargement of existing obligations or commitments, except if required by law) with respect to the agencies and programs described in subsection (a) is terminated effective on the date of enactment of this chapter.

SEC. 208. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this title shall take effect on the date specified in section 102(c).

(b) PROVISIONS EFFECTIVE ON DATE OF ENACTMENT.—The following provisions of this title shall take effect on the date of enactment of this Act:

(1) Section 201.

(2) Section 205(g), except as otherwise provided in that section.

(3) Section 207(b).

(4) This section.

Subchapter C—Establishment of United States Trade Administration

PART I—GENERAL PROVISIONS

SEC. 301. DEFINITIONS.

In this title:

(1) FEDERAL AGENCY.—The term ''Federal agency'' has the meaning given to the term ''agency'' in section 551(1) of title 5, United States Code.

(2) TRADE ADMINISTRATION.—The term ''Trade Administration'' means the United States Trade Administration established by section 311 of this chapter.

(3) TRADE REPRESENTATIVE.—The term ''Trade Representative'' means the United States Trade Representative provided for under section 311 of this chapter.

PART II—UNITED STATES TRADE ADMINISTRATION

Subpart A—Establishment

SEC. 311. ESTABLISHMENT OF THE UNITED STATES TRADE ADMINISTRATION.

(a) IN GENERAL.—The Trade Administration is established in the executive branch of Government as an independent establishment as defined in section 104 of title 5, United States Code. The Trade Representative shall be the head of the Trade Administration and shall be appointed by the President, by and with the advice and consent of the Senate.

(b) AMBASSADOR STATUS.—The Trade Representative shall have the rank of Ambassador Extraordinary and Plenipotentiary and shall represent the United States in all trade negotiations conducted by the Trade Administration.

(c) CONTINUED SERVICE OF CURRENT TRADE REPRESENTATIVE.—The individual serving as Trade Representative on the date immediately preceding the effective date of this title may continue to serve as Trade Representative under this section until such time as the Trade Representative is appointed pursuant to subsection (a).

(d) SUCCESSOR TO THE DEPARTMENT OF COMMERCE.—The Trade Administration shall be the successor to the Department of Commerce for purposes of protocol.

SEC. 312. FUNCTIONS OF THE TRADE REPRESENTATIVE.

(a) IN GENERAL.—In addition to the functions transferred to the Trade Representative by this title, such other functions as the President may assign or delegate to the Trade Representative, and such other functions as the Trade Representative may, after the effective date of this title, be required to carry out by law, the Trade Representative shall—

(1) serve as the principal advisor to the President on international trade policy and advise the President on the impact of other policies of the United States Government on international trade;

(2) exercise primary responsibility, with the advice of the interagency organization established under section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872), for developing and implementing international trade policy, including commodity matters and, to the extent related to international trade policy, direct investment matters and, in exercising such responsibility, advance and implement, as the primary mandate of the Trade Administration, the goals of the United States to—

(A) maintain United States leadership in international trade liberalization and expansion efforts;

(B) reinvigorate the ability of the United States economy to compete in international markets and to respond flexibly to changes in international competition; and

(C) expand United States participation in international trade through aggressive promotion and marketing of goods and services that are products of the United States;

(3) exercise lead responsibility for the conduct of international trade negotiations, including negotiations relating to commodity matters and, to the extent that such negotiations are related to international trade, direct investment negotiations;

(4) exercise lead responsibility for the establishment of a national export strategy, including policies designed to implement such strategy;

(5) with the advice of the interagency organization established under section 242 of the Trade Expansion Act of 1962, issue policy guidance to other Federal agencies on international trade, commodity, and direct investment functions to the extent necessary to assure the coordination of international trade policy;

(6) seek and promote new opportunities for United States products and services to compete in the world marketplace;

(7) assist small businesses in developing export markets;

(8) enforce the laws of the United States relating to trade;

(9) analyze economic trends and developments;

(10) report directly to Congress—

(A) on the administration of, and matters pertaining to, the trade agreements program under the Omnibus Trade and Competitiveness Act of 1988, the Trade Act of 1974, the Trade Expansion Act of 1962, section 350 of the Tariff Act of 1930, and any other law relating to trade agreements; and

(B) with respect to other issues pertaining to international trade;

(11) keep each official adviser to the United States delegations to international conferences, meetings, and negotiation sessions relating to trade agreements who is appointed from the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives under section 161 of the Trade Act of 1974 (19 U.S.C. 2211) currently informed on United States negotiating objectives with respect to—

(A) trade agreements;

(B) the status of negotiations in progress with respect to such agreements; and

(C) the nature of any changes in domestic law or the administration thereof that the Trade Representative may recommend to Congress to carry out any trade agreement;

(12) consult and cooperate with State and local governments and other interested parties on international trade matters of interest to such governments and parties, and to the extent related to international trade matters, on investment matters, and, when appropriate, hold informal public hearings;

(13) serve as the principal advisor to the President on Government policies designed to contribute to enhancing the ability of United States industry and services to compete in international markets;

(14) develop recommendations for national strategies and specific policies intended to enhance the productivity and international competitiveness of United States industries;

(15) serve as the principal advisor to the President in identifying and assessing the consequences of any Government policies that adversely affect, or have the potential to adversely affect, the international competitiveness of United States industries and services;

(16) promote cooperation between business, labor, and Government to improve industrial performance and the ability of United States industries to compete in international markets and to facilitate consultation and communication between the Government and the private sector about domestic industrial performance and prospects and the performance and prospects of foreign competitors; and

(17) monitor and enforce foreign government compliance with international trade agreements to protect United States interests.

(b) INTERAGENCY ORGANIZATION.—The Trade Representative shall be the chairperson of the interagency organization established under section 242 of the Trade Expansion Act of 1962.

(c) NATIONAL SECURITY COUNCIL.—The Trade Representative shall be a member of the National Security Council.

(d) ADVISORY COUNCIL.—The Trade Representative shall be Deputy Chairman of the National Advisory Council on International Monetary and Financial Policies established under Executive Order No. 11269, issued February 14, 1966.

(e) AGRICULTURE.—

(1) CONSULTATIONS.—The Trade Representative shall consult with the Secretary of Agriculture or the designee of the Secretary of Agriculture on all matters that potentially involve international trade in agricultural products.

(2) UNITED STATES DELEGATION.—If an international meeting for negotiation or consultation includes discussion of international trade in agricultural products, the Trade Representative or the designee of the Trade Representative shall be Chairman of the United States delegation to such meeting and the Secretary of Agriculture or the designee of such Secretary shall be Vice Chairman. The provisions of this paragraph shall not limit the authority of the Trade Representative under subsection (h) to assign to the Secretary of Agriculture responsibility for the conduct of, or participation in, any trade negotiation or meeting.

(f) TRADE PROMOTION.—The Trade Representative shall be the chairperson of the Trade Promotion Coordinating Committee established under section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727).

(g) NATIONAL ECONOMIC COUNCIL.—The Trade Representative shall be a member of the National Economic Council established under Executive Order No. 12835, issued January 25, 1993.

(h) INTERNATIONAL TRADE NEGOTIATIONS.—Except where expressly prohibited by law, the Trade Representative, at the request or with the concurrence of the head of any other Federal agency, may assign the responsibility for conducting or participating in any specific international trade negotiation or meeting to the head of such agency whenever the Trade Representative determines that the subject matter of such international trade negotiation is related to the functions carried out by such agency.

Subpart B—Officers

SEC. 321. DEPUTY UNITED STATES TRADE REPRESENTATIVES.

(a) ESTABLISHMENT.—There shall be in the Trade Administration 3 Deputy United States Trade Representatives, who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy United States Trade Representatives shall exercise all functions under the direction of the Trade Representative, and shall include—

(1) the Deputy United States Trade Representative for Negotiations (referred to in this title as the ''Deputy Trade Representative for Negotiations'');

(2) the Deputy United States Trade Representative to the World Trade Organization (referred to in this title as the ''Deputy Trade Representative to the WTO''); and

(3) the Deputy United States Trade Representative for Administration (referred to in this title as the ''Deputy Trade Representative for Administration'').

(b) FUNCTIONS OF DEPUTY TRADE REPRESENTATIVES.—

(1) DEPUTY TRADE REPRESENTATIVE FOR NEGOTIATIONS.—The Deputy Trade Representative for Negotiations shall exercise all functions transferred under section 331 relating to trade negotiations and such other functions as the Trade Representative may direct and shall have the rank and status of Ambassador.

(2) DEPUTY TRADE REPRESENTATIVE TO THE WTO.—The Deputy Trade Representative to the WTO shall exercise all functions relating to representation to the World Trade Organization and shall have the rank and status of Ambassador.

(3) DEPUTY TRADE REPRESENTATIVE FOR ADMINISTRATION.—

(A) ABSENCE, DISABILITY, OR VACANCY OF TRADE REPRESENTATIVE.—The Deputy Trade Representative for Administration shall act for and exercise the functions of the Trade Representative during the absence or disability of the Trade Representative or in the

event the office of the Trade Representative becomes vacant. The Deputy Administrator shall act for and exercise the functions of the Trade Representative until the absence or disability of the Trade Representative no longer exists or a successor to the Trade Representative has been appointed by the President and confirmed by the Senate.

(B) FUNCTIONS.—The Deputy Trade Representative for Administration shall exercise all functions, under the direction of the Trade Representative, transferred to or established in the Trade Administration, except those functions exercised by the Deputy United States Trade Representatives described in paragraphs (1) and (2), the Assistant Administrator for Export Promotion, the Inspector General of the Trade Administration, and the General Counsel of the Trade Administration.

SEC. 322. ASSISTANT ADMINISTRATORS.

(a) ESTABLISHMENT.—There shall be in the Trade Administration 4 Assistant Administrators, who shall be appointed by the President, by and with the advice and consent of the Senate. The Assistant Administrators shall exercise all functions under the direction of the Deputy Trade Representative for Administration and include—

(1) the Assistant Administrator for Export Administration;

(2) the Assistant Administrator for Import Administration;

(3) the Assistant Administrator for Trade and Policy Analysis; and

(4) the Assistant Administrator for Export Promotion.

(b) FUNCTIONS OF ASSISTANT ADMINISTRATORS.—

(1) EXPORT ADMINISTRATION.—The Assistant Administrator for Export Administration shall exercise all functions transferred under section 332(1)(C).

(2) IMPORT ADMINISTRATION.—The Assistant Administrator for Import Administration shall exercise all functions transferred under section 332(1)(D).

(3) TRADE AND POLICY ANALYSIS.—The Assistant Administrator for Trade and Policy Analysis shall exercise all functions transferred under section 332(1)(B) and all functions transferred under section 332(2).

(4) EXPORT PROMOTION.—The Assistant Administrator for Export Promotion shall exercise all functions transferred under sections 332(1)(A)(ii) and 333, and shall have the rank and status of Ambassador.

SEC. 323. GENERAL COUNSEL.

There shall be in the Trade Administration a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. The General Counsel shall provide legal assistance to the Trade Representative concerning the activities, programs, and policies of the Trade Administration.

SEC. 324. INSPECTOR GENERAL.

There shall be in the Trade Administration an Inspector General who shall be appointed in accordance with the Inspector General Act of 1978, as amended by section 371(a) of this chapter.

SEC. 325. CHIEF FINANCIAL OFFICER.

There shall be in the Trade Administration a Chief Financial Officer who shall be appointed in accordance with section 901 of title 31, United States Code, as amended by section 371(e) of this chapter. The Chief Financial Officer shall perform all functions prescribed by the Deputy Trade Representative for Administration, under the direction of the Deputy Trade Representative.

Subpart C—Transfers to the Trade Administration

SEC. 331. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

(a) ABOLISHMENT OF OFFICE OF THE USTR.—Effective on the applicable date specified in section 102(c), the Office of the United States Trade Representative established by section 141 of the Trade Act of 1974 (19 U.S.C. 141) as in effect on the day before the applicable date specified in section 102(c) is abolished.

(b) TRANSFER OF FUNCTIONS.—Except as otherwise provided in this chapter, all functions that on the day before the applicable date specified in section 102(c) are authorized to be performed by the United States Trade Representative, any other officer or employee of the Office of the United States Trade Representative acting in that capacity, or any agency or office of the Office of the United States Trade Representative, are transferred to the Trade Administration established under this title effective on that date.

(c) DETERMINATION OF CERTAIN FUNCTIONS.—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under this title.

SEC. 332. TRANSFERS FROM THE DEPARTMENT OF COMMERCE.

There are transferred to the Trade Administration the following functions:

(1) All functions of, and all functions performed under the direction of, the following officers and employees of the Department of Commerce:

(A)(i) The Under Secretary of Commerce for International Trade.

(ii) The Director General of the United States and Foreign Commercial Service, relating to all functions exercised by the Service.

(B) The Assistant Secretary of Commerce for International Economic Policy and the Assistant Secretary of Commerce for Trade Development.

(C) The Under Secretary of Commerce for Export Administration.

(D) The Assistant Secretary of Commerce for Import Administration.

(2) All functions of the Secretary of Commerce relating to the National Trade Data Bank.

(3) All functions of the Secretary of Commerce under the Tariff Act of 1930, the Uruguay Round Agreements Act, the Trade Act of 1974, and other Acts relating to international trade for which responsibility is not otherwise assigned under this title.

SEC. 333. TRADE AND DEVELOPMENT AGENCY.

There are transferred to the Assistant Administrator for Export Promotion all functions of the Trade and Development Agency and all functions of the Director of the Trade and Development Agency.

SEC. 334. EXPORT-IMPORT BANK.

(a) IN GENERAL.—

(1) TRANSFER OF FUNCTIONS.—There are transferred to the Trade Representative all functions of the Secretary of Commerce relating to the Export-Import Bank of the United States.

(2) CONFORMING AMENDMENT.—Section 3(c)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635a(c)(1)) is amended to read as follows:

''(c)(1) There shall be a Board of Directors of the Bank consisting of the United States Trade Representative (who shall serve as Chairman), the President of the Export-Import Bank of the United States (who shall serve as Vice Chairman), the first Vice President, and 2 additional persons appointed by the President of the United States, by and with the advice and consent of the Senate.''.

(b) EX OFFICIO MEMBER OF EXPORT-IMPORT BANK BOARD OF DIRECTORS.—The Assistant Administrator for Export Promotion shall serve as an ex officio nonvoting member of the Board of Directors of the Export-Import Bank.

(c) AMENDMENTS TO RELATED BANKING AND TRADE ACTS.—Section 2301(h) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4721(h)) is amended to read as follows:

''(h) ASSISTANCE TO EXPORT-IMPORT BANK.—The Commercial Service shall provide such services as the Assistant Administrator for Export Promotion of the United States Trade Administration determines necessary to assist the Export-Import Bank of the United States to carry out the lending, loan guarantee, insurance, and other activities of the Bank.''.

SEC. 335. OVERSEAS PRIVATE INVESTMENT CORPORATION.

(a) BOARD OF DIRECTORS.—The second and third sentences of section 233(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b)) are amended to read as follows: ''The United States Trade Representative shall be the Chairman of the Board. The Administrator of the Agency for International Development (who shall serve as Vice Chairman) shall serve on the Board.''.

(b) EX OFFICIO MEMBER OF OVERSEAS PRIVATE INVESTMENT CORPORATION BOARD OF DIRECTORS.—The Assistant Administrator for Export Promotion of the United States Trade Administration shall serve as an ex officio nonvoting member of the Board of Directors of the Overseas Private Investment Corporation.

SEC. 336. CONSOLIDATION OF EXPORT PROMOTION AND FINANCING ACTIVITIES.

(a) SUBMISSION OF PLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this chapter, the President shall transmit to Congress a comprehensive plan—

(A) to consolidate Federal nonagricultural export promotion activities and export financing activities; and

(B) to transfer those functions to the Trade Administration.

(2) CONTENTS OF PLAN.—The plan under paragraph (1) shall provide for—

(A) the elimination of overlap and duplication among all Federal nonagricultural export promotion activities and export financing activities;

(B) a unified budget for all Federal nonagricultural export promotion activities which eliminates funding for overlapping and duplicative activities identified under subparagraph (A); and

(C) a long-term agenda for developing better cooperation between local, State, and Federal programs and activities designed to stimulate or assist United States businesses in exporting nonagricultural goods or services that are products of the United States, including sharing of facilities, costs, and export market research data.

(b) PLAN ELEMENTS.—The plan under subsection (a) shall—

(1) place all Federal nonagricultural export promotion activities and export financing activities within the Trade Administration;

(2) achieve an overall 25 percent reduction in the amount of funding for all Federal nonagricultural export promotion activities by not later than 2 years after the date of enactment of this chapter;

(3) identify any function of the Department of Commerce or of any other Federal department not transferred to the Trade Administration by this title, which should be transferred to the Trade Administration in order to ensure United States competitiveness in international trade; and

(4) assess the feasibility and potential savings resulting from—

(A) the consolidation of the Export-Import Bank of the United States and the Overseas Private Investment Corporation;

(B) the consolidation of the Boards of Directors of the Export-Import Bank and the Overseas Private Investment Corporation; and

(C) the consolidation of the Trade and Development Agency with the consolidations described in subparagraphs (A) and (B).

(c) DEFINITION.—As used in this section, the term ''Federal nonagricultural export promotion activities'' means all programs or activities of any department or agency of the Federal Government (including trade missions, and departments and agencies with representatives on the Trade Promotion Coordinating Committee established under section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727)), that are designed to stimulate or assist United States businesses in exporting nonagricultural goods or services that are products of the United States.

SEC. 337. FUNCTIONS RELATED TO TEXTILE AGREEMENTS.

(a) FUNCTIONS OF CITA.—

(1) IN GENERAL.—Subject to paragraph (2), those functions delegated to the Committee for the Implementation of Textile Agreements established under Executive Order No. 11651 (7 U.S.C. 1854 note) (in this subsection referred to as ''CITA'') are transferred to the Trade Administration.

(2) OTHER FUNCTIONS.—Those functions delegated to CITA that relate to the assessment of the impact of textile imports on domestic industry are transferred to the International Trade Commission. The International Trade Commission shall make a determination and advise the President of the determination not later than 60 days after receiving a request for an investigation.

(b) ABOLITION OF CITA.—CITA is abolished.

Subpart D—Administrative Provisions

SEC. 341. PERSONNEL PROVISIONS.

(a) APPOINTMENTS.—The Trade Representative may appoint and fix the compensation of such officers and employees, including investigators, attorneys, and administrative law judges, as may be necessary to carry out the functions of the Trade Representative and the Trade Administration. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(b) POSITIONS ABOVE GS–15.—

(1) IN GENERAL.—At the request of the Trade Representative, the Director of the Office of Personnel Management shall, under section 5108 of title 5, United States Code, provide for the establishment in a grade level above GS–15 of the General Schedule, and in the Senior Executive Service, of a number of positions in the Trade Administration equal to the number of positions in that grade level which—

(A) were used primarily for the performance of functions and offices transferred by this title; and

(B) were assigned and filled on the day before the effective date of this title.

(2) APPOINTMENTS.—Appointments to positions provided for under this subsection may be made without regard to the provisions of section 3324 of title 5, United States Code, if the individual appointed to such position is an individual who is transferred in connection with the transfer of functions and offices pursuant to this title and, on the day before the effective date of this title, holds a position and has duties comparable to those of the position to which appointed pursuant to this subsection.

(3) TERMINATION OF AUTHORITY.—The authority under this subsection with respect to any position established at a grade level above GS–15 shall terminate when the person first appointed to fill such position ceases to hold such position.

(4) EXCEPTION TO EXECUTIVE POSITION LIMITATION.—For purposes of section 414(a)(3)(A) of the Civil Service Reform Act of 1978, an individual appointed under this subsection shall be deemed to occupy the same position as the individual occupied on the day before the effective date of this title.

(c) EXPERTS AND CONSULTANTS.—The Trade Representative may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including traveltime) at rates not in excess of the maximum rate of pay for a position above GS–15 of the General Schedule under section 5332 of such title. The Trade Representative may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(d) VOLUNTARY SERVICES.—

(1) IN GENERAL.—

(A) VOLUNTARY SERVICES UNDER TITLE 31.—The Trade Representative is authorized to accept voluntary and uncompensated services without regard to the provisions of section 1342 of title 31, United States Code, if such services will not be used to displace Federal employees employed on a full-time, part-time, or seasonal basis.

(B) VOLUNTARY SERVICES UNDER TITLE 5.—The Trade Representative is authorized to accept volunteer service in accordance with the provisions of section 3111 of title 5, United States Code.

(2) PAYMENT OF EXPENSES.—The Trade Representative is authorized to provide for incidental expenses, including transportation, lodging, and subsistence for individuals who provide voluntary services under subparagraph (A) or (B) of paragraph (1).

(3) LIMITATION.—An individual who provides voluntary services under paragraph (1)(A) shall not be considered a Federal employee for any purpose other than for purposes of chapter 81 of title 5, United States Code, relating to compensation for work injuries, and chapter 171 of title 28, United States Code, relating to tort claims.

SEC. 342. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided by this title, the Trade Representative may delegate any of the functions transferred to the Trade Representative by this title and any function transferred or granted to the Trade Representative after the effective date of this title to such officers and employees of the Trade Administration as the Trade Representative may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the Trade Representative under this section or under any other provision of this title shall relieve the Trade Representative of responsibility for the administration of such functions.

SEC. 343. SUCCESSION.

(a) ORDER OF SUCCESSION.—Subject to the authority of the President, and except as provided in section 321(b), the Trade Representative shall prescribe the order by which officers of the Trade Administration who are appointed by the President, by and with the advice and consent of the Senate, shall act for, and perform the functions of, the Trade Representative or any other officer of the Trade Administration appointed by the President, by and with the advice and consent of the Senate, during the absence or disability of the Trade Representative or such other officer, or in the event of a vacancy in the office of the Trade Representative or such other officer.

(b) CONTINUATION.—Notwithstanding any other provision of law, and unless the President directs otherwise, an individual acting for the Trade Representative or another officer of the Trade Administration pursuant to subsection (a) shall continue to serve in that capacity until the absence or disability of the Trade Representative or such other officer no longer exists or a successor to the Trade Representative or such other officer has been appointed by the President and confirmed by the Senate.

SEC. 344. REORGANIZATION.

(a) IN GENERAL.—Subject to subsection (b), the Trade Representative is authorized to allocate or reallocate functions among the officers of the Trade Administration, and to establish, consolidate, alter, or discontinue such organizational entities in the Trade Administration as may be necessary or appropriate.

(b) EXCEPTION.—The Trade Representative may not exercise the authority under subsection (a) to establish, consolidate, alter, or discontinue any organizational entity in the Trade Administration or allocate or reallocate any function of an officer or employee of the Trade Administration that is inconsistent with any specific provision of this title.

SEC. 345. RULES.

The Trade Representative is authorized to prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Trade Representative determines necessary or appropriate to administer and manage the functions of the Trade Representative or the Trade Administration.

SEC. 346. FUNDS TRANSFER.

The Trade Representative may, when authorized in an appropriation Act in any fiscal year, transfer funds from one appropriation to another within the Trade Administration, except that—

(1) no appropriation for any fiscal year shall be either increased or decreased by more than 10 percent; and

(2) no such transfer shall result in increasing any such appropriation above the amount authorized to be appropriated for that purpose.

SEC. 347. CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS.

(a) IN GENERAL.—Subject to the provisions of the Federal Property and Administrative Services Act of 1949, the Trade Representative may make, enter into, and perform such contracts, leases, cooperative agreements, grants, or other similar transactions with public agencies, private organizations, and persons, and make payments (in lump sum or installments, and by way of advance or reimbursement, and, in the case of any grant,

with necessary adjustments on account of overpayments and underpayments) as the Trade Representative considers necessary or appropriate to carry out the functions of the Trade Representative or the Trade Administration.

(b) EXCEPTION.—Notwithstanding any other provision of this title, the authority to enter into contracts or to make payments under this chapter shall be effective only to such extent, or in such amounts, as are provided in advance in appropriation Acts. This subsection does not apply with respect to the authority granted under section 349.

SEC. 348. USE OF FACILITIES.

(a) USE BY TRADE REPRESENTATIVE.—In carrying out any function of the Trade Representative or the Trade Administration, the Trade Representative, with or without reimbursement, may use the research, services, equipment, and facilities of—

(1) an individual;

(2) any public or private nonprofit agency or organization, including any agency or instrumentality of the United States or of any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States;

(3) any political subdivision of any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States; or

(4) any foreign government.

(b) USE OF TRADE REPRESENTATIVE FACILITIES.—The Trade Representative, under terms, at rates, and for periods that the Trade Representative considers to be in the public interest, may permit the use by public and private agencies, corporations, associations or other organizations, or individuals, of any real property, or any facility, structure or other improvement thereon, under the custody of the Trade Representative. The Trade Representative may require permittees under this section to maintain or recondition, at their own expense, the real property, facilities, structures, and improvements used by such permittees.

SEC. 349. GIFTS AND BEQUESTS.

(a) IN GENERAL.—The Trade Representative is authorized to accept, hold, administer, and utilize gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Trade Administration. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequests shall be deposited in the United States Treasury in a separate fund and shall be disbursed on order of the Trade Representative. Property accepted pursuant to this subsection, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

(b) TAX TREATMENT.—For the purpose of Federal income, estate, and gift taxes, and State taxes, property accepted under subsection (a) shall be considered a gift or bequest to or for the use of the United States.

(c) INVESTMENT.—

(1) IN GENERAL.—Upon the request of the Trade Representative, the Secretary of the Treasury may invest and reinvest in securities of the United States or in securities guaranteed as to principal and interest by the United States any moneys contained in the fund provided for in subsection (a).

(2) TREATMENT OF INCOME.—Income accruing from the securities referred to in paragraph (1), and from any other property held by the Trade Representative pursuant to subsection (a), shall—

(A) be deposited to the credit of the fund; and

(B) be disbursed upon order of the Trade Representative.

SEC. 350. WORKING CAPITAL FUND.

(a) ESTABLISHMENT.—The Trade Representative is authorized to establish for the Trade Administration a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as the Trade Representative shall find to be desirable in the interest of economy and efficiency, including—

(1) a central supply service for stationery and other supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements of the Trade Administration and its components;

(2) central messenger, mail, and telephone service and other communications services;

(3) office space and central services for document reproduction and for graphics and visual aids;

(4) a central library service; and

(5) such other services as may be approved by the Director of the Office of Management and Budget.

(b) OPERATION OF FUND.—

(1) IN GENERAL.—The capital of the fund shall consist of any appropriations made for the purpose of providing working capital and the fair and reasonable value of such stocks of supplies, equipment, and other assets and inventories on order as the Trade Representative may transfer to the fund, less the related liabilities and unpaid obligations.

(2) ADVANCE REIMBURSEMENTS.—The fund shall be reimbursed in advance from available funds of agencies and offices in the Trade Administration, or from other sources, for supplies and services at rates which will approximate the expense of operation, including the accrual of annual leave and the depreciation of equipment.

(3) OTHER CREDITS.—In addition to the credits made under paragraph (1), the fund shall be credited with receipts from sale or exchange of property and receipts in payment for loss or damage to property owned by the fund.

(4) SURPLUS.—There shall be covered into the United States Treasury as miscellaneous receipts any surplus of the fund (all assets, liabilities, and prior losses considered) above the amounts transferred or appropriated to establish and maintain the fund.

(5) TRANSFERS TO FUND.—There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to those services which the Trade Representative determines will be performed.

SEC. 351. SERVICE CHARGES.

(a) AUTHORITY.—Notwithstanding any other provision of law, the Trade Representative may establish reasonable fees and commissions with respect to applications, documents, awards, loans, grants, research data, services, and assistance administered by the Trade Administration. The Trade Representative may change and abolish such fees and commissions. Before establishing, changing, or abolishing any schedule of fees or commissions under this section, the Trade Representative may submit such schedule to Congress.

(b) DEPOSITS.—The Trade Representative is authorized to require a deposit before the Trade Representative provides any item, information, service, or assistance for which a fee or commission is required under this section.

(c) DEPOSIT OF MONEYS.—Moneys received under this section shall be deposited in the Treasury in a special account for use by the Trade Representative and are authorized to be appropriated and made available until expended.

(d) FACTORS IN ESTABLISHING FEES AND COMMISSIONS.—In establishing reasonable fees or commissions under this section, the Trade Representative may take into account—

(1) the actual costs which will be incurred in providing the items, information, services, or assistance concerned;

(2) the efficiency of the Government in providing such items, information, services, or assistance;

(3) the portion of the cost that will be incurred in providing such items, information, services, or assistance which may be attributed to benefits for the general public rather than exclusively for the person to whom the items, information, services, or assistance is provided;

(4) any public service which occurs through the provision of such items, information, services, or assistance; and

(5) such other factors as the Trade Representative considers appropriate.

(e) REFUNDS OF EXCESS PAYMENTS.—In any case in which the Trade Representative determines that any person has made a payment which is not required under this section or has made a payment which is in excess of the amount required under this section, the Trade Representative, upon application or otherwise, may cause a refund to be made from applicable funds.

SEC. 352. SEAL OF OFFICE.

The Trade Representative shall cause a seal of office to be made for the Trade Administration of such design as the Trade Representative shall approve. Judicial notice shall be taken of such seal.

Subpart E—Related Agencies

SEC. 361. INTERAGENCY TRADE ORGANIZATION.

Section 242(a)(3) of the Trade Expansion Act of 1962 (19 U.S.C. 1872(a)(3)) is amended to read as follows:

''(3)(A) The interagency organization established under subsection (a) shall be composed of—

''(i) the United States Trade Representative, who shall be the chairperson,

''(ii) the Secretary of Agriculture,

''(iii) the Secretary of the Treasury,

''(iv) the Secretary of Labor,

''(v) the Secretary of State, and

''(vi) the representatives of such other departments and agencies as the United States Trade Representative shall designate.

''(B) The United States Trade Representative may invite representatives from other agencies, as appropriate, to attend particular meetings if subject matters of specific functional interest to such agencies are under consideration. It shall meet at such times and with respect to such matters as the President or the chairperson shall direct.''.

SEC. 362. NATIONAL SECURITY COUNCIL.

The fourth paragraph of section 101(a) of the National Security Act of 1947 (50 U.S.C. 402(a)) is amended—

(1) by redesignating paragraphs (5), (6), and (7) as paragraphs (6), (7), and (8), respectively; and

(2) by inserting after paragraph (4) the following new paragraph:

''(5) the United States Trade Representative;''.

SEC. 363. INTERNATIONAL MONETARY FUND.

Section 3 of the Bretton Woods Agreement Act (22 U.S.C. 286a) is amended by adding at the end the following new subsection:

''(e) The United States executive director of the Fund shall consult with the United

States Trade Representative with respect to matters under consideration by the Fund which relate to trade.''.

Subpart F—Conforming Amendments

SEC. 371. AMENDMENTS TO GENERAL PROVISIONS.

(a) INSPECTOR GENERAL.—The Inspector General Act of 1978 (5 U.S.C. App. 1 et seq.) is amended—

(1) in section 9(a)(1) by adding after subparagraph (W) the following:

''(X) of the United States Trade Representative, all functions of the Inspector General of the Department of Commerce and the Office of the Inspector General of the Department of Commerce relating to the functions transferred to the United States Trade Representative by section 332 of the Department of Commerce Dismantling Act; and''; and

(2) in section 11—

(A) in paragraph (1) by inserting ''the United States Trade Representative;'' after ''the Attorney General;''; and

(B) in paragraph (2) by inserting ''the United States Trade Administration,'' after ''Treasury;''.

(b) AMENDMENT TO THE TRADE ACT OF 1974.—

(1) TRADE NEGOTIATIONS.—Chapter 4 of title I of the Trade Act of 1974 (19 U.S.C. 2171) is amended to read as follows:

''CHAPTER 4—ADMINISTRATION OF TRADE AGREEMENTS, REPRESENTATION IN TRADE NEGOTIATIONS, AND OTHER TRADE MATTERS

''SEC. 141. FUNCTIONS OF THE UNITED STATES TRADE REPRESENTATIVE.

''The United States Trade Representative, established under section 311 of the Department of Commerce Dismantling Act, shall—

''(1) be the chief representative of the United States for each trade negotiation under this title or chapter 1 of title III of this Act, or subtitle A of title I of the Omnibus Trade and Competitiveness Act of 1988, or any other provision of law relating to international trade negotiations;

''(2) be responsible for the administration of trade agreement programs under this Act, the Omnibus Trade and Competitiveness Act of 1988, the Trade Expansion Act of 1962, section 350 of the Tariff Act of 1930, and any other provision of law relating to trade agreement programs;

''(3) advise the President and Congress with respect to nontariff barriers to international trade, international commodity agreements, and other matters which are related to trade agreement programs; and

''(4) be responsible for making reports to the President and Congress with respect to the matters set forth in paragraphs (1) and (2).''.

(2) TABLE OF CONTENTS.—Title I of the table of contents of the Trade Act of 1974 is amended by striking the items relating to chapter 4 and section 141 and inserting:

''CHAPTER 4—ADMINISTRATION OF TRADE AGREEMENTS, REPRESENTATION IN TRADE NEGOTIATIONS, AND OTHER TRADE MATTERS

''Sec. 141. Functions of the United States Trade Representative.''.

(d) FOREIGN SERVICE PERSONNEL.—Section 202(a) of the Foreign Service Act of 1980 (22 U.S.C. 3922(a)) is amended by striking paragraph (3) and inserting:

''(3) The United States Trade Representative may utilize the Foreign Service personnel system in accordance with this Act—

''(A) with respect to the personnel performing functions—

''(i) which were transferred to the Department of Commerce from the Department of State by Reorganization Plan No. 3 of 1979; and

''(ii) which were subsequently transferred to the United States Trade Representative by section 332 of the Department of Commerce Dismantling Act; and

''(B) with respect to other personnel of the United States Trade Administration to the extent the President determines to be necessary in order to enable the United States Trade Administration to carry out functions which require service abroad.''.

(e) CHIEF FINANCIAL OFFICERS.—Section 901(b)(1)(B) of title 31, United States Code, is amended to read as follows:

''(B) The Trade Administration.''.

SEC. 372. REPEALS.

(a) DEPARTMENT OF COMMERCE.—The first section of the Act entitled ''An Act to establish the Department of Commerce and Labor'', approved February 14, 1903 (15 U.S.C. 1501), is repealed.

(b) UNDER SECRETARY; ASSISTANT SECRETARIES; OTHER POSITIONS.—

(1) Subsection (a) of the first section of the Act entitled ''An Act to authorize an Under Secretary of Commerce for Economic Affairs'', approved June 16, 1982 (96 Stat. 115; 15 U.S.C. 1503a), is repealed.

(2) The Act entitled ''An Act to provide for the appointment of one additional Assistant Secretary of Commerce, and for other purposes'', approved July 15, 1947 (15 U.S.C. 1505), is repealed.

(3) The first sentence of section 304 of the Department of Commerce Appropriation Act, 1955 (15 U.S.C. 1506), is repealed.

(4) The chapter entitled ''An Act to authorize an additional Assistant Secretary of Commerce'', approved February 16, 1962 (15 U.S.C. 1507), is repealed.

(5) Subsection (a) of section 9 of the Maritime Appropriation Authorization Act for Fiscal Year 1978 (15 U.S.C. 1507b), is repealed.

(6)(A) The first section of the chapter of March 18, 1904 (33 Stat. 135, chapter 716; 15 U.S.C. 1508), is repealed.

(B) Section 2 of the chapter of July 17, 1952 (66 Stat. 758, chapter 932; 15 U.S.C. 1508), is repealed.

(c) BUREAUS IN DEPARTMENT.—

(1) Sections 4 and 12 of the chapter entitled ''An Act to Establish the Department of Commerce and Labor'', approved February 14, 1903 (15 U.S.C. 1511), are repealed.

(2) The first section of the chapter of January 5, 1923 (42 Stat. 1109, chapter 23; 15 U.S.C. 1511), is repealed.

(3) The first section of the chapter of May 27, 1936 (49 Stat. 1380, chapter 463; 15 U.S.C. 1511), is repealed.

(d) ANNUAL REPORTS.—Section 8 of the Act entitled ''An Act to establish the Department of Commerce and Labor'', approved February 14, 1903 (15 U.S.C. 1519), is repealed.

(e) WORKING CAPITAL FUND.—Title III of the Act entitled ''An Act making appropriations for the Departments of State, Justice, and Commerce for the fiscal year ending June 30, 1945, and for other purposes'', approved June 28, 1944 (15 U.S.C. 1521), is amended by striking the paragraph relating to the working capital fund of the Department of Commerce.

(f) GIFTS, BEQUESTS, INVESTMENTS.—Sections 1, 2, and 3 of Public Law 88–611 (15 U.S.C. 1522, 1523, and 1524) are repealed.

SEC. 373. CONFORMING AMENDMENTS RELATING TO EXECUTIVE SCHEDULE POSITIONS.

(a) POSITIONS AT LEVEL II.—Section 5313 of title 5, United States Code, is amended by adding at the end the following:

''Deputy United States Trade Representatives (3).''.

(b) POSITIONS AT LEVEL III.—Section 5314 of title 5, United States Code, is amended by striking the item relating to Deputy United States Trade Representatives and inserting the following:

''Assistant Administrators, United States Trade Administration (4).''.

(c) POSITIONS AT LEVEL IV.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

''General Counsel, United States Trade Administration.

''Inspector General, United States Trade Administration.

''Chief Financial Officer, United States Trade Administration.''.

Subpart G—Miscellaneous

SEC. 381. EFFECTIVE DATE.

(a) IN GENERAL.—This title shall take effect on the effective date specified in section 102(c), except that—

(1) section 336 shall take effect on the date of enactment of this chapter; and

(2) at any time after the date of enactment of this chapter the officers provided for in chapter 2 may be nominated and appointed, as provided in such chapter.

(b) INTERIM COMPENSATION AND EXPENSES.—Funds available to the Department of Commerce or the Office of the United States Trade Representative (or any official or component thereof), with respect to the functions transferred by this title, may be used, with approval of the Director of the Office of Management and Budget, to pay the compensation and expenses of an officer appointed under subsection (a) who will carry out such functions until funds for that purpose are otherwise available.

SEC. 382. INTERIM APPOINTMENTS.

(a) IN GENERAL.—If one or more officers required by this title to be appointed by and with the advice and consent of the Senate have not entered upon office on the effective date of this title and notwithstanding any other provision of law, the President may designate any officer who was appointed by and with the advice and consent of the Senate, and who was such an officer on the day before the effective date of this title, to act in the office until it is filled as provided by this title.

(b) COMPENSATION.—Any officer acting in an office pursuant to subsection (a) shall receive compensation at the rate prescribed by this title for such office.

SEC. 383. FUNDING REDUCTIONS RESULTING FROM REORGANIZATION.

(a) FUNDING REDUCTIONS.—Notwithstanding the transfer of functions under this title, and except as provided in subsection (b), the total amount appropriated by the United States in performing all functions vested in the Trade Representative and the Trade Administration pursuant to this title shall not exceed—

(1) for the first fiscal year that begins after the date specified in section 102(c), 75 percent of the total amount appropriated in fiscal year 1999 for the performance of all those functions; and

(2) for the second fiscal year that begins after the date specified in section 102(c) and for each fiscal year thereafter, 65 percent of the total amount appropriated in fiscal year 1999 for the performance of all those functions.

(b) EXCEPTION.—Subsection (a) shall not apply to obligations or expenditures incurred as a direct consequence of the termination, transfer, or other disposition of functions described in subsection (a) pursuant to this chapter.

(c) RULE OF CONSTRUCTION.—This section shall supersede any other provision of law that does not—

(1) explicitly refer to this section, and

(2) create an exemption from this section.

(d) RESPONSIBILITY OF TRADE REPRESENTATIVE.—The Trade Representative, in consultation with the Director of the Office of Management and Budget, shall make such modifications in programs as are necessary to carry out the reductions in appropriations set forth in paragraphs (1) and (2) of subsection (a).

(e) RESPONSIBILITIES OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.—The Director of the Office of Management and Budget shall include in each report under subsections (a) and (b) of section 106 a description of the actions taken to comply with the requirements of this section.

Subchapter D—Establishment of the Office of Patents, Trademarks, and Standards

PART I—ESTABLISHMENT

SEC. 401. DEFINITIONS.

For purposes of this title—

(1) the term ''Director'' means the Director of the Office of Patents, Trademarks, and Standards; and

(2) the term ''Office'' means the Office of Patents, Trademarks, and Standards.

SEC. 402. ESTABLISHMENT OF THE OFFICE OF PATENTS, TRADEMARKS, AND STANDARDS.

There is established the Office of Patents, Trademarks, and Standards which shall be an independent establishment in the executive branch of Government as defined under section 104 of title 5, United States Code. There shall be a Director of the Office of Patents, Trademarks, and Standards who shall administer the Office and shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 403. FUNCTIONS.

The Director shall perform all functions transferred under section 404 and such other functions as the President may assign or delegate.

SEC. 404. TRANSFERS TO THE OFFICE.

(a) TRANFER OF FUNCTIONS.—There are transferred to the Director all functions of, and all functions performed under the direction of, the following officers and employees of the Department of Commerce:

(1) The Director of the National Institute of Standards and Technology.

(2) The Assistant Secretary and Commissioner of Patents and Trademarks.

(3) The Under Secretary for Technology relating to functions performed by the Office of Technology Policy relating to the Baldridge Quality Award.

(4) The Secretary of Commerce and Assistant Secretary for Communications and Information with respect to only those functions of the National Telecommunications and Information Administration relating to telecommunication standards and laboratories.

(b) TRANFER OF OFFICES.—

(1) The Patent and Trademark Office of the Department of Commerce is transferred to the Office. The Patent and Trademark Office of the Office of Patents, Trademarks, and Standards shall be administered through the Commissioner of the Patent and Trademark Office.

(2) The National Institute of Standards and Technology of the Department of Commerce is transferred to the Office. The National Institute of Standards and Technology shall be administered through the Director of the National Institute of Standards and Technology.

SEC. 405. ADDITIONAL OFFICERS.

(a) GENERAL COUNSEL.—There shall be in the Office a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. The General Counsel shall provide legal assistance to the Director concerning the activities, programs, and policies of the Office.

(b) INSPECTOR GENERAL.—

(1) There shall be in the Office an Inspector General who shall be appointed in accordance with the Inspector General Act of 1978, as amended by this subsection.

(2) Section 11 of the Inspector General Act of 1978 (as amended by this Act) is further amended—

(A) in paragraph (1) by inserting ''the Director of the Office of Patents, Trademarks, and Standards'' after ''the Chief Executive Officer of the Corporation for National and Community Service;''; and

(B) in paragraph (2) by inserting ''the Office of Patents, Trademarks, and Standards,'' after ''the Corporation for National and Community Service,''.

(c) CHIEF FINANCIAL OFFICER.—

(1) There shall be in the Office a Chief Financial Officer who shall be appointed in accordance with section 901 of title 31, United States Code, as amended by this subsection.

(2) Section 901(b) of title 31, United States Code, (as amended by this Act) is further amended in paragraph (2) by adding at the end thereof the following: ''(I) The Office of Patents, Trademarks, and Standards.''.

PART II—ADMINISTRATIVE PROVISIONS

SEC. 411. RULES.

In the performance of the functions of the Director and the Office, the Director is authorized to make, promulgate, issue, rescind, and amend rules and regulations. The promulgation of such rules and regulations—

(1) Shall be governed by the provisions of chapter 5 of title 5, United States Code; and

(2) shall be after notice and opportunity for full participation by relevant Federal agencies, State agencies, local governments, regional organizations, authorities, councils, and other interested public and private parties.

SEC. 412. DELEGATION.

Except as otherwise provided in this Act, the Director may delegate any function to such officers and employees of the Office as the Director may designate, and may authorize such successive redelegations of such functions in the Office as may be necessary or appropriate. No delegation of functions by the Director under this section or under any other provision of this Act shall relieve the Director of responsibility for the administration of such functions.

SEC. 413. PERSONNEL AND SERVICES.

(a) APPOINTMENTS.—In the performance of the functions of the Director and in addition to the officers provided for under subtitle A, the Director is authorized to appoint, transfer, and fix the compensation of such officers and employees, including attorneys, as may be necessary to carry out the functions of the Director and the Office. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and compensated in accordance with title 5, United States Code.

(b) EXPERTS AND CONSULTANTS.—The Director is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(c) TRANSPORTATION EXPENSES.—The Director is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5, United States Code.

(d) DETAIL OF EMPLOYEES AND OFFICERS.—The Director is authorized to utilize, on a reimbursable basis, the services of personnel of any Federal agency.

(e) VOLUNTARY SERVICES.—

(1)(A) The Director is authorized to accept voluntary and uncompensated services without regard to the provisions of section 1342 of title 31, United States Code, if such services will not be used to displace Federal employees employed on a full-time, part-time, or seasonal basis.

(B) The Director is authorized to accept volunteer service in accordance with the provisions of section 3111 of title 5, United States Code.

(2) The Director is authorized to provide for incidental expenses, including but not limited to transportation, lodging, and subsistence for such volunteers.

(3) An individual who provides voluntary services under paragraph (1)(A) of this subsection shall not be considered a Federal employee for any purpose other than for purposes of chapter 81 of title 5, United States Code, relating to compensation for work injuries, and chapter 171 of title 28, United States Code, relating to tort claims.

SEC. 414. CONTRACTS.

The Director is authorized, without regard to the provisions of section 3324 of title 31, United States Code, to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary to carry out the functions of the Director and the Office. The Director may enter into such contracts, leases, agreements, and transactions with any Federal agency or any instrumentality of the United States, or with any State, territory, or possession, or with any political subdivision thereof, or with any person, firm, association, corporation, or educational institution, on such terms and conditions as the Director may consider appropriate. The authority of the Director to enter into contracts and leases under this section shall be to such extent or in such amounts as are provided in appropriation Acts.

SEC. 415. COPYRIGHTS AND PATENTS.

The Director is authorized to acquire any of the following described rights if the property acquired thereby is for use in, or is useful to, the performance of functions of the Director or the Office:

(1) Copyrights, patents, and applications for patents, designs, processes, specifications, and data.

(2) Licenses under copyrights, patents, and applications for patents.

(3) Releases, before an action is brought, for past infringement of patents of copyrights.

SEC. 416. GIFTS AND BEQUESTS.

The Director is authorized to accept, hold, administer and utilize gifts, donations, or bequests of property, real or personal, tangible or intangible, and contributions of money for purposes of aiding or facilitating the work of the Director or the Office. For the purposes of Federal income, estate, and gift taxes, and State taxes, property accepted under this subsection shall be considered a gift or bequest to the United States.

SEC. 417. TRANSFERS OF FUNDS FROM OTHER FEDERAL AGENCIES.

The Director is authorized to accept transfers from other Federal agencies of funds which are available to carry out functions transferred by this Act to the Director or functions assigned by law to the Director after the date of enactment of this Act.

SEC. 418. SEAL OF OFFICE.

The Director shall cause a seal of office to be made for the Office of such design as the Director shall approve. Judicial notice shall be taken of such seal.

SEC. 419. STATUS OF OFFICE UNDER CERTAIN LAWS.

For purposes of section 552b of title 5, United States Code, the Office is an agency.

PART III—CONFORMING AMENDMENTS

SEC. 421. PATENT AND TRADEMARK OFFICE.

(a) ESTABLISHMENT.—Section 1 of title 35, United State Code, is amended by striking out ''Department of Commerce'' and inserting in lieu thereof ''Office of Patents, Trademarks, and Standards''.

(b) REFERENCE TO ASSISTANT SECRETARY OF COMMERCE.—Section 3 of title 35, United States Code, is amended by striking out subsection (d).

(c) GENERAL REFERENCES TO SECRETARY AND DEPARTMENT.—

(1) Except as provided under paragraph (2), the provisions of title 35, United States Code, are further amended—

(A) by striking out ''Secretary of Commerce'' each place such term appears and insert in lieu thereof ''Commissioner of Patents and Trademarks''; and

(B) by striking out ''Department of Commerce'' each place such term appears and inserting in lieu thereof ''Office of Patents, Trademarks and Standards''.

(2)(A) Section 3(a) of title 35, United States Code, is amended in the fourth sentence by striking out ''The Secretary of Commerce, upon the nomination of the Commissioner'' and inserting in lieu thereof ''The Commissioner''.

(B) Section 6(a) of title 35, United States Code, is amended—

(i) in the first sentence by striking out '', under the direction of the Secretary of Commerce,''; and

(ii) in the second sentence by striking out '', subject to the approval of the Secretary of Commerce,''.

(C) Section 31 of title 35, United States Code, is amended by striking out '', subject to the approval of the Secretary of Commerce,''.

Subchapter E—Statistical Consolidation

PART I—GENERAL PROVISIONS

SEC. 501. FINDINGS.

Congress, recognizing the importance of statistical information in the development of national priorities and policies and in the administration of public programs, finds that—

(1) improved coordination and planning among the statistical programs of the Federal Government is necessary—

(A) to strengthen and improve the quality and utility of Federal statistics; and

(B) to reduce duplication and waste in information collected for statistical purposes;

(2) while the demand for statistical information has grown substantially over the 30-year period preceding the date of enactment of this Act, the lack of coordinated planning within the decentralized Federal statistical system has limited the usefulness of statistics in defining problems and determining national policies to deal with complex social and economic issues;

(3) the establishment of a unified statistical policy for the Federal Government to ensure that—

(A) data available from Federal statistical programs are responsive to the information needs of the President and Congress in developing national policies; and

(B) necessary statistical information is collected with the least reporting burden imposed on individuals, businesses, and public entities;

(4) a central statistical policy and coordination office is necessary—

(A) to develop and implement a Federal statistical policy;

(B) to establish priorities for Federal statistical programs;

(C) to oversee and evaluate the statistical programs of the Government; and

(D) to ensure that data collected for statistical purposes by the Government are collected and reported in accordance with established standards; and

(5) it is conducive and integral to a sound Federal policy that the heads of major statistical agencies within a Federal department or agency have direct access to the head of such department or agency.

SEC. 502. SENSE OF CONGRESS.

(a) CHIEF STATISTICIAN.—It is the sense of Congress that—

(1) a more centralized statistical system is integral to efficiency;

(2) with increased efficiency comes better integration of research, methodology, survey design, and taking advantage of economies of scale;

(3) the Chief Statistician should have the authority, personnel, and other resources necessary to carry out the duties of that office effectively, including duties relating to statistical forms clearance;

(4) statistical forms clearance at the Office of Management and Budget should be better distinguished from regulatory forms clearance; and

(5) recognizing that the Chief Statistician has numerous responsibilities with respect to statistical policy and coordination, the Chief Statistician should have a direct reporting relationship with the Director of the Office of Management and Budget.

(b) CONFIDENTIALITY.—It is the sense of Congress that—

(1) entities of the Federal Government (including the Federal Council on Statistical Policy and the Interagency Council on Statistical Policy) and private entities should examine the efficacy of replacing the individual confidentiality provisions of statistical agencies with a single, uniform standard that guarantees confidentiality across the affected agencies; and

(2) those entities should also examine the sharing of confidential data for statistical purposes within the Federal Statistical Service and special arrangements to permit the sharing of confidential data for statistical purposes with State agencies cooperating with Federal agencies in statistical programs.

(c) DECENNIAL CENSUSES.—It is the sense of Congress that the budget and functions of the Bureau of the Census relating to any decennial census of population should be segregated from the other budget and functions of the Bureau of the Census.

SEC. 503. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Federal Statistical Service.

(2) CENSUS OF POPULATION.—The term ''census of population'' has the meaning given such term by section 141(g) of title 13, United States Code.

(3) CHIEF STATISTICIAN.—The term ''Chief Statistician'' means the Chief Statistician of the Office of Management and Budget.

(4) COUNCIL.—The term ''Council'' means the Federal Council on Statistical Policy under section 513.

(5) DEPUTY ADMINISTRATOR.—The term ''Deputy Administrator'' means the Deputy Administrator of the Federal Statistical Service.

(6) FEDERAL AGENCY.—The term ''Federal agency'' has the meaning provided the term ''agency'' in section 551(1) of title 5, United States Code.

(7) FUNCTION.—The term ''function'' includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

(8) OFFICE.—The term ''office'' includes any office, bureau, institute, council, unit, or organizational entity, or any component thereof.

(9) SERVICE.—The term ''Service'' means the Federal Statistical Service.

PART II—ESTABLISHMENT OF THE FEDERAL STATISTICAL SERVICE

SEC. 511. ESTABLISHMENT.

The Federal Statistical Service is established as an independent establishment, as that term is defined in section 104 of title 5, United States Code, in the executive branch of the Federal Government.

SEC. 512. PRINCIPAL OFFICERS.

(a) ADMINISTRATOR.—

(1) IN GENERAL.—There shall be at the head of the Service an Administrator of the Federal Statistical Service, who shall be appointed, from among individuals nominated for that purpose by the Federal Council on Statistical Policy who are experienced in the collection and utilization of statistical data or survey research, by the President, by and with the advice and consent of the Senate.

(2) ADMINISTRATION.—The Service, including all functions and offices transferred to the Service under this title, shall be administered, in accordance with the provisions of this title, under the supervision and direction of the Administrator.

(3) COMPENSATION OF ADMINISTRATOR.—The Administrator shall receive basic pay at the rate payable for level II of the Executive Schedule under section 5313 of title 5, United States Code.

(b) DEPUTY ADMINISTRATOR.—

(1) IN GENERAL.—There shall be in the Service a Deputy Administrator of the Federal Statistical Service who shall be appointed, from among individuals nominated for that purpose by the Federal Council on Statistical Policy who are experienced in the collection and utilization of statistical data or survey research, by the President, by and with the advice and consent of the Senate.

(2) DUTIES OF DEPUTY ADMINISTRATOR.—During the absence or disability of the Administrator, or in the event of a vacancy in the office of the Administrator, the Deputy Administrator shall act as Administrator. The Deputy Administrator shall perform such other duties and exercise such powers as the Administrator may from time to time prescribe.

(3) COMPENSATION OF DEPUTY ADMINISTRATOR.—The Deputy Administrator shall receive basic pay at the rate payable for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(c) BUREAU DIRECTORS.—

(1) IN GENERAL.—There shall be in the Service—

(A) a Director of the Census who shall, on the transfer of functions and offices under section 203, serve as the head of the Bureau of the Census; and

(B) a Director of the Bureau of Economic Analysis who shall, on the transfer of functions and offices under section 203, serve as the head of the Bureau of Economic Analysis; and

(C) a Director of the Bureau of Labor Statistics who shall, on the transfer of functions

and offices under subtitle C, serve as the head of the Bureau of Labor Statistics.

(2) APPOINTMENT.—Each of the Directors referred to in paragraph (1) shall be appointed by the President, by and with the advice and consent of the Senate.

(4) COMPENSATION OF DIRECTOR OF BUREAU OF ECONOMIC ANALYSIS.—

(A) IN GENERAL.—The position of Director of the Bureau of Economic Analysis shall be a Senior Executive Service position.

(B) SENIOR EXECUTIVE SERVICE DEFINED.—For purposes of this paragraph, the term ''Senior Executive Service position'' shall have the same meaning as in section 3132(a) of title 5, United States Code.

(5) TERMS.—The term of office for each Director referred to in paragraph (1) shall be as specified in the predecessor under the applicable provision of law in effect on the day before the date of enactment of this Act, except that, notwithstanding section 21 of title 13, United States Code, the term of the Director of the Census shall be 4 years.

(d) GENERAL COUNSEL.—There shall be in the Service a General Counsel who shall administer the Office of General Counsel of the Federal Statistical Service. The General Counsel shall be appointed by the President, by and with the advice and consent of the Senate.

(e) INSPECTOR GENERAL.—There shall be in the Service an Inspector General appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

SEC. 513. FEDERAL COUNCIL ON STATISTICAL POLICY.

(a) ESTABLISHMENT.—A Federal Council on Statistical Policy shall advise the Service.

(b) COMPOSITION.—The Council shall be composed of 9 members as follows:

(1) The Administrator of the Federal Statistical Service.

(2) The Director of the Census.

(3) The Director of the Bureau of Labor Statistics.

(4) The Director of the Bureau of Economic Analysis.

(5) The Chief Statistician of the Office of Management and Budget.

(6) Two members appointed by the Majority Leader of the Senate from among individuals who—

(A) are not officers or employees of the Government; and

(B) are especially qualified to serve on the Council by virtue of experience relating to 1 or more of the bureaus referred to in title III.

(7) Two members appointed by the Speaker of the House of Representatives from among individuals who—

(A) are not officers or employees of the Government; and

(B) are especially qualified to serve on the Council by virtue of experience relating to 1 or more of the bureaus referred to in section 203 or subtitle C.

(c) TERMS.—

(1) IN GENERAL.—Each member under subsection (b)(6) shall be appointed for a term of 5 years, except that, of the members first appointed—

(A) 1 shall be appointed for a term of 5 years; and

(B) 1 shall be appointed for a term of 3 years.

(2) STAGGERED TERMS.—Each member under subsection (b)(7) shall be appointed for a term of 5 years, except that, of the members first appointed—

(A) 1 shall be appointed for a term of 5 years; and

(B) 1 shall be appointed for a term of 2 years.

(d) FUNCTIONS.—

(1) IN GENERAL.—The Council shall—

(A) make any nominations required under section 512(a)(1);

(B) serve as an advisory body to the Chief Statistician on confidentiality issues, such as those relating to—

(i) the collection or sharing of data for statistical purposes among Federal agencies; and

(ii) the sharing of data, for statistical purposes, by States and political subdivisions with the Federal Government; and

(C) establish a statistical policy as described in section 501(3).

(2) STUDY AND REPORT AS PROCEDURES.—

(A) STUDY.—The Council shall study procedures for the release of major economic and social indicators by the Federal Government.

(B) REPORT.—Not later than 18 months after the date of enactment of this Act, the Council shall submit to Congress a report on the findings of the study under subparagraph (A).

(3) STUDY OF FUNCTIONS.—

(A) STUDY.—The Council shall study—

(i) whether or not the functions of the Bureau of the Census relating to decennial censuses of population could be delineated from the other functions of the Bureau; and

(ii) if the functions referred to in clause (i) could be delineated from other functions of the Bureau, recommendations on how such a delineation of functions might be achieved.

(B) REPORT.—Not later than 12 months after the date of enactment of this Act, the Council shall submit to Congress a report on the findings of the study conducted under subparagraph (A).

(4) STUDY AND REPORT ON FIELD OFFICES.—

(A) STUDY.—The Council shall study—

(i) making as appropriate, the field offices of the Bureau of the Census part of the field offices of the Bureau of Labor Statistics; and

(ii) any savings anticipated as a result of the implementation of clause (i).

(B) REPORT.—Not later than 12 months after the date of enactment of this Act, the Council shall submit to Congress a report on the findings of the study conducted under subparagraph (A).

(e) COMPENSATION.—Members of the Council under subsection (b)(6) shall be entitled to receive the daily equivalent of the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Council.

(f) CHAIRPERSON.—The Chairperson of the Council shall be elected by and from the members for a term of 1 year.

PART III—TRANSFERS OF FUNCTIONS AND OFFICES

SEC. 521. TRANSFER OF THE BUREAU OF LABOR STATISTICS.

There is transferred to the Service the Bureau of Labor Statistics of the Department of Labor, along with all of its functions and offices.

SEC. 522. TRANSFER DATE.

The transfers of functions and offices under this title shall be effective on the date specified in section 102(c).

PART IV—ADMINISTRATIVE PROVISIONS

SEC. 531. OFFICERS AND EMPLOYEES.

The Administrator may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Administrator and the Service. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation shall be fixed in accordance with title 5, United States Code.

SEC. 532. EXPERTS AND CONSULTANTS.

The Administrator, as may be provided in appropriation Acts, obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and may compensate such experts and consultants at rates not to exceed the daily rate prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

SEC. 533. ACCEPTANCE OF VOLUNTARY SERVICES.

(a) IN GENERAL.—Notwithstanding section 1342 of title 31, United States Code, the Administrator may accept, subject to regulations issued by the Office of Personnel Management, voluntary services if such services—

(1) are to be uncompensated; and

(2) are not used to displace any employee.

(b) TREATMENT.—Any individual who provides voluntary services under this section shall not be considered a Federal employee for any purpose other than for purposes of chapter 81 of title 5, United States Code (relating to compensation for injury) and sections 2671 through 2680 of title 28, United States Code (relating to tort claims).

SEC. 534. GENERAL AUTHORITY.

In carrying out any function transferred by this Act, the Administrator, or any officer or employee of the Service, may exercise any authority available by law with respect to such function to the official or agency from which such function is transferred, and the actions of the Administrator in exercising such authority shall have the same force and effect as when exercised by such official or agency.

SEC. 535. DELEGATION.

Except as otherwise provided in this title, the Administrator may delegate any function to such officers and employees of the Service as the Administrator may designate, and may authorize such successive redelegations of such functions within the Service as may be necessary or appropriate. No delegation of functions by the Administrator under this section or under any other provision of this title shall relieve the Administrator of responsibility for the Administration of such functions.

SEC. 536. REORGANIZATION.

The Administrator may allocate or reallocate functions among the officers of the Service, and to establish, consolidate, alter, or abolish such offices or positions within the Service as may be necessary or appropriate.

SEC. 537. CONTRACTS.

(a) IN GENERAL.—Subject to the Federal Property and Administrative Services Act of 1949 and other applicable Federal law, the Administrator may make, enter into, and perform such contracts, grants, leases, cooperative agreements, and other similar transactions with Federal or other public agencies (including State and local governments) and private organizations and persons, and to make such payments, by way of advance or reimbursement, as the Administrator may determine necessary or appropriate to carry out functions of the Administrator or the Service.

(b) APPROPRIATION AUTHORITY REQUIRED.—No authority to enter into contracts or to make payments under this title shall be effective except to such extent or in such amounts as are provided in advance under appropriation Acts.

SEC. 538. REGULATIONS.

The Administrator may prescribe such rules and regulations as the Administrator considers necessary or appropriate to administer and manage the functions of the Administrator or the Service, in accordance with chapter 5 of title 5, United States Code.

SEC. 539. SEAL.

The Administrator shall cause a seal of office to be made for the Service of such design as the Administrator shall approve. Judicial notice shall be taken of such seal.

SEC. 540. ANNUAL REPORT.

The Administrator, in consultation with the Council, shall, as soon as practicable after the close of each fiscal year, make a single, comprehensive report to the President for transmission to Congress on the activities of the Service during such fiscal year.

PART V—MISCELLANEOUS

SEC. 541. INCIDENTAL TRANSFERS.

The Director of the Office of Management and Budget, in consultation with the Administrator, shall make such determinations as may be necessary with regard to the functions, offices, or portions thereof transferred by this title, and make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, offices, or portions thereof, as may be necessary to carry out this title. The Director shall provide for the termination of the affairs of all entities terminated by this title and, in consultation with the Administrator, for such further measures and dispositions as may be necessary to effectuate the purposes of this title.

SEC. 542. REFERENCES.

With respect to any function transferred by this title and exercised on or after the date of such transfer, any reference in any other Federal law to any department, commission, or agency or any officer or office the functions of which so transferred shall be deemed to refer to the Administrator, other official, or component of the Service to which this title transfers such functions.

SEC. 543. PROPOSED CHANGES IN LAW.

Not later than 90 days after the date of enactment of this Act, the President shall submit to Congress a description of any changes in Federal law necessary to reflect any transfers or other measures under this title.

SEC. 544. TRANSITION.

(a) USE OF FUNDS.—Funds available to any department or agency (or any official or component thereof), the functions or offices of which are transferred to the Administrator or the Service by this title, may, with the approval of the Director of the Office of Management and Budget, be used to pay the compensation and expenses of any officer appointed pursuant to this title and other transitional and planning expenses associated with the establishment of the Service or transfer of functions or offices thereto until such time as funds for such purposes are otherwise available.

(b) USE OF PERSONNEL.—With the consent of the appropriate department or agency head concerned, the Administrator may utilize the services of such officers, employees, and other personnel of the departments and agencies from which functions or offices have been transferred to the Administrator or the Service, for such period of time as may reasonably be needed to facilitate the orderly implementation of this title.

SEC. 545. INTERIM APPOINTMENTS.

(a) AUTHORITY TO APPOINT.—Notwithstanding any other provision of law, in the event that 1 or more officers required by this title to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the date of the transfer of functions and offices under section 203 or subtitle C, the President may designate an officer in the executive branch to act in such office for 120 days or until the office is filled as provided in this title, whichever occurs first.

(b) COMPENSATION.—Any officer acting in an office in the Department pursuant to the provisions of subsection (a) shall receive compensation at the rate prescribed for such office under this title.

SEC. 546. CONFORMING AMENDMENTS.

(a) DIRECTOR, BUREAU OF LABOR STATISTICS.—Section 5315 of title 5, United States Code, as amended by this Act, is further amended by adding at the end the following new item:

''Director, Bureau of Labor Statistics.''.

(b) GENERAL COUNSEL; INSPECTOR GENERAL.—Section 5315 of title 5, United States Code, as amended by subsection (a), is further amended by adding at the end the following new items:

''General Counsel, Bureau of Labor Statistics.

''Inspector General, Bureau of Labor Statistics.''.

(c) BUREAU DIRECTORS.—Section 5315 of title 5, United States Code, as amended by subsection (b), is further amended—

(1) by striking ''The Commissioner of Labor Statistics, Department of Labor''; and

(2) by inserting after the item relating to the Director of the Census, the following new items:

''Director of the Bureau of Labor Statistics, Federal Statistical Service.

''Director of the Bureau of Economic Analysis, Federal Statistical Service.''.

(d) DEPUTY ADMINISTRATOR.—Section 5314 of title 5, United States Code, is amended by adding at the end the following new item:

''Deputy Administrator, Federal Statistical Service.''.

(e) ADMINISTRATOR.—Section 5313 of title 5, United States Code, is amended by adding at the end the following new item:

''Administrator, Federal Statistical Service.''.

Subchapter F—Miscellaneous Provisions

SEC. 601. REFERENCES.

Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to a department or office from which a function is transferred by this Act—

(1) to the head of such department or office is deemed to refer to the head of the department or office to which such function is transferred; or

(2) to such department or office is deemed to refer to the department or office to which such function is transferred.

SEC. 602. EXERCISE OF AUTHORITIES.

Except as otherwise provided by law, a Federal official to whom a function is transferred by this Act may, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the effective date of the transfer of the function under this Act.

SEC. 603. SAVINGS PROVISIONS.

(a) LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(1) that have been issued, made, granted, or allowed to become effective by the President, the Secretary of Commerce, the United States Trade Representative, any officer or employee of any office transferred by this Act, or any other Government official, or by a court of competent jurisdiction, in the performance of any function that is transferred by this Act; and

(2) that are in effect on the effective date of such transfer (or become effective after such date pursuant to their terms as in effect on such effective date),

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, any other authorized official, a court of competent jurisdiction, or operation of law.

(b) PROCEEDINGS.—This Act shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending on the date of enactment of this Act before an office transferred by this Act, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(c) SUITS.—This Act shall not affect suits commenced before the date of enactment of this Act, and in all such suits, proceeding shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this Act had not been enacted.

(d) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Commerce or the Secretary of Commerce, or by or against any individual in the official capacity of such individual as an officer or employee of an office transferred by this Act, shall abate by reason of the enactment of this Act.

(e) CONTINUANCE OF SUITS.—If any Government officer in the official capacity of such officer is party to a suit with respect to a function of the officer, and under this Act such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.

(f) ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW.—Except as otherwise provided by this Act, any statutory requirements relating to notice, hearings, action upon the record, or administrative or judicial review that apply to any function transferred by this Act shall apply to the exercise of such function by the head of the Federal agency, and other officers of the agency, to which such function is transferred by this Act.

SEC. 604. TRANSFER OF ASSETS.

Except as otherwise provided in this Act, so much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with a function transferred to an

official or agency by this Act shall be available to the official or the head of that agency, respectively, at such time or times as the Director of the Office of Management and Budget directs for use in connection with the functions transferred.

SEC. 605. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided in this Act, an official to whom functions are transferred under this Act (including the head of any office to which functions are transferred under this Act) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this section or under any other provision of this Act shall relieve the official to whom a function is transferred under this Act of responsibility for the administration of the function.

SEC. 606. AUTHORITY OF DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET WITH RESPECT TO FUNCTIONS TRANSFERRED.

(a) DETERMINATIONS.—If necessary, the Director shall make any determination of the functions that are transferred under this Act.

(b) INCIDENTAL TRANSFERS.—The Director, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this Act, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this Act. The Director shall provide for the termination of the affairs of all entities terminated by this Act and for such further measures and dispositions as may be necessary to effectuate the purposes of this Act.

SEC. 607. CERTAIN VESTING OF FUNCTIONS CONSIDERED TRANSFERS.

For purposes of this Act, the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of the function.

SEC. 608. AVAILABILITY OF EXISTING FUNDS.

Existing appropriations and funds available for the performance of functions, programs, and activities terminated pursuant to this Act shall remain available, for the duration of their period of availability, for necessary expenses in connection with the termination and resolution of such functions, programs, and activities.

SEC. 609. DEFINITIONS.

For purposes of this Act—

(1) the term ''function'' includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(2) the term 'office' includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

SEC. 610. CONFORMING AMENDMENTS.

Section 11 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in paragraph (1), by striking ''or the Commissioner of the Social Security Administration;'' and inserting ''the Commissioner of the Social Security Administration; the Administrator of the National Oceanic and Atmospheric Administration; or the Administrator of the Federal Statistical Service;''; and

(2) in paragraph (2), by striking ''or the Social Security Administration'' and inserting ''the National Oceanic and Atmospheric Administration, the Federal Statistical Service, or the Social Security Administration''.

TITLE VII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 701. SUNSET OF PROVISIONS OF ACT.

All provisions of, and amendments made by, this Act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

STEVENS AMENDMENT NO. 1488

(Ordered to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 215, line 18 after ''FARMERS'' insert ''AND FISHERMEN''.

On page 215, line 26 insert ''AND FISHERMEN.'' before the period.

On page 216, line 1 after ''farm'' insert ''and fishing''.

On page 216, insert the following new paragraph before subsection (b) and redesignate subsection (b) as subsection (c):

''(b) ALLOWING INCOME AVERAGING FOR FISHERMEN.—

(1) Section 1301(a) of the Internal Revenue Code of 1986 is amended by striking ''farming business'' and inserting ''farming business or fishing business,''.

(2) Section 1301(b)(1)(A)(i) is amended by striking ''and'' and inserting ''or'', and by striking subsection (b)(1)(A)(ii) and replacing it with ''(b)(1)(A)(ii) a fishing business; and'' and by redesignating subsection (b)(1)(A)((ii) as subsection (b)(1)(A)(iii).

(3) Section 1301(b) is amended by inserting the following paragraph after subsection (b)(3):

''(4) Fishing business.—The term fishing business means the conduct of commercial fishing as defined in Section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).''.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

ENZI AMENDMENT NO. 1489

(Ordered to lie on the table.)

Mr. ENZI submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 76, line 23, after the word ''years,'' insert the following: ''$6 million shall be available for the Advanced Development Project Powder River Coal Initiative to be located in Gillette, Wyoming, and''.

MACK (AND GRAHAM) AMENDMENT NO. 1490

(Ordered to lie on the table.)

Mr. MACK (for himself and Mr. GRAHAM) submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 13, line 8, strike ''55,244,000'' and insert ''$54,744,000''.

On page 17, line 19, strike ''$221,093,000'' and insert ''$221,593,000''.

TAXPAYER REFUND ACT OF 1999

DORGAN AMENDMENT NO. 1491

(Ordered to lie on the table.)

Mr. DORGAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

SEC. ___ SENSE OF CONGRESS REGARDING THE NEED TO ENCOURAGE IMPROVEMENTS IN MAIN STREET BUSINESSES BY EXPANDING EXISTING SMALL BUSINESS TAX EXPENSING RULES TO INCLUDE INVESTMENTS IN BUILDINGS AND OTHER DEPRECIABLE REAL PROPERTY.

(a) FINDINGS.—Congress finds that—

(1) under current tax law, small businesses can immediately deduct, that is, ''expense'', up to $19,000 in purchases of equipment and similar assets;

(2) there is bipartisan support for increasing the amount of this expensing provision because it helps many small businesses make the investments in equipment and machinery they need by allowing them to immediately write off the costs of such investments and bolstering their cash flow;

(3) this expensing provision, however, is not as helpful as it could be for some small businesses because it does not cover their investments in improving the storefront or the buildings in which they conduct their business;

(4) in many small towns, the local drug store, shoe store, or grocery store doesn't have much need for new equipment, but it does need to improve the storefront or the interior;

(5) although such investments are good for Main Streets across this Nation, our current tax law creates a disincentive to make them by requiring a small business owner to depreciate the costs of the building improvements over 39 years for tax purposes;

(6) legislation to expand the current expensing provision to cover investments in depreciable real property was recently introduced in the Senate with broad bipartisan cosponsorship, including the leaders of the Republican and Democratic parties;

(7) this proposal is also strongly supported by small business-oriented trade groups, including the National Federation of Independent Business, the Small Business Legislative Council, and the National Association of Realtors;

(8) the Department of the Treasury is currently conducting a comprehensive study of all depreciation provisions in our tax laws; and

(9) Congress should consider expanding the existing expensing provision to cover investments in storefront improvements and other depreciable real property in any reform legislation that results from this study or, if possible, in any earlier legislation.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) many small businesses trying to improve their storefronts on Main Street or investing to upgrade their property would benefit if Congress expanded the existing expensing provision to cover investments in depreciable real property; and

(2) Congress should consider including this proposal in any future tax legislation.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

MOYNIHAN AMENDMENT NO. 1492

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 94, line 7, strike ''$86,000,000'' and insert ''$93,000,000''.

On page 95, line 5, strike ''$97,550,000'' and insert ''$104,550,000''.

On page 96, line 5, strike ''$23,905,000'' and insert ''$26,905,000''.

On page 132, between lines 20 and 21, insert the following:

SEC. ____. OFFSETTING REDUCTION OF AMOUNTS MADE AVAILABLE FOR ACCOUNTS FOR WHICH THIS ACT MAKES AMOUNTS AVAILABLE IN EXCESS OF THE AMOUNT MADE AVAILABLE FOR FISCAL YEAR 1999.

The amount made available for each account (including each subaccount for which a dollar amount is specified, but excluding the subaccount for statutory or contractual aid of the account for national recreation and preservation, relating to the National Park Service) for which this Act makes available an amount in excess of the amount made available for that account by the Department of the Interior and Related Agencies Appropriations Act, 1999, shall be reduced in an amount equal to $17,000,000 multiplied by a fraction, the numerator of which is the amount of the excess made available by this Act for that account and the denominator of which is the aggregate amount of the excess made available by this Act for all such accounts.

BENNETT (AND OTHERS) AMENDMENT NO. 1493

(Ordered to lie on the table.)

Mr. BENNETT (for himself, Mr. JEFFORDS, Mr. MOYNIHAN, Mr. REED, and Mr. KENNEDY) submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

On page 94, line 7, strike ''$86,000,000'' and insert ''$90,000,000''.

On page 95, line 5, strike ''$97,550,000'' and insert ''$101,550,000''.

JEFFORDS AMENDMENT NO. 1494

(Ordered to lie on the table.)

Mr. JEFFORDS submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

On page 78, line 16, strike ''$682,817,000'' and insert ''$689,817,000''.

On page 78, line 19, strike ''account:'' and insert ''and of which $7,000,000 shall be derived by transfer from unobligated balances in the Fossil Energy Research and Development account''.

On page 78, line 24, strike ''$133,000,000'' and insert ''$138,600,000''.

On page 79, line 1, strike ''$33,000,000'' and insert ''$34,400,000''.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that the hearing scheduled before the Energy and Natural Resources Committee to receive testimony regarding 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, and for other purposes,'' has been postponed and will be rescheduled at a later date.

For further information, please call James Beirne, Deputy Chief Counsel (202) 224–2564 or Betty Nevitt, Staff Assistant at (202) 224–0765.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. GRAMS. 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 Thursday, July 29, 1999. The purpose of this meeting will be to discuss the markup of the original bill regarding the Livestock Mandatory Report Act of 1999.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. GRAMS. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, July 29, 1999, at 2 p.m., to hold a closed hearing on intelligence matters.

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

SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY PROBLEM

Mr. GRAMS. Mr. President, I ask unanimous consent that the Special Committee on the Year 2000 Technology Problem be permitted to meet on July 29, 1999, at 9:30 a.m., for the purpose of conducting a hearing.

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

SUBCOMMITTEE ON CLEAN AIR, WETLANDS, PRIVATE PROPERTY AND NUCLEAR SAFETY

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety be granted permission to conduct a hearing on the Environmental Protection Agency's proposed sulfur standard for gasoline as contained in the proposed Tier Two standards for automobiles Thursday, July 29, 9:30 a.m., hearing room (SD–406).

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

SUBCOMMITTEE ON EMPLOYMENT, SAFETY, AND TRAINING

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions, Subcommittee on Employment, Safety, and Training be authorized to meet for a hearing on ''The FAIR Act: Balancing the Scale of Justice for Small Business'' during the session on Thursday, July 29, 1999, at 9:30 a.m.

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

SUBCOMMITTEE ON EUROPEAN AFFAIRS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on European Affairs be authorized to meet during the session of the Senate on Thursday, July 29, 1999, at 3 p.m., to hold a hearing.

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

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on National Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, July 29, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:15 p.m. The purpose of this hearing is to receive testimony on S. 710, a bill to authorize a feasibility study on the preservation of certain Civil War battlefields along the Vicksburg Campaign Trail; S. 905, a bill to establish the Lackawana Valley American Heritage Area; S. 1093, a bill to establish the Galisteo Basin Archeological Protection Sites and to provide for the protection of archeological sites in the Galisteo Basin of New Mexico, and for other purposes; S. 1117, a bill to establish the Corinth Unit of the Shiloh National Military Park, in the vicinity of the city of Corinth, Mississippi, and in the State of Tennessee, and for other purposes; S. 1234, a bill to expand the boundaries of Gettysburg National Military Park to include the Wills House, and for other purposes; and S. 1349, a bill 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.

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

SUBCOMMITTEE ON OCEANS AND FISHERIES

Mr. GRAMS. Mr. President, I ask unanimous consent that the Oceans and Fisheries Subcommittee of the Senate Committee on Commerce, Science, and Transportation be authorized to meet on Thursday, July 29, 1999, at 9:30 a.m., on Magnuson Act reauthorization.

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

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA

Mr. GRAMS. Mr. President, I ask unanimous consent that the Governmental Affairs Committee Subcommittee on Oversight of Government

Management, Restructuring and the District of Columbia be permitted to meet on Thursday, July 29, 1999, at 9:30 a.m., for a hearing on Total Quality Management: State Success Stories as a Model for the Federal Government.

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

SUBCOMMITTEE ON SECURITIES

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Thursday, July 29, 1999, to conduct a hearing on ''Accounting for Loan Loss Reserves.''

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

ADDITIONAL STATEMENTS

THE LAWSUITS AGAINST THE FIREARM INDUSTRY

• Mr. LEVIN. Mr. President, there is no way to measure the costs of gun crime in our society. There are estimates that put the price at $75 billion for one year of pain, suffering, and loss of quality of life caused by gun violence, but there is no real way to determine the incalculable human cost of gun-related crime. There is, however, a method to measure other financial costs associated with firearm crime. For instance, the estimated cost of health care for firearms related injuries in the United States was $4 billion in 1995. The average per-person cost of a firearm fatality is $373,000 per death, higher than any injury-related death. And, on average, it costs more than $14,000 to treat each child wounded by a firearm.

Cities spend millions each year on these costs and others associated with gun related emergencies. The expenses incurred by cities include medical treatment for victims, additional police protection, and counseling services for survivors of murder victims. These additional costs are the basis of the class-action lawsuits against the firearm manufacturers, distributors and dealers. Nearly two dozen local governments, including Wayne County and Detroit, have filed suit against the manufacturers and distributors of firearms to recoup the costs of firearm related crime. And following their lead, the NAACP filed a lawsuit that does not seek monetary damages, but instead, seeks to put an end to the emotional costs of gun violence incurred by the African-American community.

The recent wave of class-action lawsuits against the firearms industry are based on the industry's failure to monitor the transmission of their product to the underground markets. These class-action lawsuits seek to alter the marketing, distribution and sales of firearms. More specifically, they are an attempt to remedy the industry's failure to prevent unauthorized users from obtaining access to firearms, change the distribution system that permits firearms to be easily trafficked from the legal marketplace to the illegal marketplace, and eliminate deceptive advertising regarding the risks posed by having firearms in the home. Stated simply, these lawsuits are about distributing firearms responsibly.

The NAACP lawsuit is slightly different because it does not seek to recover monetary damages, but the effect of the lawsuit would be the same. It seeks to change the sale, marketing, and distribution of the gun industry, whose alleged negligence permits the free flow of weapons in to the hands of juveniles and criminals. It asks for a court order to limit the number of firearms a single buyer can purchase each month and would require gun manufacturers to train retailers about ''straw'' purchases, and supervise the sales practices of firearms distributors and retailers. It would also require that dealers operate from a fixed retail location, and ensure that handguns are manufactured with safety devices.

If the gun industry is found liable, it will draw a direct line of responsibility from the gun manufacturers to the unscrupulous distributors and dealers who provide firearms to felons. The gun industry would no longer be able to oversupply certain markets, thereby allowing guns to flow into the hands of juveniles and criminals. Manufacturers would no longer be able to turn a blind eye to the carnage produced by their products. If the gun industry is found liable, it may put an end to a majority of the gun violence caused by the unlawful, unregulated, underground firearm market.•

RECOGNIZING LANCE ARMSTRONG

• Mrs. HUTCHISON. Mr. President, today I recognize the remarkable achievements of Lance Armstrong, winner of the prestigious Tour de France bicycle race. On Sunday, July 25, less than 3 years after being diagnosed with testicular cancer, he sprinted to an inspirational victory in Paris. Lance Armstrong is a Texan who is an example of strength and courage to all cancer patients and athletes. He is only the second American in history to win the Tour de France, one of the world's most grueling athletic contests, and he is the first cancer survivor to achieve the feat.

Lance Armstrong was born in Dallas, Texas, and grew up in nearby Plano. He first competed in athletics as a swimmer and took up the triathlon, which includes swimming, running, and cycling, at age 14. At 17, after his potential was recognized by the U.S. national cycling team coach, he switched to cycling full-time. Lance Armstrong trained and competed at the highest level in the world, and began focusing on distance bicycle racing in his early twenties. Then, in the fall of 1996, when he was just twenty-five years old, Armstrong was diagnosed with advanced testicular cancer, which had already spread to his abdomen, lungs and brain. He was given a fifty percent chance of survival and underwent two operations and twelve weeks of chemotherapy. Throughout his fight with the disease, Lance Armstrong never gave up. After each one-week cycle of chemotherapy, he would ride 30 to 50 miles per day on his bicycle. By the summer of 1997, Armstrong had conquered cancer and began to pursue bicycle racing with new determination.

Lance Armstrong dominated this year's Tour de France and after three weeks, 2,290 miles, and two mountain ranges, he won cycling's most prestigious and rugged race by more than 7½ minutes. Lance Armstrong dedicated his victory to other cancer survivors, whom he hoped would be inspired by his success. He was motivated by his determination to encourage other cancer patients and said upon winning, ''I hope this sends out a fantastic message to all survivors: We can return to what we were before—and even better.''

Lance Armstrong is one of the success stories in our ongoing fight against cancer. After overcoming the disease he dedicated himself, not only to cycling, but also to fighting cancer by founding the Lance Armstrong Foundation, whose mission is ''Fighting Urological Cancer through Education, Awareness, and Research.''

Unfortunately, Lance Armstrong is not alone in his battle with cancer. Rates of testicular cancer have increased sharply over the past thirty years, especially among young men. The American Cancer Society estimates that about 7,600 new cases of testicular cancer are diagnosed each year in the U.S. But due to advances in early detection and treatment, many of them the result of research funded by the National Institutes of Health, U.S. statistics show a 70% decline in death rates from testicular cancer since 1973. As our commitment to cancer research continues to grow hand-in-hand with advances in the fight against cancer, and as more and more courageous Americans like Lance Armstrong show cancer can be beat, I am increasingly confident that we will beat this dreaded disease.

I am proud that Lance Armstrong is an American and a Texan. His athletic victory and personal triumph make him a role model, not just to cancer survivors, but to all Americans. His remarkable achievements and inspirational influence on others can be simply summarized in the words written on a banner which was flown along the

course of the Tour de France on Sunday: ''Victory is sweet. Living is triumph. Where there's a will, there's a way. Thank you for showing us a winning one.''●

TRIBUTE TO ''THE FOUR SEAS'' OF CENTERVILLE

● Mr. KENNEDY. Mr. President, it is a privilege to take this opportunity to recognize an outstanding business in Centerville, Massachusetts, ''The Four Seas'' ice cream parlor. Our family has known for decades that the Four Seas has always produced excellent ice cream.

I am delighted to bring my colleagues' attention today to a New York Times article last Sunday on ''The Four Seas'' and owner Richard Warren's extraordinary relationship with his employees and the entire community. The article recognizes ''The Four Seas'' as a business which makes some of the best ice cream on Cape Cod, and which also treats its employees with the respect and generosity that make it a model for other employers.

It is gratifying to see the Four Seas receive this recognition that it eminently deserves. It is an honor to pay tribute to this extraordinary institution that is so beloved at Cape Cod. I ask that the New York Times article may be printed in the RECORD.

[From the New York Times, July 25, 1999]

PRIZED ICE CREAM JOBS CREATE EXTENDED FAMILY

(By Sara Rimer)

CENTERVILLE, MA.—Cory Sinclair, 17, was scooping ice cream at the Four Seas as fast as he could and talking about the future.

''I want to be President,'' he said. ''I'm serious.''

Kelly O'Neil, 18, had more prosaic concerns. ''I'm sorry, we don't have jimmies,'' she informed a customer. (As any Four Seas regular knows, jimmies don't belong on good ice cream.)

Mixing up a batch of coconut, Bryan Schlegel, 22, was feeling restless and wistful.

''It's time to move on,'' he said. ''I've been here six summers.''

The Four Seas, a white cottage with blue shutters and a white formica counter with 12 blue stools, has been an institution on South Main Street of this Cape Cod village for 65 summers.

The owner, Richard Warren, 64, who has been on the job for 45 years, makes what is indisputably delicious ice cream. He uses fresh peaches, strawberries, blueberries and ginger, expensive chocolate and loads of buttercream, and he tastes every batch himself. He does not add candy or try bizarre flavors.

But what also distinguishes the Four Seas is the help.

Summer after summer, the young men and women behind the counter seem as unchanging as the décor, the ice cream and the oldies on the radio. They are clean-cut and sport no visible tattoos or strange piercing. They are alert and polite, even when the customers are rude.

They are the class presidents, newspaper editors and honor roll regulars from Barnstable High School who have been handpicked by Mr. Warren, a retired math teacher and guidance counselor there.

They start serving up cones at 16, and they stay through college, ending their careers—and career is the word they use—as ice cream makers and managers, like Mr. Schlegel.

''It's the best job you can get on the Cape,'' said Tava Ohlsen, 18, who graduated at the top of her class in June, plans to go to medical school and moved up this summer from ice cream scooper to sandwich maker. ''People say, 'Oh, you work at the Four Seas. You're a good student; you're good with people.' ''

From the week before Memorial Day until the week after Labor Day, the staff races from the counter to the ice cream and back to keep up with the crowds. There are higher paying summer jobs—the Four Seas is minimum wage, with tips bringing it to about $10 an hour—but Mr. Warren never has any trouble finding help.

He solicits recommendations from the faculty at Barnstable High, and summons those with the highest ratings for interviews.

''It's known that you can't apply,'' Mr. Sinclair said.

To be called by Mr. Warren is to become a member of his extended family.

''He's like a second dad,'' said Jahni Clarke, 19. ''I tell him about everything, from school to money to my love life.''

At the end of every summer Mr. Warren throws a staff party, with dinner and a live band. He organizes an all-expenses-paid ski weekend in New Hampshire every winter. He writes his employees' college recommendations, and when they get to college, he visits them.

He brings ice cream to their weddings (romance, predictably, blooms behind the counter, and there have been seven Four Seas marriages so far.

He has periodic reunions; at the last one, in 1988, only 4 Four Seas alums, out of more than 200, were not able to make it.

Mr. Warren is married, with four grown children. Each season he gives out scholarships totaling several thousand dollars in memory of his son Randy, who was killed in 1983 when he was hit by a car while crossing the street in Fort Lauderdale, Fla. He was 21.

''I was never close to my dad,'' said Mr. Warren, who was talking recently between greeting customers and making ice cream. ''He was 46 when I was born. I longed for a relationship with my children. Randy and I were so close. We won the state father-son golf tournament. We'd ski all day, play tennis till we dropped. He wanted to run this place someday.

Randy lives on, in a way, Mr. Warren said, in the young people who work beside him each summer. ''Bryan is like a son,'' he said as he and Mr. Schlegel poured frozen pudding ice cream into cartons. ''We just played in the father-son golf tournament.''

Mr. Schlegel graduated this spring from the University of Massachusetts at Amherst. He was recently called for an interview in the customer service department of a Boston investment banking firm. By fall, he said, he hopes to have a permanent job.

Meanwhile, Mr. Clarke, who is a junior at the University of Massachusetts, just moved up to manager. ''I'm the first black manager,'' said Mr. Clarke, who was freshman class president, and editor of the newspaper at Barnstable High, which is mostly white.

Things do change at the Four Seas. As hard-working as his 25 employees are, Mr. Warren said that most do not want to put in the hours that previous generations did.

''They don't need the money as much,'' he said, adding that whereas workers from summers past arrived on foot or by bicycle, or were dropped off by their parents, almost all of the employees now drive their own cars.

But the biggest change, the one everyone is talking about, is that Mr. Warren's son Doug, 36, is back from Las Vegas, where he had been running a restaurant and selling computer software. The plan is for him to take over the ice cream parlor. The elder Mr. Warren is talking about retiring in a couple of years.

His staff is skeptical. ''The chief will never retire,'' Ms. O'Neil said.●

TRIBUTE TO THE HENIKA PUBLIC LIBRARY

● Mr. ABRAHAM. Mr. President, I rise today to commemorate the Henika Public Library on its historic one hundredth anniversary.

Recently named a district library, Henika library has served Allegan county since 1899 when Ms. Julia Robinson Henika bequeathed two thousand dollars to the Wayland Ladies Library Association for construction of a library building. At that time there were only 500 volumes of literature, none of which could be checked out. Since then, the library has grown to over 35,000 volumes.

In 1916, Fannie Hoyt was hired as the first librarian and, for the first time, books could be checked out of the library. Between 1916 and 1986 only four librarians have managed the Henika Public Library. This stability helps explain the unique environment that has allowed this library to prosper for one hundred years.

In the mid 1990's the library underwent a series of renovations. The final result of this remodeling is an historic building, complete with Victorian charm, that can accommodate the most recent information technology. After serving Allegan county for almost the entire 20th century, Henika Public Library is now ready to take on the 21st century.

This library is truly one of the great educational tools in our country with a value matched by few others. We owe a great deal of thanks to the women of the Ladies Library Club as well as to all of the people who have worked at this great institution for the last one hundred years. I know I speak for all of Michigan when I commend those who have supported this fine institution for its 100 years of service.●

CARLY FIORINA

● Mrs. BOXER. Mr. President, I rise to salute Carleton (Carly) Fiorina of California, who was recently named president and chief executive officer of Hewlett-Packard Company. I wish to congratulate Ms. Fiorina and express my best wishes for success in her new position.

Founded by technology pioneers William Hewlett and David Packard, Hewlett-Packard (HP) is the world's second-largest computer company. Based

in Palo Alto, California, HP employs more than 120,000 people worldwide and had a total revenue of $47.1 billion in its fiscal year 1998, including $39.5 in computer-related revenue. The company is a leader in the industry and a cornerstone of California's economy.

In succeeding Lewis Platt, Ms. Fiorina has some big shoes to fill. In Lew Platt's seven years as CEO, HP raised its revenues 187 percent and its earnings 436 percent.

But Carly Fiorina is prepared to build on HP's success and guide the company into new territory. She comes to HP with nearly 20 years of experience in technology and telecommunications at AT&T and Lucent Technologies. As president of Lucent's Global Service Provider Business, she led the division to dramatic increases in its growth rate, revenues, and market share. She has a well-earned reputation for developing clear corporate strategies, building strong leadership teams, and accelerating growth in large technology businesses.

Carly Fiorina's move to the top of Hewlett-Packard has implications beyond the company, the industry, and our state. That is because she is the first woman to be named CEO of a Fortune 50 company or a company listed in the Dow-Jones Industrial Average. So this important accomplishment for her as an individual is also an important milestone for American women. It is only fitting that a pioneering company in such a forward-looking industry would break this critical barrier.

HP chose Ms. Fiorina to lead the company because of her merits, not her gender. That is clear. However, her selection is important for every American woman. In July 1999, the same month that the U.S. women's soccer team inspired millions of American girls, Carly Fiorina inspired American women to raise the bar and reach for the top.●

TRIBUTE TO THE SANDERS-CUNNINGHAM FAMILY

● Mr. DURBIN. Mr. President, I rise today to salute the Sanders/Cunningham family as they celebrate their fifth annual reunion. This extended family of more than 100 members has traced its roots back to a Georgia plantation in 1750, and before that to Ghana and Sierra Leone.

As descendants of Wiley and Annie Cunningham Sanders of Aberdeen, Mississippi, they will gather together this weekend, July 30th through August 1st, in Springfield, Illinois, to celebrate their history, their common bonds, and their future.

The Sanders/Cunningham family considers their reunion to be an Empowerment Summit, an opportunity to dispel false stereotypes, reject negative images, and celebrate who they are. They have noted Dr. Martin Luther King Jr.'s statement that ''when the history books are written they will tell of a Great People, a Proud People, a Black People.'' They know they are part of that people and that their heritage is a cause for joy. With an extended family that includes doctors and lawyers, business owners and farmers, educators and blue collar workers, they come together to celebrate their unity.

This 6th generation family is diverse, unique, and special. The Sanders/Cunningham family's unity and strength is an example of what an American family should represent. Additionally, this family is full of rich history. The family matriarch is 94 years young, Edna Sanders Brandon. She is a mother of five, a grandmother of 12, a great-grandmother of 16, an aunt, and a great aunt to many. Edna has witnessed events spanning the invention of the automobile to man's walking on the moon, to the birth of the Internet.

All of us can benefit from an appreciation of our roots and our place in history. Knowing where we came from can be a helpful step in knowing where we are going. I applaud the Sanders/Cunningham family for their sense of heritage, their oneness, and their sense of empowerment. I wish them all the best as they gather in Springfield to celebrate who they are, where they have come from, and what they have become, and as they look forward to what they are yet to be.

In closing, I would like to pay special recognition to Steven E. Richie, a 4th generation member of this family who has spent countless hours researching and preparing for this grand family event.●

TRIBUTE TO MR. FRANCIS WILSON

● Mr. ABRAHAM. Mr. President, I rise today to pay tribute to Mr. Francis M. Wilson and his wonderful and admirable life.

Mr. Wilson served as a tech-sergeant during World War II in Germany when he was only 18 years old. He was a teacher in the Detroit Public School District, a devoted family man, and an active citizen. The challenges he successfully faced in these capacities have distinguished him within his family, his town, his state, and his country.

As a very young boy, he sold ''Liberty'' magazines to supplement his family's income during the Great Depression. Growing up during a time of financial strife led him to find solace in nature. Mr. Wilson was exposed to nature during his experience in the military and developed a love and knowledge of it. As a young adult he was able to identify a variety of birds, insects, trees, and flowers. He then went on to form and preside over a group of citizens that forced new construction to adhere to guidelines designed to protect nearby lakes.

Once he reached adulthood, Mr. Wilson found his real love, Dolores. Together they found great joy in their children and grandchildren. Mr. Wilson wanted to ensure that they received all the advantages that he did not have. He inspired his children to put themselves through college. He provided them with the opportunity to grow up in a safe environment, allowing them to mature at a more deliberate pace than the one that was forced upon him. His wife, Dolores, expresses the best tribute to Mr. Wilson when she writes ''this brave, honest, dedicated, ordinary man was to his family and America 'the staff of life' that fuels generations to come.''

Mr. Wilson expressed his passion for education through his involvement with children as a teacher of thirty years in the Detroit Public Schools. He gave and received respect from all he knew. He not only led by lecture but, more importantly and effectively, by example. He never left any doubt as to where he stood in a debate and firmly believed in right and wrong. Mr. Wilson offered little patience for individuals passing on responsibility as an excuse for negligent or bad behavior. Personifying Winston Churchill's statement, We make a living by what we get, but we make a life by what we give,'' Mr. Francis M. Wilson left this world an honorable, loyal, selfless servant to his country and a loved and missed father, grandfather and husband.●

ANNIVERSARY OF THE PURPLE HEART MEDAL

● Mr. WELLSTONE. Mr. President, I rise in recognition of the anniversary of the Purple Heart Medal.

This medal has been given to U.S. soldiers for wounds received in military action ever since George Washington invented the award during the Revolutionary War. Recipients of this award have demonstrated courage and love of country. Many of its recipients have made the ultimate sacrifice in defense of freedom. We must never forget the sacrifices made by Americans who have fought for our democracy and prosperity.

In celebration of this anniversary and to stand as a permanent token of America's gratitude for the sacrifices made by recipients of this distinguished medal, a memorial will be dedicated at Fort Snelling National Cemetery in the great State of Minnesota on August 7, 1999. I wish to publicly thank those who made the memorial a reality, and I especially wish to publicly thank those veterans who have earned the Purple Heart Medal by giving selflessly for democracy and our country.●

SAN FRANCISCO STATE UNIVERSITY AT 100

• Mrs. BOXER. Mr. President. I rise today to offer my congratulations to San Francisco State University as its friends, faculty, staff and students celebrate its Centennial Year.

On March 22, 1899, the California Legislature established the San Francisco State Normal School to provide training for the region's teachers for an initial student body of 31. Today San Francisco State University has evolved into a major metropolitan university serving some 27,000 students and offering more than 200 undergraduate and graduate degrees. From nationally recognized biology, creative writing and journalism programs to the Nation's largest multimedia studies program, San Francisco State University is a vibrant academic force for its students and a valuable resource for the entire Bay Area.

For 100 years, San Francisco State University has been a leader in providing quality, accessible higher education for California residents. I am confident that the University's second century will be distinguished by creating an even stronger educational experience for students through promoting excellence in teaching and learning, embracing diversity and fostering community partnerships that will enrich the cultural and economic life of the Bay Area.

I commend and congratulate San Francisco State University for all of its successes over the last 100 years.•

CONGRATULATING THE BLACK BEARS OF THE UNIVERSITY OF MAINE

Mr. ROTH. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. Res. 164, and that the Senate then proceed to its consideration.

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

The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 164) congratulating the Black Bears of the University of Maine for winning the 1999 NCAA hockey championship.

There being no objection, the Senate proceeded to consider the resolution.

Mr. ROTH. 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 resolution (S. Res. 164) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 164

Whereas the Black Bears of the University of Maine defeated the Wildcats of the University of New Hampshire by a score of 3 to 2 in overtime in Anaheim, California, on April 3, 1999, to win the 1999 NCAA hockey championship.

Whereas the Maine Black Bears finished their season with an impressive record of 31–6–4, losing only 1 game at home;

Whereas the Maine Black bears have brought the NCAA hockey championship home to Maine for the 2d time this decade;

Whereas the Maine Black Bears coaching staff and players displayed outstanding dedication, team work, and sportsmanship throughout he season to achieve collegiate hockey's highest honor; and

Whereas the Maine Black Bears have brought pride and honor to the State of Maine: Now, therefore, be it

Resolved, That the Senate congratulates the Black Bears of the University of Maine for winning the 1999 NCAA hockey championship.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the president of the University of Maine.

FEDERAL MARITIME COMMISSION AUTHORIZATION ACT OF 1999

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 127, S. 920.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:.

A bill (S. 920) to authorize appropriations for the Federal Maritime Commission for fiscal years 2000 and 2001.

There being no objection, the Senate proceeded to consider the bill, which has been reported from the Committee on the Energy and Natural Resources, with an amendment; as follows:

(The part of the bill intended to be inserted is printed in italic.)

S. 920

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 ''Federal Maritime Commission Authorization Act of 1999''.

SEC. 2. AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL MARITIME COMMISSION.

There are authorized to be appropriated to the Federal Maritime Commission—

(1) for fiscal year 2000, $15,685,000; and

(2) for fiscal year 2001, $16,312,000.

SEC. 3. CHAIRMAN DESIGNATED WITH SENATE CONFIRMATION.

Section 102(b) of the Reorganization Plan No. 7 of 1961 (5 U.S.C. 903 nt) is amended by striking ''President'' and inserting ''President, by and with the advice and consent of the Senate,''.

Mr. ROTH. I ask unanimous consent that the committee amendment be agreed to.

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

The committee amendment was agreed to.

Mr. ROTH. I ask unanimous consent that the bill, as amended, be read a third time, and that H.R. 819 be discharged from the Commerce Committee. I further ask consent that the Senate proceed to its consideration, all after the enacting clause be stricken, and the text of S. 920, as amended, be inserted in lieu thereof. I further ask that the bill then be read a third time, and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD. Finally, I ask consent that S. 920 be placed back on the calendar.

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

The bill (H.R. 819), as amended, was read the third time and passed.

ORDERS FOR FRIDAY, JULY 30, 1999

Mr. ROTH. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 8:30 a.m. on Friday, July 30. I further ask unanimous consent that when the Senate reconvenes on Friday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then resume consideration of S. 1249, the reconciliation bill, as previously ordered.

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

PROGRAM

Mr. ROTH. For the information of all Senators, when the Senate reconvenes on Friday, there will be 30 minutes for closing remarks with respect to the Bingaman amendment and the Hutchison amendment. Two back-to-back votes will then occur at 9 a.m. Following those two votes, any additional amendments will be limited to 2 minutes of debate. Therefore, numerous votes will occur in a stacked sequence. Consequently, Senators are asked not to leave the Chamber in order to conclude the voting process as early as possible.

ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. ROTH. 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 10:21 p.m., adjourned until Friday, July 30, 1999, at 8:30 a.m.

HOUSE OF REPRESENTATIVES—*Thursday, July 29, 1999*

The House met at 10 a.m.

The Reverend Dr. Paul A. Wee, Church of the Reformation, ELCA, Washington, D.C., offered the following prayer:

This is the day that the Lord has made. Let us rejoice and be glad in it.

Let us pray.

O God, we give You thanks for this night past and for this new day. Fill it, we pray, with the presence of Your spirit that all we do and say may be pleasing in Your sight.

Inspire within us compassion for all those in want this day in this city, this Nation, and this world. Keep before our eyes a burning vision of the Shalom that binds in one the human family throughout this world. We especially ask Your blessing upon the States from which we come and upon the District of Columbia in which we gather.

May the hospitality shown to each of us here be reflected in the way in which we welcome the stranger in our midst. Give us above all this day a passion for justice and a spirit of joy in Your service.

Amen.

THE JOURNAL

The SPEAKER. 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. Will the gentleman from Nebraska (Mr. BEREUTER) come forward and lead the House in the Pledge of Allegiance.

Mr. BEREUTER 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 with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1501. An act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide grants to ensure increased accountability for juvenile offenders; to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency; and for other purposes.

H.R. 2561. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes.

H.R. 2605. An act making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 1501) ''An Act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide grants to ensure increased accountability for juvenile offenders; to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency; and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATCH, Mr. THURMOND, Mr. SESSIONS, Mr. LEAHY, and Mr. KENNEDY, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2561) ''An Act making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. MCCONNELL, Mr. SHELBY, Mr. GREGG, Mrs. HUTCHISON, Mr. INOUYE, Mr. HOLLINGS, Mr. BYRD, Mr. LEAHY, Mr. LAUTENBERG, Mr. HARKIN, Mr. DORGAN, and Mr. DURBIN, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2605) ''An Act making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOMENICI, Mr. COCHRAN, Mr. GORTON, Mr. MCCONNELL, Mr. BENNETT, Mr. BURNS, Mr. CRAIG, Mr. STEVENS, Mr. REID, Mr. BYRD, Mr. HOLLINGS, Mrs. MURRAY, Mr. KOHL, Mr. DORGAN, and Mr. INOUYE, to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 305. An act to reform unfair and anticompetitive practices in the professional boxing industry.

S. 918. An act to authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 507) ''An Act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes,'' agrees to a conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAFEE, Mr. WARNER, Mr. SMITH of New Hampshire, Mr. VOINOVICH, Mr. BAUCUS, Mr. MOYNIHAN, and Mrs. BOXER, to be the conferees on the part of the Senate.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE CLERK,
Washington, DC, July 28, 1999.

Hon. J. DENNIS HASTERT,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on July 28, 1999 at 10:10 a.m., that the Senate passed without amendment H.R. 66.

With best wishes, I am

Sincerely,

JEFF TRANDAHL,
Clerk.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will entertain 15 one-minutes on each side.

RESPONSIBLE GAMING EDUCATION WEEK

(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, as Members of Congress, we should always be encouraged when the private sector tackles one of the social problems facing our Nation without government help.

Such is the case with our Nation's gaming industry. However, it should also be important to recall that a vast

majority of Americans who choose to gamble do so responsibly.

In an effort to emphasize the casino gaming entertainment industry's commitment to responsible gaming, August 2 to August 6 has been designated as ''responsible gaming education week.''

This campaign follows last year's inaugural implementation of this successful program. The idea is designed to raise the awareness of persons with disordered gaming habits and to further educate casino employees and customers about the importance of responsible gaming.

During this week, all casino employees will be asked to actively promote and institute responsible gaming practices within their companies. As a part of this effort, over 250,000 educational brochures on the characteristics of disordered gambling and the importance of responsible gaming will be provided to casino employees across America.

Mr. Speaker, obviously the gaming industry is taking positive steps to improve the gaming entertainment opportunities by helping those with addictive problems.

EYES WIDE SHUT

(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, when I think of the manner in which the GOP tax cut legislation was drafted, the title of the movie ''Eyes Wide Shut'' comes to mind.

Still, this is no sultry suspense film. In this horror, we will only find a terrible plot that sacrifices Medicare and Social Security and steals $112 billion away from school construction.

The stars of this movie, the House Republicans, act with a level of irresponsibility that automatically comes from doing anything with your eyes shut. With such blocked vision, it is hard to believe that they have a clear view of the problems or their solutions.

Beyond all the hype, the GOP tax cut is hardly a masterpiece. It is poorly directed, horribly produced, and the Republican actors demonstrate a sophomoric concern for people of our country.

I can only hope that their vision will go from wide shut to wide open and that we will ultimately be able to fulfill our duty of fiscal responsibility and public service to the American people.

LOOK OUT AMERICA, BIG BROTHER MAY BE WATCHING AGAIN

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

Mr. CHABOT. Mr. Speaker, hold on to our floppy disks. The Clinton administration, everybody's favorite Big Brother, may soon be following our computers' every move.

According to the New York Times, administration officials are contemplating the creation of an extensive computer monitoring system overseen by the FBI and the GSA that will have the capability of collecting data from computer networks all across this country.

This news should send a chill up the spine of anybody who has followed this administration's actions on privacy issues. Remember, these are the folks who want each and every American to have a special identification number so that their medical records could be tracked by the Federal Government.

These are the folks who wanted to collect a host of personal information about the millions of Americans who receive in-home care from Medicare. These are the folks who wanted to give the FBI the authority to wire tap one out of every 100 phones in this country.

So when they start talking about computer security, be wary. Let us keep their hands off our e-mail.

REPUBLICAN TAX BILL

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

Mr. MENENDEZ. Mr. Speaker, Republicans keep saying that the money in the budget surplus belongs to the American people, falsely implying that we Democrats disagree with that.

For the record, we do not disagree. The surplus belongs to the American people. They are the ones who have paid for it. They are the ones who worked for it. That is why we are listening to the American people, who are telling us that their values is to use the surplus to pay down the national debt and to save Social Security and Medicare.

Republicans, on the other hand, are listening to all the special interests and high-priced Washington lobbyists, who are telling them to waste the surplus on a trillion dollar tax giveaway.

So, Mr. Speaker, actions speak louder than words. It is we Democrats who are listening to the voices and values of America's working families. Because we know this Government does belong to them and they are demanding that we exercise some real fiscal discipline, pay down the national debt, and extend the life of Social Security and Medicare. Democrats are committed to doing that.

If the Republicans really believed the surplus belongs to the American people, they would listen to the voices of those people.

POLITICAL PRISONERS AND PRISONERS OF CONSCIENCE IN CUBA

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, while many may turn a blind eye to the reality that plagues the Cuban people, Amnesty International does not. It monitors and advocates on behalf of political prisoners and prisoners of conscience in the island of Cuba.

A recent case is that of political activist and human rights dissidenter Nestor Rodriguez Lobaina, who was arbitrarily arrested again on July 11 of this year solely for exercising his right to freedom of expression.

His whereabouts now? Unknown.

The prisoner of conscience Marta Beatriz Roque, who was sentenced by Castro's kangaroo courts earlier this year after languishing for close to 2 years in a squalid jail cell for exercising her human rights and civil liberties, was severely punished by the regime on July 16 for refusing to eat and staying mute in a silent protest for the unjust incarceration that she is subjected to.

These examples of the Cuban dictatorship's cruelties are grave and numerous. Other countries may wish to ignore them. However, the U.S. Congress cannot and indeed we must not.

HINCKLEY SHOULD GO TO JAIL AND WE SHOULD THROW AWAY THE KEYS

(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, John Hinckley shot President Reagan, James Brady, and two security guards with intent to kill. Hinckley also planned to kill President Carter.

Deemed insane, Hinckley was put in the hospital. And now that hospital says Hinckley has regained his health, he is no longer insane, and he should be entitled to and they are granting him ''supervised leave.'' And the Government will not appeal it.

Unbelievable.

What is next, Mr. Speaker? White House tours? Disney World?

Beam me up. Hinckley should go to jail. We should throw away the keys. An America that tolerates assassins like Hinckley is an America that will have more assassins like John Hinckley.

WHATEVER FLOATS YOUR BOAT

(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, last week Presidential contender and self-proclaimed environmental guru, Vice President AL GORE, treated himself to what amounted to a $7.1 million taxpayer-funded and environmentally

reckless canoe trip down the Connecticut River in New Hampshire.

While on a campaign swing through the first-in-the-Nation primary State, the VP decided to demonstrate his environmental prowess for the cameras by floating four miles downstream and then climbing ashore with a $100,000 Federal grant check for the local water commission.

□ 1015

Unfortunately, GORE and his handlers determined too late the low water level on the river might not fully float GORE'S boat, thereby presenting a potentially embarrassing political moment to the campaign flotilla. Rather than forgo the photo opportunity, the local water commission, yes, the same group that received the check, was persuaded to release 4 billion gallons of captured water down the river for the 35 minutes GORE was afloat. Water usage cost to release the 4 billion gallons: $7.1 million.

This was not the first time. They did the same thing in Colorado in 1996 at the Chatfield Reservoir. In either case while farmers pay a premium for reliable water supplies, the Vice President spends their money like water.

Mr. Speaker, as they say over in the White House, ''Whatever makes your boat float.''

REJECT THE MASSIVELY IRRESPONSIBLE REPUBLICAN TAX BILL

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

Mr. ETHERIDGE. Mr. Speaker, I rise to call on this Congress to reverse course and pass fiscally responsible legislation to provide targeted tax relief for America's families.

Mr. Speaker, the people of North Carolina sent me to this House to work to put our Nation's fiscal house in order, honor our values and invest in our future. Last Congress, I proudly voted to balance the Federal budget for the first time in a generation and I continue to support fiscally responsible tax relief for middle-class families.

But the tax bill the Republican leadership rammed through this House last week is a massively irresponsible gamble with our Nation's future and our economic prosperity. The Republican bill would cripple our ability to save Social Security and Medicare for our Nation's seniors and would prevent us from making needed investments in better education for our children.

Mr. Speaker, the first bill I introduced as a Member of this House cut the inheritance tax for small businesses and small families. This year I have written and introduced, cosponsored by 90 Members, a bill to provide Federal tax credits for local school construction. I strongly support paying down the national debt and providing responsible tax relief for our families. The Republican bill would hurt the middle class and return us to the days of out-of-control deficits and skyrocketing inflation.

INTRODUCTION OF KOSOVO BURDENSHARING RESOLUTION

Mr. BEREUTER. Mr. Speaker, this Member is today introducing a House Resolution titled the Kosovo Burdensharing Resolution. Since the United States bore the disproportionately large share of the cost of the air war against Yugoslavia, my resolution expresses the sense of the House that the United States should pay no more than 18 percent of the aggregate total costs associated with the military air operations, reconstruction in Kosovo, and in Yugoslavia when Milosevic no longer controls the governments of Serbia or Yugoslavia or the Socialist Party, except there is no limitation against Montenegro. This limitation on burdensharing is consistent with the earlier statements by the President, but we need to remind him and reinforce his bargaining power on burdensharing when he negotiates with the European and other allied countries.

This resolution is particularly timely as President Clinton leaves today for the Balkans Reconstruction Conference on Friday in Sarajevo. The resolution also recognizes that Macedonia and Albania bore a significant economic and refugee burden and that these roles should make them priority recipients of aid.

Members should contact my office today if they wish to be an original cosponsor.

MANAGED CARE REFORM

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

Mr. GREEN of Texas. Mr. Speaker, we have a saying in Texas, ''If it's not broke, don't fix it.'' Well, our health care delivery system by HMOs is broken.

According to the day if you read almost any newspaper, the Kaiser Family Foundation found that 87 percent of doctors said their patients had experienced denial of coverage over the last 2 years; 79 percent had trouble getting approval for a certain drug they wanted to prescribe; 69 percent had trouble getting a diagnostic test approved; 52 percent had trouble getting patients referred to a specialist.

And now to bring you up to date, the Republican leadership announced their intention once again to bypass the committee process and take a managed care bill directly here to the floor. Once again they are starting down a road that ignores the American people. They are letting the HMOs write their own legislation. Once again they are writing a major piece of legislation in the Speaker's office without bipartisan support.

Another Texas saying we have, and I think it applies, is that they are letting the fox guard the chicken house. What we need is real HMO reform, not a fake or a fig leaf.

ADMINISTRATION FALLS SHORT ON VA FUNDING

(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, the Clinton administration proposed a dismal VA medical care budget earlier this year. It is shortchanging our veterans.

We have heard from VA officials that an additional $1.1 billion is needed just to maintain current service levels.

Deep concerns regarding the administration's proposal for veterans' medical care led our Committee on Veterans' Affairs to call for an additional $1.7 billion in funding for the upcoming fiscal year. The new funding being suggested by the Vice President over the weekend will not cover the needs of our veterans.

He proposed an additional $900 million for medical care. But based upon the administration's own figures, the cost for pay increases and inflation alone will cost $900 million.

The administration's budget fails to cover the costs of treating hepatitis C, a ''silent epidemic'' afflicting many veterans, and fails to cover the cost of emergency care.

Mr. Speaker, we need to provide for our veterans. It is a moral obligation.

SAVE SOCIAL SECURITY FIRST

(Ms. SANCHEZ asked and was given permission to address the House for 1 minute.)

Ms. SANCHEZ. Mr. Speaker, here we go again. Social Security is the primary retirement system for the majority of retired Americans. It provides benefits to 33 million Americans of all ages and it keeps 12 million of them out of poverty.

The GOP Social Security approach is really an unreliable response that supports wealthy special interests. Why does the GOP want to undercut a sound economy with a tax scheme designed to benefit the few?

We must protect Social Security. This means less debt, lower interest costs, rising living standards, more money made available for seniors' priorities, and more security for Social Security.

The Republican tax cuts mean higher deficits, higher interest rates and lower

economic growth. Their tax scheme would make it impossible to continue to pay down and eventually eliminate the debt we have by 2015 as proposed by our President.

My colleagues across the aisle would have us believe that their efforts are to support Social Security, but this is not so. Their tax cut does not cut it.

REPUBLICANS PUT PRIORITY ON SAVING SOCIAL SECURITY AND MEDICARE

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

Mr. ROGAN. Mr. Speaker, I would begin by reminding my friend from California that the Democrats controlled this Chamber for 40 years, and in that 40-year period, they put not one penny into the Social Security trust fund. They used the Social Security trust fund for government spending programs.

Now, for the first time in 40 years, Republicans are in control of the Chamber. We campaigned on a tax cut for working families after we protected Social Security, after we protected Medicare. Because of Republican spending priorities, we now have for the first time since Neil Armstrong walked on the Moon a surplus economy. That did not come from liberal profligate spending. That came from Republican proposals that put a priority on Social Security, put a priority on Medicare, put a priority on jobs and put a priority on protecting the paychecks of working families in this country.

That is what Americans voted for in 1994, in 1996 and 1998. As we approach the year 2000, Mr. Speaker, we are going to give them that opportunity again.

CHINA

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

Mr. BROWN of Ohio. Mr. Speaker, 2 days ago, the Communist Chinese government once again had its way with this Congress when this body voted trading privileges for perhaps the most repressive, corrupt regime in the world. American CEOs and Washington attorneys again had their way with Congress even though we have a trade deficit with China of $65 billion and growing annually.

Beijing and its Communist Party leaders again had their way with this Congress this week even though this Communist Chinese government supports forced abortions, persecution of Christians and Muslims, sale of nuclear technology to Pakistan, child labor and slave labor.

But there was good news, Mr. Speaker, in the vote this week. The vote was closer than it had been in many, many years. Members of this body are beginning to understand and beginning to show that they care about human rights, care about nuclear proliferation, and care about democracy in China.

All of us need to demand that China enter the family of nations before they enter the World Trade Organization.

WICHITA NAMED ALL-AMERICAN CITY

(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, some people think all the wise and good people are inside the Washington Beltway, but, of course, that is not right as each and every day ordinary people in communities all across this great Nation join together to do extraordinary things.

The City of Wichita, Kansas, led by its outstanding mayor and my friend, Bob Knight, was recently named an All-American City by the National Civic League. This is a great honor and one worthy of mention here on the floor of the People's House.

The three programs the city of Wichita submitted in its winning All-American City application are Wichita's Promise: The Alliance for Youth; Wichita Independent Neighborhoods; and the Cessna 21st Street Learning and Work Campus.

These programs are volunteer driven and do the hard work and sometimes thankless work of making our Nation better by making our communities better, one at a time. I want to publicly thank everyone associated with each of these organizations because, thanks to you, Wichita is an All-American City and America is a better place to live.

SALUTE TO LANCE ARMSTRONG, WINNER OF TOUR DE FRANCE

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

Mr. HOYER. Mr. Speaker, we have again seen the face of courage. It is Lance Armstrong's.

Lying in his hospital bed just 3 years ago, Mr. Armstrong was fired by his French bicycle racing team. He suffered from testicular cancer and was given less than a 40 percent chance of survival.

He underwent two operations and 12 weeks of chemotherapy, but he refused to succumb and now has prevailed by winning the Tour de France last Sunday.

Lance Armstrong was not alone on this long journey back. The one team willing to take a chance on Mr. Armstrong was sponsored by the United States Postal Service. The Postal Service deserves great credit.

This wonderful story reminds me of a poem by another American trailblazer, Amelia Earhart. She wrote:

Courage is the price that life extracts for granting peace.
The soul that knows it not knows no release from little things;
knows not the livid loneliness of fear,
nor mountain heights where bitter joy can hear
the sounds of wings.

Lance Armstrong knows both and inspires us all.

AGRICULTURE CRISIS

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

Mr. EWING. Mr. Speaker, there is an ag crisis. The cause is excessive world production and lost markets that we counted on. The result has been reduced exports and disastrously low commodity prices.

Can the great economic engine of America continue to move on and up with the enormous agricultural engine pulling the other way? I doubt it.

On this issue, Congress has acted and must act again. We have done things to open new markets: The NTR vote this week, anti-embargo legislation which we passed in this House, unilateral sanction reform, tax reform, capital gains, estate tax, which are good for our farmers.

But when we come back from the recess, we are going to have to take up, if we have not already passed, the crop insurance reform bill, and we are going to have to deal with emergency lost market payments and adequate financing for our American farmers. Let us not forget this enormous part of our agricultural economy.

REPUBLICAN TAX BILL OUT OF STEP WITH AMERICAN PEOPLE

(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, we have a projected Federal surplus, the first in three decades. We must be responsible. We must use that surplus so that it reflects our values as a people and as a Nation. Sadly, the Republican leadership would rather give whopping tax breaks to the wealthiest Americans.

Instead of reasonable tax relief targeted to working, middle-class families, the House Republican leadership passed a scheme that gives 65 percent of the benefit to the top 10 percent of Americans. Their plan does nothing to extend Social Security by a single day. It dedicates not one penny to strengthening Medicare. It forces deep cuts in education, crime fighting and national

defense. These tax breaks for the wealthy are evidence that Republican values are out of step with the American people. I hope we will heed the advice of the Federal Reserve Chairman Alan Greenspan who warned that, and I quote, the time is not right for whopping tax breaks. I call upon cooler heads to prevail so that we can use this surplus to strengthen Medicare and Social Security to keep faith with our parents and with our children, give tax relief to middle-class families and reduce the Federal debt.

□ 1030

REPUBLICAN PLAN PUTS FIRST THINGS FIRST

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

Mr. HILL of Montana. Mr. Speaker, are tax cuts good for America? Should we have a fairer, simpler Tax Code? Should the excess taxes projected to be paid by the American people over the next 10 years be used as the President and the Democrats propose for massive new spending or should some of it be returned to the taxpayers?

The President says we should do first things first. Last fall, he said we should set aside 100 percent of Social Security for Social Security. But then he proposed a budget that said, no, let us just set 62 percent aside for Social Security and use the other 38 percent for new spending.

By putting spending over saving the President has put first things last. The Republican plan does put first things first. It starts by saying, let us hold the line on spending. Then it says 100 percent of Social Security for Social Security. Then it says, pay down the debt $2 trillion and set aside 2 hundred billion for Medicare reform and a pharmacy benefit and then reform taxes with simpler, lower, fairer taxes for virtually every American.

This Republican plan is a good plan, it is the right plan for America.

VOTE AGAINST ATTACHMENTS TO D.C. APPROPRIATION

(Ms. NORTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. NORTON. Mr. Speaker, my colleagues are about to have an out of body legislative experience. When the D.C. appropriation comes to the floor shortly, they will be asked to appropriate somebody else's money. Worse, a local budget that has no business here will become an excuse for attachments that are anathema to the people I represent.

In our Federalist system no action is regarded as more oppressive than national usurpation of local law. The Republic will not fall if my colleagues vote against these attachments. It will be weakened if they do what they would not stand for in their own districts and vote to tell local residents how they may spend their own local funds.

Please vote against the attachments to the D.C. appropriation.

WE NEED TAX REFORM NOW

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

Mr. GREEN of Wisconsin. Mr. Speaker, last week I was proud to support the largest tax cut in a decade. It is one of the things that I was sent here to Congress to do. But as my colleagues know, Mr. Speaker, paging through this bill, all 500 pages of it, I was reminded again of how tax relief is not enough. Congress must do more. Congress must deliver tax reform and do it now.

Earlier this year I caught another glimpse of that need when a constituent of mine sent me some letters, a case that he is working on with the IRS. In his letters, he has letters from the IRS promising to get back to him on April 19, May 19, June 18, July 16, and most recently, August 16.

It is time to stop this bureaucratic run-around. It is time that we scrapped the IRS code and replaced it with a simpler, fairer code and a tax code that works for taxpayers, not the other way around.

REPUBLICAN TAX PLAN, A BLUEPRINT FOR FISCAL IRRESPONSIBILITY

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

Mr. ALLEN. Mr. Speaker, I take the contrary view. The Republican tax bill is the new definition of fiscal irresponsibility.

We have a historic opportunity to pay down the national debt. But the Republican plan not only ignores debt retirement, it requires $155 billion in additional spending on interest on the national debt.

The party that says it loathes government spending proposes $155 billion in extra spending, not on education, not on veterans health care, not on the environment, but on the Federal equivalent of a credit card service charge. Moreover, the Republicans refuse to extend the solvency of Social Security and Medicare and instead give a huge tax break for the wealthy and special interests. They rejected the democratic plan that makes Social Security and Medicare the first priority.

Mr. Speaker, our Nation's current and future retirees deserve more than that.

Finally, the Republican tax bill gives 65 percent of the tax breaks to the wealthiest 10 percent. The richest 10 percent do not have trouble paying for their children's education, their parents' long-term care, or their own health care premiums. Only the Democratic plan offers targeted class relief for the middle class.

A DIFFERENCE IN PHILOSOPHY

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

Mr. RYAN of Wisconsin. Mr. Speaker, I would like to bring some truth back into this whole debate about our government surpluses. Here is what the Republican Congress has proposed: $2 trillion toward reducing the national debt, far more than the President and the Democratic party has proposed; stopping the raid on the Social Security Trust Fund; putting $200 billion into shoring up Medicare; and if after those goals are achieved, our constituents continue to pay their taxes, give hard-working American working families tax relief.

The Democrats' and the President's plan? Raid Social Security by the tune of $341 billion, increase the national debt, do not put as much down to the national debt as we do, and keep all of the extra money in Washington. If Americans overpay their taxes, the President, and the Democrats want to spend the money.

The difference is not tax cuts or debt reduction; the difference is tax cuts or new spending on new Washington programs.

The President put it best when he said in Buffalo, New York to a packed crowded of 35,000 people:

"We could give you your money back, but we wouldn't be sure that you would spend it right."

Mr. Speaker, that is the difference. It is a difference in philosophy. We think people should get more of their own money after we start paying down debt, after we stop the raid on Social Security.

KEEPING PACE WITH MEDICAL TECHNOLOGY

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

Mr. LAMPSON. Mr. Speaker, I rise this morning to tell all of my colleagues about a brave 6½ year-old girl named Keeley Woodruff from Beaumont, Texas. Yesterday, Keeley braved Vagus Nerve Stimulator implant surgery to stop the more than 50 epileptic seizures that she has suffered daily since she was 1½ years old. Well, this stimulator has proved to be a safe and

effective therapy for patients with severe epilepsy, but it has not been approved by the State of Texas for patients under 12 years old.

The bottom line is that costs associated with this life-changing procedure often are not covered.

Mr. Speaker, thanks to the fast action and cooperation among a University of Texas medical branch physician; the manufacturer, Cyberonics; and Medicaid this procedure was allowed for Keeley. And thankfully her parents, Rob and Christi, informed me that she has only suffered two seizures since the surgery.

While Keeley's story has a happy ending, there are many other children who face the same situation, and very soon I will be in contact with Texas and Medicaid officials to see what can be done to approve this device for all children under 12 years old.

Mr. Speaker, we as Members of Congress must do all we can to make sure that medical policy keeps pace with medical technology.

REPUBLICAN TAX RELIEF

(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, the Republican Congress has reduced the debt by 51 billion this last year, by 102 billion as the sum that we will reduce the debt by this year. Over the next 10 years under the budget plan that we have put forward, we will reduce it by another $2 trillion.

Now the question that we are actually debating is whether we should use $1 out of every 4 of the surplus, of the budget surplus, in order to also give some tax relief, because as my colleagues know, what the Republicans want to do is to eliminate the marriage penalty and give a 10 percent reduction on tax rates as well as phase down the death tax and reduce the capital gains tax. The question is whether we will use this $1 out of every 4 in the extra surplus to give this tax relief or whether the President and the administration is going to get its way and spend the additional dollars. They are not going to use it to pay down the debt; they want more social spending.

Mr. Speaker, to that end, let me just remind my colleagues we have a trigger that if the surplus starts to decline, we do not phase in our tax reductions.

So I wanted to make that point clear.

RESPONSIBLE TAX CUTS

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

Mr. TURNER. Mr. Speaker, the Republican tax cutting message is: ''You can't trust the Congress,'' which the last time I checked, they were in the majority and controlled. Today they propose an irresponsible tax cut scheme that dedicates all of the on-budget surplus to a massive tax cut rather than doing the responsible thing and reducing the national debt, saving Social Security and Medicare.

Where have all the fiscal conservatives gone in the Republican party? I am shocked to hear some members of the Republican delegation here today say that they reduce the national debt more than Democrats. We just voted last week on a bill on the floor of this House where the Democrats said we are going to devote all of the Social Security surplus to Social Security and we are going to devote half of the on-budget surplus to debt reduction, 25 percent to reasonable tax cuts aimed at middle-income Americans and the other 25 percent for further tax reduction and to save Medicare and Social Security.

That is the responsible thing to do.

The Republican tax proposal simply gives only modest tax breaks to middle-income taxpayers. We propose a responsible tax cut that will benefit all Americans.

SUPPORT THE PRESCRIPTION DRUG FAIRNESS FOR SENIORS ACT

(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, I stand before the American people today to talk about the high costs of prescription drugs. I have had the opportunity to visit with many of my constituents to address this burdensome problem. Studies prove that senior citizens in Mississippi pay outrageous amounts of money for much needed prescription drugs. For an example, a Mrs. Bruce lives in Federation Towers in Clinton, Mississippi. She enjoyed all the freedoms that should come along with being a senior citizen until the cost of her prescription medicine forced her to move out of her house, into her home with her daughter. She pays $200 a month for prescription medicine on a fixed income.

Mrs. Bruce told me that without her daughter she could not stay healthy. She wonders what happens to the other seniors in this country who do not have the family support that she does.

Mr. Speaker, I cannot think of any other issue that deserves being addressed more than the cost of medicine for our seniors. That is why I cosponsored the Prescription Drug Fairness Act for seniors. It is time to do right by our seniors and make them favorite customers, just like the large HMOs in the Federal Government.

Mr. Speaker, folks like Mrs. Bruce need us.

A REPUBLICAN SHOPPING SPREE FOR THE RICH

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

Mr. LEWIS of Georgia. Mr. Speaker, the Republicans are trying to ram through an $800 billion tax bill. The Republican tax bill does nothing to save Social Security, nothing to preserve or protect Medicare and nothing to reduce our national debt. The Republican tax bill provides huge tax breaks for America's wealthiest people while providing pocket change for American working families. Tens of thousands for the rich, pennies for working men and women. This is the Republican way. That is not fair, that is not right, that is not just.

Mr. Speaker, we have a chance to finally put our economic house in order, to pay down our national collected credit card. Just when we are in a position to do what is right, the Republican want to go on a shopping spree. The American people and this Congress should do what is right. We should reject the Republican tax bill.

□ 1045

SUPPORT THE REPUBLICAN TAX PACKAGE

(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, I rise in support of the Republican tax package. For all too many years, hard-working Americans have seen more and more of their money going to Washington, D.C., going to wasteful spending, going to programs that take the tax dollars that those hard-working Americans worked very hard to obtain, and squandering them on programs that do not achieve their directed purpose, but in many ways, make matters worse.

Now, we all support making sure that priority programs that help the poor, help the needy, help our senior citizens get the funding that they need. That is why this tax cut package protects all of the money in Social Security, sets aside the Social Security surplus for the first time. After more than 30 years of liberal Democrats spending the Social Security Trust Fund dollars, we, the Republicans, are setting that money aside. Then, in the end, we still have some money that we can return back to hard-working families in America.

Mr. Speaker, it is the right thing to do. If we leave the money in this town, it will get spent. We have to get the money out of this town in order to get it back in people's pockets.

COMMUNICATION FROM THE HONORABLE PETER T. KING, MEMBER OF CONGRESS

The Speaker pro tempore (Mr. NUSSLE) laid before the House the following communication from the Honorable PETER T. KING, Member of Congress:

HOUSE OF REPRESENTATIVES,
Washington, DC, July 27, 1999.

Hon. DENNIS HASTERT,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule VIII of the Rules of the House and I received a subpoena for documents and testimony issued by the superior Court of the District of Columbia.

After consultation with the Office of General Counsel, I will make the determinations required by Rule VIII.

PETER T. KING.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mrs. MYRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 262 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 262

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany 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. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentlewoman from North Carolina (Mrs. MYRICK) is recognized for 1 hour.

Mrs. MYRICK. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), my good friend, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, on Tuesday, the Committee on Rules met and granted a rule for the conference report for H.R. 2465, the Fiscal Year 2000 Military Construction Appropriations Act. The rule waives all points of order against the conference report and against its consideration. The rule also provides that the conference report shall be considered as read.

Mr. Speaker, the United States military is clearly the best in the world. The young men and women in the Navy, Army, Air Force, and Marines are thoroughly dedicated and patriotic professionals, the best our Nation has to offer. So how do we reward them? We pay them with wages that are so low that many military families are forced to eat with food stamps, and we lodge them in substandard, World War II housing. These, among other reasons, are why we are losing good men and women who stop serving their country because the hardships on their families are too great.

This is inexcusable, and Congress has been working hard to do something about it. This year we passed a 4.8 percent military pay raise, and with this bill, we will improve military housing.

H.R. 2465 provides $747 million for new housing construction, and $2.8 billion for the operation and improvement of existing housing. The bill also provides $964 million for barracks and medical facilities for troops and their families. Finally, because of an increase in two-income and single-parent families, the bill provides $21 million for child development centers.

Mr. Speaker, H. Res. 262 is a normal conference report rule for a good, noncontroversial bill. I urge my colleagues to support this rule and to support the conference report.

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

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume. I want to thank the gentlewoman from North Carolina (Mrs. MYRICK) for yielding me the time.

This rule waives all points of order for consideration against the conference report on H.R. 2465, which is the Military Construction Appropriations bill for fiscal year 2000. The bill basically funds construction projects on military bases, including barracks, housing for military families, laboratories, hospitals, training facilities, and other buildings that support our Armed Forces. The bill also funds activities necessary to carry out the last two rounds of base closings and realignments.

This conference report represents the most basic kind of compromise between the House and the Senate versions of the bill. The House bill funded $8.5 billion in military construction, the Senate amount was $8.3 billion, and the conferees split the difference, arriving at a total of around $8.4 billion.

I am pleased that the bill contains $43.6 million for Wright-Patterson Air Force Base near Dayton, Ohio, which is partially in my district and partially in the 7th Congressional District of the gentleman from Ohio (Mr. HOBSON). Since the days of Orville Wright, the Dayton area has been our Nation's center of military aviation science. Two of the Wright-Patterson projects funded in the bill are laboratories that will maintain the base's world-class research facilities.

Once again, I commend the chairman of the Subcommittee on Military Construction, the gentleman from Ohio (Mr. HOBSON), who has done a great job; and the gentleman from Massachusetts (Mr. OLVER), the ranking minority member, for his work on this bill. This is the first of the 13 appropriations bills to go through the House-Senate conference and reach this stage. It is a testament to their skill that they have moved so quickly to complete House action on this bill.

Mr. Speaker, I urge adoption of the rule and of the bill.

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

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

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

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 the conference report to accompany H.R. 2465, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CONFERENCE REPORT ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mr. HOBSON. Mr. Speaker, pursuant to House Resolution 262, I call up the conference report 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.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 262, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, July 7, 1999 at page H6475.)

The SPEAKER pro tempore. The gentleman from Ohio (Mr. HOBSON) and the gentleman from Massachusetts (Mr. OLVER) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. HOBSON).

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

The conference report we present to the House today for military construction, family housing and base closure recommends a total appropriation of $8.4 billion. This represents a $76 million decrease from last year. It is also $76 million below the House-passed level.

Overall, the agreement recommends $3.6 billion for items related to family

housing, $4.1 billion for military construction, and $670 million for the implementation of base realignments and closures. As always, I want to express my appreciation to all of the members of the subcommittee and especially my ranking member the gentleman from Massachusetts (Mr. OLVER), for his cooperation in crafting this agreement.

This bill represents an investment program that has significant payback in economic terms and better living and working conditions for our military personnel and their families.

Mr. Speaker, at this time I will place in the RECORD documentation regarding this bill.

MILITARY CONSTRUCTION APPROPRIATIONS BILL (H.R. 2465)
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	House	Senate	Conference	Conference vs. enacted
Military construction, Army	865,726	656,003	1,223,405	1,067,422	1,042,033	+176,307
Emergency appropriations (P.L. 105-277)	118,000					-118,000
Advance appropriations, FY 2001		659,536				
Total	983,726	1,315,539	1,223,405	1,067,422	1,042,033	+58,307
Military construction, Navy	602,593	319,786	968,862	884,883	901,531	+298,938
Emergency appropriations (P.L. 105-277)	5,860					-5,860
Advance appropriations, FY 2001		502,812				
Total	608,453	822,598	968,862	884,883	901,531	+293,078
Military construction, Air Force	612,809	179,479	752,367	783,710	777,238	+164,429
Emergency appropriations (P.L. 105-277)	29,200					-29,200
Advance appropriations, FY 2001		379,867				
Total	642,009	559,346	752,367	783,710	777,238	+135,229
Military construction, Defense-wide	551,114	193,005	755,718	770,690	593,615	+42,501
Advance appropriations, FY 2001		337,900				
Total	551,114	530,905	755,718	770,690	593,615	+42,501
Total, Active components	2,785,302	3,228,388	3,700,352	3,506,705	3,314,417	+529,115
Department of Defense Military Unaccompanied Housing Improvement Fund: Rescission (FY 1997, P.L. 104-196)	-5,000					+5,000
Military construction, Army National Guard	148,803	16,045	135,129	226,734	227,456	+78,653
Emergency appropriations (P.L. 105-277)	2,500					-2,500
Advance appropriations, FY 2001		41,357				
Total	151,303	57,402	135,129	226,734	227,456	+76,153
Military construction, Air National Guard	169,801	21,319	180,870	238,545	263,724	+93,923
Emergency appropriations (P.L. 105-277)	15,900					-15,900
Advance appropriations, FY 2001		51,981				
Total	185,701	73,300	180,870	238,545	263,724	+78,023
Military construction, Army Reserve	102,119	23,120	92,515	105,817	111,340	+9,221
Advance appropriations, FY 2001		54,508				
Total	102,119	77,628	92,515	105,817	111,340	+9,221
Military construction, Naval Reserve	31,621	4,933	21,574	31,475	28,457	-3,164
Advance appropriations, FY 2001		10,020				
Total	31,621	14,953	21,574	31,475	28,457	-3,164
Military construction, Air Force Reserve	34,371	12,155	66,549	35,864	64,404	+30,033
Advance appropriations, FY 2001		15,165				
Total	34,371	27,320	66,549	35,864	64,404	+30,033
Total, Reserve components	505,115	250,601	498,637	638,435	695,381	+190,266
Military contruction transfer fund (emergency appropriations) (P.L. 106-31)	475,000					-475,000
Total, Military construction	3,760,417	3,478,989	4,198,989	4,145,140	4,009,798	+249,381
Appropriations	(3,118,957)	(1,425,845)	(4,198,989)	(4,145,140)	(4,009,798)	(+890,841)
Rescissions	(-5,000)					(+5,000)
Emergency appropriations	(648,460)					(-648,460)
Advance appropriations		(2,053,144)				
NATO Security Investment Program	155,000	191,000	81,000	100,000	81,000	-74,000
Revised economic assumptions	-1,000					+1,000
Total, NATO	154,000	191,000	81,000	100,000	81,000	-73,000
Family housing, Army:						
New construction	107,100	4,400	49,500	24,000	41,000	-66,100
Construction improvements	48,479	5,303	35,400	32,900	35,400	-13,079
Planning and design	6,350	4,300	4,300	4,300	4,300	-2,050
General reduction	-2,639					+2,639
Advance appropriations, FY 2001		43,991				
Subtotal, construction	159,290	57,994	89,200	60,900	80,700	-78,590
Operation and maintenance	1,087,697	1,098,080	1,089,812	1,098,080	1,086,312	-1,385
Emergency appropriations (P.L. 105-277)	5,200					-5,200
Total, Family housing, Army	1,252,187	1,156,074	1,179,012	1,158,980	1,167,012	-85,175

MILITARY CONSTRUCTION APPROPRIATIONS BILL (H.R. 2465) — continued
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	House	Senate	Conference	Conference vs. enacted
Family housing, Navy and Marine Corps:						
New construction	58,504	15,182	118,174	115,589	134,674	+76,170
Construction improvements	227,791	31,708	176,870	165,050	189,682	-38,109
Planning and design	15,618	17,715	17,715	17,715	17,715	+2,097
General reduction and revised economic assumptions	-7,323				-1,000	+6,323
Advance appropriations, FY 2001		171,167				
Subtotal, construction	294,590	235,772	312,559	298,354	341,071	+46,481
Operation and maintenance	910,293	895,070	895,070	895,070	891,470	-18,823
Emergency appropriations (P.L. 105-277)	10,599					-10,599
Total, Family housing, Navy	1,215,482	1,130,842	1,207,629	1,193,424	1,232,541	+17,059
Family housing, Air Force:						
New construction	175,099	50,418	203,411	187,611	203,411	+28,312
Construction improvements	104,108	34,280	124,492	129,952	129,952	+25,844
Planning and design	11,342	17,093	17,093	17,471	17,093	+5,751
General reduction and revised economic assumptions	-10,584				-1,000	+9,584
Advance appropriations, FY 2001		215,222				
Subtotal, construction	279,965	317,013	344,996	335,034	349,456	+69,491
Operation and maintenance	780,204	821,892	821,892	821,892	818,392	+38,188
Emergency appropriations (P.L. 105-277)	22,233					-22,233
Total, Family housing, Air Force	1,082,402	1,138,905	1,166,888	1,156,926	1,167,848	+85,446
Family housing, Defense-wide:						
Construction improvements	345	50	50	50	50	-295
Operation and maintenance	36,899	41,440	41,440	41,440	41,440	+4,541
Total, Family housing, Defense-wide	37,244	41,490	41,490	41,490	41,490	+4,246
Family housing revitalization				25,000		
Department of Defense Family Housing Improvement Fund	2,000	78,756	2,000	25,000	2,000	
Total, Family housing	3,589,315	3,546,087	3,597,019	3,600,820	3,610,891	+21,576
New construction	(340,703)	(70,000)	(371,085)	(327,200)	(379,085)	(+38,382)
Construction improvements	(380,723)	(71,341)	(336,812)	(327,652)	(355,084)	(-25,639)
Planning and design	(33,310)	(39,108)	(39,108)	(39,488)	(39,108)	(+5,798)
General reduction	(-20,546)				(-2,000)	(+18,546)
Operation and maintenance	(2,815,083)	(2,856,482)	(2,848,214)	(2,858,482)	(2,837,614)	(+22,521)
Family Housing Improvement Fund	(2,000)	(78,756)	(2,000)	(25,000)	(2,000)	
Emergency appropriations	(38,032)					(-38,032)
Advance appropriations		(430,380)				
Base realignment and closure accounts:						
Part III	427,164					-427,164
Part IV	1,197,338	705,911	705,911	705,911	672,311	-525,027
Advance appropriations, FY 2001		577,306				
Total, Base realignment and closure accounts	1,624,502	1,283,217	705,911	705,911	672,311	-952,191
General Provisions						
Family housing, Navy and Marine Corps (FY99 Sec. 125)	8,000					-8,000
Contingency reduction (sec. 125)			-131,177	-278,051		
Grand total:						
New budget (obligational) authority	9,134,234	8,499,273	8,449,742	8,273,820	8,374,000	-760,234
Appropriations	(8,454,742)	(5,438,443)	(8,449,742)	(8,273,820)	(8,374,000)	(-80,742)
Rescissions	(-5,000)					(+5,000)
Emergency appropriations	(684,492)					(-684,492)
Advance appropriations		(3,060,830)				

I urge my colleagues to support this conference report.

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

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

As I think all of the Members understand, the military construction appropriations bill serving as a guardian of the quality of life of men and women who serve in America's military. Both the Chairman and I would have preferred to do more. We have a serious backlog with respect to the quality of life facilities barracks, housing, and other things that come under our jurisdiction. Yet, we find ourselves ultimately in this bill, $76 million, as the Chairman has already said, below last year's funding level. That funding level has allowed us to address only the most pressing workplace and housing needs that we can see. Yet, that has been done, I think, in a very effective manner, given the constraints.

Mr. Speaker, I want to thank the gentleman from Ohio (Mr. HOBSON), the chairman of the subcommittee, for his fair-minded and outstanding leadership in putting this bill together at all stages along the way. All of the members of the subcommittee, along with the gentleman from Florida (Mr. YOUNG), the chairman of the full committee, and the gentleman from Wisconsin (Mr. OBEY), the ranking member of the full committee, as well as all of the members of the subcommittee, have taken an active role from day 1 in the construction of this legislation as it made its way to where we are today.

Of course, we all realize that the staff puts in enormously long hours and hard work, and I especially want to thank the clerk of the subcommittee, Liz Dawson and her staff, Brian Potts and Cindi Britten for their work, as well as thanking Tom Forhan, the staff member for the minority.

This is a solid bipartisan agreement that deserves the support of all Members of the House.

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

Mr. HOBSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Speaker, I rise in strong support of the conference report.

Mr. Speaker, this Member rises to thank the distinguished gentleman from Ohio (Mr. HOBSON), Chairman of the Military Construction Appropriations Subcommittee, the distinguished gentleman from Massachusetts (Mr. OLVER), Ranking Member of the Subcommittee, and the other members of the conference committee for including funding for a new Army Reserve Center in Lincoln, Nebraska in the Military Construction conference report.

The Army Reserve in Lincoln, Nebraska, currently leases a building assigned to the Agriculture Campus of the University of Nebraska in Lincoln. The University's plans for expanding its classroom space are being hindered by the Army Reserve's occupancy. Of late, the desire of the University to reclaim the facility has become more pressing. The Nebraska Army Reserve needs to construct a new building to serve as its Center.

The Nebraska Army Reserve has identified an alternative to the current situation, but it lacks the funding needed to get it out of the starting blocks. Therefore, $1.3 million is needed to proceed with land acquisition and to develop preliminary design specifications. This Member is pleased that the Nebraska Army Reserve's request for "seed money" in the amount of $1.3 million to fund the planning and acquisition of land for this relocated Center is included in the conference agreement.

Our colleges and universities have enough challenges. Forcing them to delay, or work around, improvements to and expansion of their programs should not be unnecessarily adding to those challenges. We ask our military personnel to make enough sacrifices. Depriving them of modern, badly needed facilities should not be one of them.

Mr. Speaker, in closing, this Member thanks the Subcommittee for these much needed funds and urges his colleagues to support the conference report.

Mr. WELLER. Mr. Speaker, I rise today to lend my strong support for passage of H.R. 2465, the Fiscal Year 2000 Military Construction Appropriations Act Conference Report.

This $8.4 billion measure recognizes the needs of our military infrastructure, continues our efforts at base closure and realignment, and most importantly puts military families first. One of the much needed items in this bill to improve the quality of life for our people in uniform is the $10.952 million appropriation for the construction of the Marseilles National Guard Training Facility in my Congressional District.

The Marseilles complex has been requested by the Illinois Department of Military Affairs and the Pentagon since 1994. Not until this year did the President recognize the need for this facility and I am pleased that President Clinton included funding for this project in his FY 2000 budget. This facility would be the first permanent training complex for the National Guard in the State of Illinois, serving all of the 10,245 members of the Guard in Illinois. Currently, members of the Illinois National Guard are forced to travel to bases in Wisconsin and Kentucky some as far as 350 miles away to conduct routine maneuvers. As you can imagine, this places a severe stress on the scope and timing of military operations, and even greater stress on the members of the Guard and their families.

Marseilles site is easily accessible from Interstate 80 and it is in close proximity to Interstates 39 & 55, Chicago, Joliet, and Springfield. The Marseilles site is currently used by the Guard for small training exercises that are conducted out of tents and military vehicles with restrooms facilities consisting of portable toilets that are of an unacceptable condition for these troops. The proposed complex in Marseilles would reduce travel time to and from training for most Illinois Guard members and would include barracks and dining facilities that would help to boost morale and retention within the ranks. The immediate construction of the Marseilles complex would provide the multiple benefits of substantially helping local business, spurring development in the undeveloped area south of the Illinois River, while providing a convenient training site that will help to ensure troop readiness and an acceptable quality of life.

Mr. Speaker, I extend my deep appreciation to Chairman HOBSON of the Military Construction Subcommittee, and on behalf of the residents and small business owners of Marseilles and the over 10,000 members of the Illinois National Guard I say thank you for helping to get this important project underway.

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

Mr. HOBSON. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 10 of rule XX, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 412, nays 8, not voting 13, as follows:

[Roll No. 343]

YEAS—412

Abercrombie	Canady	Ehlers
Ackerman	Cannon	Ehrlich
Aderholt	Capps	Emerson
Allen	Capuano	Engel
Andrews	Cardin	English
Archer	Carson	Eshoo
Armey	Castle	Etheridge
Bachus	Chabot	Evans
Baird	Chambliss	Everett
Baker	Chenoweth	Ewing
Baldacci	Clay	Farr
Baldwin	Clayton	Fattah
Ballenger	Clement	Filner
Barcia	Clyburn	Fletcher
Barr	Coble	Foley
Barrett (NE)	Coburn	Forbes
Bartlett	Collins	Ford
Barton	Combest	Fossella
Bass	Condit	Fowler
Bateman	Conyers	Frank (MA)
Bentsen	Cook	Franks (NJ)
Bereuter	Cooksey	Frelinghuysen
Berkley	Costello	Frost
Berman	Cox	Gallegly
Berry	Coyne	Ganske
Biggert	Cramer	Gejdenson
Bilbray	Crane	Gekas
Bilirakis	Crowley	Gephardt
Bishop	Cummings	Gibbons
Blagojevich	Cunningham	Gilchrest
Bliley	Danner	Gillmor
Blumenauer	Davis (FL)	Gilman
Blunt	Davis (IL)	Gonzalez
Boehlert	Davis (VA)	Goode
Boehner	Deal	Goodlatte
Bonilla	DeFazio	Goodling
Bonior	DeGette	Gordon
Bono	Delahunt	Goss
Borski	DeLauro	Graham
Boswell	DeLay	Granger
Boucher	DeMint	Green (TX)
Boyd	Deutsch	Green (WI)
Brady (PA)	Diaz-Balart	Greenwood
Brady (TX)	Dicks	Gutierrez
Brown (FL)	Dingell	Gutknecht
Brown (OH)	Dixon	Hall (OH)
Bryant	Doggett	Hall (TX)
Burr	Dooley	Hansen
Burton	Doolittle	Hastings (FL)
Buyer	Doyle	Hastings (WA)
Callahan	Dreier	Hayes
Calvert	Duncan	Hayworth
Camp	Dunn	Herger
Campbell	Edwards	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)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
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
Nethercutt
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
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)
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—8

Barrett (WI)
Hefley
Kleczka
Norwood
Paul
Sensenbrenner
Stark
Thompson (CA)

NOT VOTING—13

Becerra
Cubin
Dickey
Jones (OH)
Lipinski
McDermott
Neal
Peterson (PA)
Sabo
Sherwood
Skelton
Weiner
Wicker

□ 1119

Messrs. SENSENBRENNER, KLECZKA and BARRETT of Wisconsin changed their vote from ''yea'' to ''nay.''

Ms. LOFGREN and Ms. MCKINNEY changed their vote from ''nay'' to ''yea.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. BECERRA. Mr. Speaker, today, I was unavoidably detained during a rollcall vote: No. 343, on agreeing to the conference report for H.R. 2465, the Military Construction Appropriations Act, FY 2000. Had I been present for the vote, I would have voted "aye."

GENERAL LEAVE

Mr. ISTOOK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2587), making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. NUSSLE). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 260 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. 2587.

□ 1121

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. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with Mr. BEREUTER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole House rose on Tuesday, July 27, 1999, all time for general debate had expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

The amendments printed in House Report 106–263 may be offered only by a Member designated in the report and only at the appropriate point in the reading of the bill, shall be considered read, debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the District of Columbia for the fiscal year ending September 30, 2000, and for other purposes, namely:

TITLE I—FISCAL YEAR 2000 APPROPRIATIONS

FEDERAL FUNDS

FEDERAL PAYMENT FOR RESIDENT TUITION SUPPORT

For a Federal payment to the District of Columbia for a program to be administered by the Mayor for District of Columbia resident tuition support, subject to the enactment of authorizing legislation for such program by Congress, $17,000,000, to remain available until expended: *Provided*, That such funds shall be used on behalf of eligible District of Columbia residents to pay an amount based upon the difference between in-State and out-of-State tuition at public institutions of higher education, usable at both public and private institutions of higher education anywhere within the United States: *Provided further*, That the awarding of such funds shall be prioritized on the basis of a resident's academic merit and such other factors as may be authorized.

FEDERAL PAYMENT FOR INCENTIVES FOR ADOPTION OF CHILDREN

For a Federal payment to the District of Columbia to create incentives to promote the adoption of children in the District of Columbia foster care system, $8,500,000: *Provided*, That such funds shall remain available until September 30, 2001 and shall be used in accordance with a program established by the Mayor and the Council of the District of Columbia and approved by the Committees on Appropriations of the House of Representatives and the Senate.

Mr. BILBRAY. Mr. Chairman, I ask unanimous consent to consider my amendment out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT NO. 3 OFFERED BY MR. BILBRAY

Mr. BILBRAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 printed in House Report 106–263 offered by Mr. BILBRAY:

Page 65, insert after line 24 the following:

BANNING POSSESSION OF TOBACCO PRODUCTS BY MINORS

SEC. 167. (a) IN GENERAL.—It shall be unlawful for any individual under 18 years of age to possess any cigarette or other tobacco product in the District of Columbia.

(b) EXCEPTIONS.—

(1) POSSESSION IN COURSE OF EMPLOYMENT.—Subsection (a) shall not apply with respect to an individual making a delivery of cigarettes or tobacco products in pursuance of employment.

(2) PARTICIPATION IN LAW ENFORCEMENT OPERATION.—Subsection (a) shall not apply with respect to an individual possessing products in the course of a valid, supervised law enforcement operation.

(c) PENALTIES.—Any individual who violates subsection (a) shall be subject to the following penalties:

(1) For any violation, the individual may be required to perform community service or attend a tobacco cessation program.

(2) Upon the first violation, the individual shall be subject to a civil penalty not to exceed $50.

(3) Upon the second and each subsequent violation, the individual shall be subject to a civil penalty not to exceed $100.

(4) Upon the third and each subsequent violation, the individual may have his or her driving privileges in the District of Columbia suspended for a period of 90 consecutive days.

(d) EFFECTIVE DATE.—This section shall apply during fiscal year 2000 and each succeeding fiscal year.

The CHAIRMAN. Pursuant to House Resolution 260, the gentleman from California (Mr. BILBRAY) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from California (Mr. BILBRAY).

Mr. BILBRAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this year, I reintroduced an amendment to the D.C. bill to specifically address the issue that Washington, D.C. has been and continues to be a sanctuary for underaged consumption and possession of tobacco.

While Washington, D.C. has endeavored to reform and transform itself as quickly as possible on many fronts, it has not addressed the issue that it continues to be the only jurisdiction within hundreds of miles of the Capitol still allowing underaged individuals to consume and possess tobacco products.

I was intending, Mr. Chairman, to ask for a vote on this amendment. The amendment passed overwhelmingly last year and I think sent a clear message not only to Washington, D.C. that this is wrong and inappropriate but to every jurisdiction in the United States and especially to the children of this city and to the children of America, that minor's possession and use of tobacco is not acceptable to this Congress.

Mr. Chairman, I intend to withdraw this motion, and I intend to withdraw it because I have received, on July 27, a letter from Mayor Williams specifically committing to introducing legislation that seeks to prohibit teen tobacco use.

I talked last night with the mayor, Mr. Chairman, and he personally committed to me that he will aggressively pursue this issue. He has stated that he thinks it is an outrage that Congress and Washington has not addressed this issue in the past and overlooked this issue, something that all of us could have done a long time ago.

The mayor agrees with me that, if we are going to stand up and point fingers at businesses and individuals who continue to encourage individuals to smoke, then we have an obligation to point a finger at ourselves and say even those of us in Congress and those of us in Washington have not done our fair share of addressing this hideous problem.

So, Mr. Chairman, I would ask that we give the new mayor of Washington, D.C. a chance to initiate this legislation locally and that we hold this amendment in abeyance for this year and give them the chance to do the right thing that should have been done a long time ago.

I make a personal commitment that I will work with the mayor and the city council, but I also make the personal commitment that if Washington, D.C.'s local government agencies will not do right by the children of this city and by the children that come and visit the city, then I, along with the majority of this body, will take action to alleviate the problem.

I think Mayor Williams has made a sincere request. As an ex-mayor myself, I cannot deny him this chance to make his contribution to eliminating smoking within Washington, D.C. and hopefully setting an example for those other States and other jurisdictions who have not done the same in their area.

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

Ms. NORTON. Mr. Chairman, I rise to claim the time in opposition to the amendment.

The CHAIRMAN. Without objection, the Chair recognizes the gentlewoman from the District of Columbia (Ms. NORTON) for 10 minutes.

There was no objection.

Ms. NORTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I simply rise to thank the gentleman from California (Mr. BILBRAY) for working with me and working with Mayor Williams until we reached a satisfactory accommodation on this matter. I want to assure him that he should not have any doubt that we will, quote, do right by our own children.

All that was necessary was the opportunity for the mayor, who has, after all, had many things on his plate inheriting the kind of government he did, to get to the notion that is close to him as well, to aggressively seek legislation that would deal comprehensively with smoking and tobacco use by children.

I do want to thank the gentleman from California (Mr. BILBRAY), though, for the way in which he pursued this and to indicate to other Members that he went at this matter in a way that was satisfactory to him and to us in the way I most prefer, by simply working with me until we got it right. I appreciate the way in which he worked with me and with the city.

I want to assure other Members that I always stand ready to work, to reach a similar accommodation when they have problems that they want solved in the city.

□ 1130

Mr. MORAN of Virginia. Mr. Chairman, will the gentlewoman yield?

Ms. NORTON. I yield to the gentleman from Virginia.

Mr. MORAN of Virginia. Mr. Chairman, I thank the gentlewoman from the District of Columbia (Ms. NORTON), for yielding to me.

Mr. Chairman, I would like to begin as I did in the Appropriations Committee by thanking Chairman ISTOOK for the way he has chaired the D.C. Subcommittee and prepared today's legislation.

He has made a sincere effort to familiarize himself with the affairs of the District of Columbia by walking the city's streets, meeting with Mayor Williams and the City Council on several occasions, and touring the District's schools, its low income housing, the courts and the administrative offices.

I know he shares my observation that many of the challenges and issues confronting the District are identical to those confronting most older urban communities.

At the same time, there are a number of circumstances that make the District unique: it's a creation by Congress under Article I of the U.S. Constitution and the seat of the federal government, it has a large amount of federal property within its boundaries, and its local laws and budget may be subject to congressional review and approval.

The fact that we are considering the District of Columbia Appropriations Act for fiscal Year 2000 reflects the District's unique status.

In reviewing this legislation, let me begin by highlighting some of its positive aspects: it fully funds the consensus budget both the spending priorities and the tax cuts; it provides the federal funding level requested by the administration; in fact, it brings additional federal money to the District's aid, providing $8.5 million for adoption incentives for foster children; $20 million for severance pay for the Mayor's management initiative; more than $13 million for expanded drug treatment programs; $17 million to fund the in-state tuition benefits initiative and close to $20 million to help the Office of Offender Supervision tackle the very

serious crime problems caused by repeat offenders; and it helps address a number of city concerns from the operation of the District's courts to the hospitals.

On the whole, this legislation is an improvement over the bill that came before us last year.

With all that said, I must still object to a number of provisions that are in this legislation.

These provisions, known collectively as ''riders,'' prohibit or tie the hands of District officials and its citizens to carry out and implement their own prerogatives.

Perhaps when there was a large direct federal payment to the District's general funds, some could justify prohibiting the District's needle exchange program, its domestic partners' law, or even the counting of ballots on its medical marijuana initiative.

The last direct payment in the fiscal 1999 appropriations act, combined with federal grant assistance, comprised more than 43 percent of the District's budget.

Federal funds could co-mingle with local funds making it difficult to distinguish what was funded locally or with federal taxpayer dollars.

The 1997 Revitalization Act changed all that and eliminated the concern that federal funds could co-mingle with local initiatives deemed inappropriate by a majority in Congress.

For all intents and purposes, the 1997 Act discontinued the direct federal payment to the District's general fund.[1]

Any funds Congress may now appropriate to the general fund are for a specific spending purpose and can only be spent for that purpose.

In return for the elimination of the direct federal payment, the federal government assumed direct financial responsibility for obligations and responsibilities traditionally assumed by state governments.

Instead, the District will receive direct federal grants identical to those received by most local jurisdictions or federal payments to defray the cost of responsibilities assumed by most states and now assumed by the federal government in the case of the District.

In this light, adding language prohibiting the District from implementing local initiatives, where no federal funds are involved, is a blatant abuse of congressional power.

Using this bill to prohibit the District from using its resources to fund a needle exchange program, a program proven effective at reducing the spread of AIDS, is no different than Congress passing a law prohibiting needle exchange programs specifically in Oklahoma City, Oklahoma, but permitting other locally funded needle exchange programs elsewhere to continue.

Prohibiting the District of Columbia from expending its use of local funds to provide abortion services for its low-income residents, when other jurisdictions are free to use local funds for similar programs is just plain wrong.

Banning the use of local funds to prohibit the District from seeking redress in federal court on its voting rights claim, is like telling the City of Boerne it could not challenge the ''Religious Freedom Restoration Act'' that it successfully argued before the Supreme Court.

Barring the District from implementing its local domestic partnership law is like Congress passing a law to overturn Wichita, Kansas and Jasper, Alabama's health benefit plan for their public employees, teachers and police officers.

And, preventing the District's election officials from counting the ballot on a local referendum is just plain anti-democratic.

You may object to the use of marijuana for medicinal purposes, but to deny the election result from being tallied is like telling the citizens of Farmington, Missouri or Manchester, New Hampshire they cannot approve their referendums to finance building new schools.

Have we become so arrogant in power and fearful of local initiatives that we have to block election results?

I know some will argue that these riders are merely an extension of current law—they are.

But, the context and circumstances with which Congress might have justified past intervention is now gone with the elimination of the direct federal payment.

Federal taxpayer funds are no longer involved.

We should, therefore, no longer concern ourselves with the actions of one local jurisdiction unless what we choose to do with it is applied equally to all jurisdictions.

If a majority in Congress can accept the Labor-HHS restriction on abortion as a compromise, then this Congress should accept similar language restricting just the use of federal funds on these social riders.

I was pleased to see that a majority of the full committee shared this perspective and approved two amendments that will permit the District to use non-federal funds to count the ballots on its referendum on the medicinal use of marijuana and revive its needle exchange program.

I should also note that the White House opposes these social riders as well.

The White House: strongly opposes the prohibition on the use of both federal and local funds to provide abortion services; objects to a provision prohibiting the use of federal or local funds to implement or enforce the District's Health Care Benefits Expansion Act (Domestic Partners Act); strongly objects to the limit on attorneys' fees in special education cases; and strongly opposes and may veto any bill that includes a prohibition on the use of local funds for needle exchange programs.

I encourage the House to respect the District's right to pursue its own prerogatives with its own funds regardless of how members might feel about the merits of the specific local initiative.

We should refrain from imposing any additional restrictions on the District's use of its own funds and support possible floor amendments that seek to remove those restrictions that still remain.

Now, Mr. Chairman, the gentlewoman from the District of Columbia is absolutely right, and I just want to reiterate her comments.

The amendment of the gentleman from California (Mr. BILBRAY) was intended to do the right thing for the children of the District of Columbia. Tobacco usage is wrong, it is harmful, and we want to work with him to reduce the amount of tobacco smoking on the part of youth, particularly given the fact that almost 3,000 children start smoking, teenagers, every day, and about a thousand of them are going to die as a result.

So we had no objection to the good intentions on the part of the gentleman from California (Mr. BILBRAY). The only problem is the appropriateness of that kind of legislation that normally is considered by the Committee on the Judiciary and in other manners other than the Committee on Appropriations. But, again, we thank him for his amendment. We particularly thank him for withdrawing it at this time, and we certainly want to work with him in other constructive approaches to reduce the amount of tobacco usage in the District.

Ms. NORTON. Mr. Chairman, I yield back the balance of my time.

Mr. BILBRAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I will have inserted into the RECORD at the appropriate place the letters from Mayor Williams, the American Heart Association, and the Campaign for Tobacco-Free Kids, and while introducing these letters, I am hoping that the Mayor is trying to introduce these issues and that he does not run into the opposition from organizations that claim they want to do everything possible to initiate this common sense approach, but mention that one little thing of saying that we will hold everyone responsible, and that individuals, even young people, have to be told quite clearly that they are going to be held responsible for staying away from tobacco products as much as possible.

Mr. Chairman, I am speaking from a position as coming from a local government agency; but I think anyone in this House would realize no State, no jurisdiction is more anti-smoking than the State of California. Some of us call it zealous. Even restaurants and bars do not allow smoking in California. What we found in California was that when a city in my district started enforcing a law against minor possession of tobacco, they found out there was no such law even in California.

So those of us in local government and State government looked around and said, while we have been so busy pointing fingers at others, we have not been asking ourselves what can we do in our jurisdictions. So that is why I am asking that we ask the Federal district to do this, the city council to do this.

Mr. Chairman, I think that this will give us the chance to be able to set an

[1] Jim, the table on page 22 of the committee report states that $26,950,000 in federal funds go to the District's general funds. While true from an accounting perspective, all $26,950,000 is restricted on how it can be spent: $17 million for in-state tuition, $8.5 million for incentives for adoption, $1.2 million for the Citizens Complaint Review Board, and $250,000 for Human Services.

example; and, hopefully today, while we are discussing this, there are mayors, council members and legislators out there who will ask, is it illegal in our jurisdiction; have we done as much to send a clear message to children as Washington, D.C. is committed to doing today?

Mr. Chairman, I hope all of us will look at ourselves and ask what have we done to keep our children away from tobacco; and I think this amendment, when it is passed by the city of D.C., will send that message.

Mr. Chairman, the letters referred to above follow herewith:

JULY 27, 1999.

Hon. BRIAN BILBRAY,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN BILBRAY: Thank you for your July 8th letter regarding your continued efforts to fight the damaging effects of teen smoking and your continuing contact with my staff. While I appreciate and respect your concerns on this issue, and indeed share your goal of greatly reducing the consumption of tobacco by minors, I believe an amendment to the FY 2000 District of Columbia Appropriations would not be the appropriate vehicle. I am asking that you withdraw the proposed amendment and allow elected District officials to pursue the issues.

As our offices have discussed we share a common goal of reducing teen tobacco consumption. In fact, I have often stated that the care and safety of the District's children is my top priority. To this end, I have spoken with Councilmember Sandy Allen, the Chair of the Human Services Committee, and she has agreed to hold a public hearing on the issue of teen smoking as soon as the Council convenes after its recess. In addition, I will introduce legislation that seeks prohibitions on teen tobacco consumption when the City Council returns.

I look forward to your continued support and good wishes. I appreciate your willingness to work with local officials on this issue.

Sincerely,

ANTHONY A. WILLIAMS,
Mayor.

AMERICAN HEART ASSOCIATION, OFFICE OF COMMUNICATIONS AND ADVOCACY,
Washington, DC.

Hon. BRIAN BILBRAY,
Washington, DC.

DEAR REPRESENTATIVE BILBRAY: I am writing to express the concerns of the American Heart Association regarding your possible amendment to the District of Columbia Appropriations bill (H.R. 2587), that would penalize D.C. children who are caught with cigarettes or other tobacco products.

We firmly believe that children who become addicted to tobacco are victims of an industry whose own stated goal is to find ''replacement smokers'' for the hundreds of thousands of people who die each year from using their products. By targeting children with billions in marketing and advertising dollars, the tobacco industry has been very successful in maintaining a customer base, in spite of the 430,000 American deaths from tobacco use each year. Adults in the tobacco industry and retail establishments that facilitate underage marketing of tobacco products—not children—are the ones who need to be penalized. Unfortunately, the United States Congress has a very clear record of letting tobacco companies off the hook.

Because the repercussions of tobacco use are not always immediately apparent to young people, we recognize your motive to provide immediate consequences to children who are caught with tobacco. We are not opposed to finding ways to educate children on the dangers and consequences of tobacco use and we would willingly work with you in the future to accomplish this. However, unless this amendment is part of a comprehensive approach to limit access to tobacco—and punish adults who ignore access restrictions—then we believe it will merely punish the victims of tobacco promotion.

Although I am respectfully asking members to vote against your amendment, I hope there will still be opportunities for us to work together in the future to eliminate underage tobacco use.

Sincerely,

M. CASS WHEELER,
Chief Executive Officer.

CAMPAIGN FOR TOBACCO-FREE KIDS,
Washington, DC, July 27, 1999.

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR REPRESENTATIVE: The Campaign for Tobacco-Free Kids opposes the amendment that may be offered later today by Representative Bilbray to the District of Columbia appropriations bill. This amendment would penalize youth for possession of tobacco products without creating a thoughtful, comprehensive plan to reduce tobacco use among children and without first ensuring that adults who illegally sell tobacco to kids are held responsible.

There is no silver bullet to reducing tobacco use among kids, but this amendment, in the absence of other effective policies, will do little to end tobacco's grip on the children of D.C. There is little evidence to indicate that in the absence of a concerted, comprehensive program, penalizing kids will work to reduce tobacco use rates. A comprehensive effective program should include not only vigorous enforcement of laws against selling tobacco to kids but also public education efforts, community and school based programs, and help for smokers who want to quit.

The narrow focus of this amendment will further divert resources away from effective enforcement of the current laws that prohibit retailers from selling to kids. Although the District of Columbia penalizes retailers for selling to kids, this law is not being enforced adequately. According to Department of Health and Human Services, compliance checks showed that 42.3 percent of retailers in D.C. sell tobacco products to minors.

Additionally, this amendment does not address the fact that the tobacco industry spends $5 billion a year marketing its products. Kids in D.C. continually see tobacco ads on storefronts and in magazines. The tobacco industry's marketing tactics work: 85 percent of kids who smoke use the three most heavily advertised brands (Marlboro, Camel and Newport). In addition, the success of the tobacco industry targeted marketing efforts is evidenced by the fact that 75 percent of young African Americans smoke Newport, a brand heavily marketed to this group.

Any discussion of holding children responsible for their addiction to tobacco should only come after or as part of a comprehensive approach, which insures that adults are being held responsible for marketing and selling to children. Therefore, we ask that you oppose this amendment. Thank you.

Sincerely,

MATTHEW L. MYERS,
Executive Vice President.

CAMPAIGN FOR TOBACCO-FREE KIDS,
Washington, DC, August 6, 1998.

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR MEMBER OF CONGRESS: The Campaign for Tobacco-Free Kids opposes the amendment that may be offered later today by Representative Bilbray to the District of Columbia appropriations bill (H.R. 4380). This amendment would penalize youth for possession of tobacco products without creating a thoughtful, comprehensive plan to reduce tobacco use among children and without first ensuring that adults who illegally sell tobacco to kids are held responsible.

There is no silver bullet to reducing tobacco use among kids, but this amendment, in the absence of other effective policies, will do little to end tobacco's grip on the children of D.C. There is little evidence to indicate that in the absence of a concerted, comprehensive program, penalizing kids will work to reduce tobacco use rates. Rather, experience from other cities indicates that only a comprehensive program which vigorously enforces laws against selling tobacco to kids through compliance checks of retailers, and which included restrictions on tobacco ads aimed at kids, will be effective.

The narrow focus of this bill will further divert resources away from effective enforcement of the current laws that prohibit retailers from selling to kids. Although the District of Columbia penalizes retailers for selling to kids, this law is not being enforced adequately. According to Department of Health and Human Services, compliance checks showed that 42.3 percent of retailers in D.C. sell tobacco products to minors.

Additionally, this amendment does not address the fact that the tobacco industry spends $5 billion a year marketing its products. Kids in D.C. continually see tobacco ads on billboards, bus shelters, and storefronts. The tobacco industry's marketing tactics work: 85 percent of kids who smoke use the three most heavily advertised brands (Marlboro, Camel and Newport).

Any discussion of holding children responsible for their addiction to tobacco should only come after or as part of a comprehensive approach, which insures that adults are being held responsible for marketing and selling to children. Therefore, we ask that you oppose this amendment. Thank you.

Sincerely,

MATTHEW L. MYERS,
Executive Vice President.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, March 22, 1999.

Hon. ANTHONY WILLIAMS,
Mayor, District of Columbia,
Washington, DC.

DEAR MAYOR WILLIAMS: I would like to take this opportunity to congratulate you on your recent election victory. As a part-time resident of the District and as someone who spent twenty years in local government, including two years as a councilman and six years as a mayor, I wish you the best of luck in your first term as Mayor of the District of Columbia.

As you may already be aware, during the House of Representatives Fiscal Year (FY) 1999 appropriation process I introduced an amendment to the D.C. Appropriation Act

(H.R. 4380) that prohibited individuals under the age of 18 years old from possessing and consuming tobacco products in the District of Columbia. This amendment received strong bipartisan support and passed through the House by a 238–138 vote on August 6, 1999, but unfortunately it was not included in the final conference report.

At the time I introduced this amendment only 21 states in the nation had minor possession laws outlawing tobacco, and my amendment would have added the District of Columbia to this growing list of states. My amendment was very straight forward and easy to understand. It contained a provision to exempt from this prohibition a minor individual ''making a delivery of cigarettes or tobacco products in his or her employment'' while on the job.

My amendment also contained a penalty section, which was modeled after the state of Virginia's penalty section for minors found in violation of tobacco possession. For the first violation, the minor would, at the discretion of the judge, be subject to a civil penalty not to exceed $50. For the second violation, the minor would be subject to a civil penalty not to exceed $100. For a third or subsequent violation, the minor would have his or her driver's license suspended for a period of 90 consecutive days. The 90 day suspension is consistent with penalties for minor possession of alcohol in the District of Columbia. Any minor found to be in possession of tobacco may also be required to perform community service or attend a tobacco cessation program. Each of these penalties are at the judge's discretion.

I understand that the District of Columbia already has tough laws on the books to address the issue of sales of tobacco to minors. My amendment focused specifically on the possession of tobacco products by minors in order to put minor possession of tobacco with minor possession of alcohol. All three cities in my district have passed anti-possession laws, so I am not asking the District to do anything my own communities have not already done.

I was an original cosponsor of the strongest anti-tobacco bill in the 105th Congress, the Bipartisan NO Tobacco for Kids Act (H.R. 3868). The intentions of my amendment was to encourage youth to take responsibility for their actions. If individuals under the age of 18 know they will face a penalty for possession of tobacco, they might be deterred from ever starting to smoke in the first place.

As we move forward in the 106th Congress I would like to know whether you plan to address this issue at the local level. I think it is important that all levels of government work together to help stop children from smoking. I also believe we should send the right message to our children, and the first step in this process would be for the District of Columbia to join Virginia, Maryland, and the twenty other states who have passed youth possession and consumption laws. I would appreciate knowing of your intentions, and to work with you and Members on both sides of the aisle in 1999 to make sure this important piece of legislation becomes law.

Again, congratulations on your new position as Mayor and I look forward to working with you in the future.

Sincerely,

BRIAN P. BILBRAY,
Member of Congress.

ANTHONY A. WILLIAMS,
Mayor, District of Columbia,
May 21, 1999.

Hon. BRIAN BILBRAY,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN BILBRAY: Thank you for your letter sharing your concern about teenage smoking in the District and your congratulations on my November election to the Office of Mayor.

In response to your inquiry, the District of Columbia is addressing the issue of teen smoking through a variety of methods. DC Public Schools has two programs—The Great American Smoke-out and ''2 Smart 2 Smoke''—to raise children's awareness of the dangers of smoking. Additionally, the Department of Health supports the efforts of local and community-based initiatives like ''Ad-Up, Word-Up and Speak-Out,'' which encourages school age children to perform their own research on the effects of advertising directed at children.

Finally, the school system recently elevated possession of tobacco to a ''level one'' infraction—which means violators could incur the most severe disciplinary measures, including possible suspension. To assess our progress, the District is tracking youth smoking related data through grants provided by the Center for Disease Control.

I want to assure you that I share your concerns about teenage smokers. Sandra Allen, Chairperson of the City Council's Committee on Human Services, and I are working diligently to strengthen enforcement which should, in combination with the other initiatives, result in a real reduction of teenage smoking. We believe that the cumulative effect of these initiatives will have a marked improvement on the incidence of teen smoking.

Again thank you for bringing this issue to the forefront of my attention. I agree that discouraging our youth from engaging in this terrible habit of smoking is very important in the fight to curtail tobacco's tragic and inevitable long-term effects.

Sincerely,

ANTHONY A. WILLIAMS,
Mayor.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 8, 1999.

Hon. ANTHONY WILLIAMS,
Mayor, District of Columbia,
Washington, DC.

DEAR MAYOR WILLIAMS: I would like to thank you for your response to my letter regarding my youth consumption amendment and the tobacco strategies in the District of Columbia. I appreciate the information you provided regarding the programs the D.C. public schools are implementing to combat youth smoking.

As I mentioned in my first letter, in the 105th Congress I introduced an amendment to H.R. 4380, FY 1999 District of Columbia appropriations bill that sought to prohibit individuals under the age of 18 years from possessing and consuming tobacco products in the District of Columbia. This amendment received strong bipartisan support and passed through the House by a 238–138 vote on August 6, 1998.

I intend to reintroduce this amendment to the FY 2000 D.C. Appropriations Bill later in the year when Congress takes up this legislation. I believe at the same time we are educating youths on the dangers of tobacco and curtailing advertisements by the tobacco industry, we need to strive for new and innovative ways to reduce tobacco use along with sending a clear message to our youth that we will not tolerate the consumption of tobacco. This is what a youth consumption law in the District will accomplish.

My amendment contains a penalty section, which is modeled after the state of Virginia's penalty section for minors found in violation of tobacco possession. For the first violation, the minor would, at the discretion of the judge, be subject to a civil penalty not to exceed $50. For the second violation, the minor would be subject to a civil penalty not to exceed $100. For a third or subsequent violation, the minor would have his or her driver's license suspended for a period of 90 consecutive days. The 90 day suspension is consistent with penalties for minor possession of alcohol in the District of Columbia. Any minor found to be in possession of tobacco may also be required to perform community service or attend a tobacco cessation program. Each of these penalties are at the judge's discretion (I have attached a draft of my amendment for your convenience).

My amendment focuses specifically on the possession of tobacco products by minors in order to put minor possession of tobacco with minor possession of alcohol. If we are really serious about reducing youth consumption of tobacco we need to put it on the same level as alcohol and treat it equally.

Again, thank you for responding to my original letter and I look forward to working with you on this important issue. Please feel free to contact me if you have any additional questions.

Sincerely,

BRIAN P. BILBRAY,
Member of Congress.

Mr. BILBRAY. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Mr. TIAHRT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise today to enter into a colloquy with the distinguished chairman of the Subcommittee on the District of Columbia of the Committee on Appropriations, the gentleman from Oklahoma (Mr. ISTOOK).

Mr. Chairman, I want to thank the gentleman from Oklahoma for his support in providing $250,000 in the bill to continue the mentoring program for at-risk children and the resource hotline for low-income individuals in the District.

Last year, Congress appropriated $250,000 to the International Youth Service and Development and Corporation to provide these worthwhile and much-needed services to the District. During the past year, I had the privilege to visit the southeast White House in Anacostia, where some of these services are provided to low-income citizens and at-risk children. I am pleased to report to the Congress that this minor allocation of $250,000 is making a real difference in the lives of many families who were struggling to survive and protect their children who are at risk in their community.

Is it the chairman's intention that this appropriation of $250,000 be used by the city to continue the good work which is currently being accomplished by the International Youth Service Development Corporation?

Mr. ISTOOK. Mr. Chairman, will the gentleman yield?

Mr. TIAHRT. I yield to the gentleman from Oklahoma.

Mr. ISTOOK. Mr. Chairman, I want to first thank the gentleman from Kansas (Mr. TIAHRT) for his hard work in this area. I know personally how active and vocal he has been as an advocate for the families and their children in the District that are most at risk.

The gentleman is correct that we have worked with the District and provided funding for them, which they are using to carry on this program that the gentleman has been discussing, and we are happy to be able to do that so that this work might continue and that the District might be able to work with him to do so.

Mr. TIAHRT. Mr. Chairman, I thank the gentleman for his comments.

Mr. ISTOOK. Mr. Chairman, I ask unanimous consent that the bill through page 25, line 12 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The text of the bill from page 3, line 7, through page 25, line 12 is as follows:

FEDERAL PAYMENT TO THE CITIZEN COMPLAINT REVIEW BOARD

For a Federal payment to the District of Columbia for administrative expenses of the Citizen Complaint Review Board, $1,200,000, to remain available until September 30, 2001.

FEDERAL PAYMENT TO THE DEPARTMENT OF HUMAN SERVICES

For a Federal payment to the Department of Human Services for a mentoring program and for hotline services, $250,000.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA CORRECTIONS TRUSTEE OPERATIONS

For salaries and expenses of the District of Columbia Corrections Trustee, $183,000,000 for the administration and operation of correctional facilities and for the administrative operating costs of the Office of the Corrections Trustee, as authorized by section 11202 of the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105–33, approved August 5, 1997; 111 Stat. 712): *Provided,* That notwithstanding any other provision of law, funds appropriated in this Act for the District of Columbia Corrections Trustee shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA COURTS

For salaries and expenses for the District of Columbia Courts, $100,714,000 to be allocated as follows: for the District of Columbia Court of Appeals, $7,209,000; for the District of Columbia Superior Court, $75,245,000; for the District of Columbia Court System, $9,260,000 and $9,000,000, to remain available until September 30, 2001, for capital improvements for District of Columbia courthouse facilities: *Provided,* That of the amounts available for operations of the District of Columbia Courts, not to exceed $2,500,000 shall be for the design of an Integrated Justice Information System and that such funds shall be used in accordance with a plan and design developed by the courts and approved by the Committees on Appropriations of the House of Representatives and the Senate: *Provided further,* That notwithstanding any other provision of law, all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies, with payroll and financial services to be provided on a contractual basis with the General Services Administration, said services to include the preparation of monthly financial reports, copies of which shall be submitted directly by GSA to the President and to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives.

DEFENDER SERVICES IN DISTRICT OF COLUMBIA COURTS

For payments authorized under section 11–2604 and section 11–2605, D.C. Code (relating to representation provided under the District of Columbia Criminal Justice Act), payments for counsel appointed in proceedings in the Family Division of the Superior Court of the District of Columbia under chapter 23 of title 16, D.C. Code, and payments for counsel authorized under section 21–2060, D.C. Code (relating to representation provided under the District of Columbia Guardianship, Protective Proceedings, and Durable Power of Attorney Act of 1986), $33,336,000, to remain available until expended: *Provided,* That such funds shall be administered by the Joint Committee on Judicial Administration in the District of Columbia: *Provided further,* That notwithstanding any other provision of law, this appropriation shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for expenses of other Federal agencies.

FEDERAL PAYMENT TO THE COURT SERVICES AND OFFENDER SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

For salaries and expenses of the Court Services and Offender Supervision Agency for the District of Columbia, as authorized by the National Capital Revitalization and Self-Government Improvement Act of 1997, as amended (Public Law 105–33, approved August 5, 1997; 111 Stat. 712), $105,500,000, of which $69,400,000 shall be for necessary expenses of Parole Revocation, Adult Probation and Offender Supervision, to include expenses relating to supervision of adults subject to protection orders or provision of services for or related to such persons; $17,400,000 shall be available to the Public Defender Service; and $18,700,000 shall be available to the Pretrial Services Agency: *Provided,* That notwithstanding any other provision of law, all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies: *Provided further,* That of the amounts made available under this heading, $32,192,000 shall be used in support of universal drug screening and testing for those individuals on pretrial, probation, or parole supervision with continued testing, intermediate sanctions, and other treatment for those identified in need, of which not to exceed $13,245,000 shall be available until September 30, 2001, for treatment services.

CHILDREN'S NATIONAL MEDICAL CENTER

For a Federal contribution to the Children's National Medical Center in the District of Columbia, $3,500,000 for construction, renovation, and information technology infrastructure costs associated with establishing community pediatric health clinics for high risk children in medically underserved areas of the District of Columbia.

DISTRICT OF COLUMBIA FUNDS

OPERATING EXPENSES

DIVISION OF EXPENSES

The following amounts are appropriated for the District of Columbia for the current fiscal year out of the general fund of the District of Columbia, except as otherwise specifically provided.

GOVERNMENTAL DIRECTION AND SUPPORT

Governmental direction and support, $162,356,000 (including $137,134,000 from local funds, $11,670,000 from Federal funds, and $13,552,000 from other funds): *Provided,* That not to exceed $2,500 for the Mayor, $2,500 for the Chairman of the Council of the District of Columbia, and $2,500 for the City Administrator shall be available from this appropriation for official purposes: *Provided further,* That any program fees collected from the issuance of debt shall be available for the payment of expenses of the debt management program of the District of Columbia: *Provided further,* That no revenues from Federal sources shall be used to support the operations or activities of the Statehood Commission and Statehood Compact Commission: *Provided further,* That the District of Columbia shall identify the sources of funding for Admission to Statehood from its own locally-generated revenues: *Provided further,* That all employees permanently assigned to work in the Office of the Mayor shall be paid from funds allocated to the Office of the Mayor.

ECONOMIC DEVELOPMENT AND REGULATION

Economic development and regulation, $190,335,000 (including $52,911,000 from local funds, $84,751,000 from Federal funds, and $52,673,000 from other funds), of which $15,000,000 collected by the District of Columbia in the form of BID tax revenue shall be paid to the respective BIDs pursuant to the Business Improvement Districts Act of 1996 (D.C. Law 11–134; D.C. Code, sec. 1–2271 et seq.), and the Business Improvement Districts Temporary Amendment Act of 1997 (D.C. Law 12–23): *Provided,* That such funds are available for acquiring services provided by the General Services Administration: *Provided further,* That Business Improvement Districts shall be exempt from taxes levied by the District of Columbia.

PUBLIC SAFETY AND JUSTICE

Public safety and justice, including purchase or lease of 135 passenger-carrying vehicles for replacement only, including 130 for police-type use and five for fire-type use, without regard to the general purchase price limitation for the current fiscal year, $785,670,000 (including $565,411,000 from local funds, $29,012,000 from Federal funds, and $191,247,000 from other funds): *Provided,* That the Metropolitan Police Department is authorized to replace not to exceed 25 passenger-carrying vehicles and the Department

of Fire and Emergency Medical Services of the District of Columbia is authorized to replace not to exceed five passenger-carrying vehicles annually whenever the cost of repair to any damaged vehicle exceeds three-fourths of the cost of the replacement: *Provided further,* That not to exceed $500,000 shall be available from this appropriation for the Chief of Police for the prevention and detection of crime: *Provided further,* That the Metropolitan Police Department shall provide quarterly reports to the Committees on Appropriations of the House and Senate on efforts to increase efficiency and improve the professionalism in the department: *Provided further,* That notwithstanding any other provision of law, or Mayor's Order 86–45, issued March 18, 1986, the Metropolitan Police Department's delegated small purchase authority shall be $500,000: *Provided further,* That the District of Columbia government may not require the Metropolitan Police Department to submit to any other procurement review process, or to obtain the approval of or be restricted in any manner by any official or employee of the District of Columbia government, for purchases that do not exceed $500,000: *Provided further,* That the Mayor shall reimburse the District of Columbia National Guard for expenses incurred in connection with services that are performed in emergencies by the National Guard in a militia status and are requested by the Mayor, in amounts that shall be jointly determined and certified as due and payable for these services by the Mayor and the Commanding General of the District of Columbia National Guard: *Provided further,* That such sums as may be necessary for reimbursement to the District of Columbia National Guard under the preceding proviso shall be available from this appropriation, and the availability of the sums shall be deemed as constituting payment in advance for emergency services involved: *Provided further,* That the Metropolitan Police Department is authorized to maintain 3,800 sworn officers, with leave for a 50 officer attrition: *Provided further,* That no more than 15 members of the Metropolitan Police Department shall be detailed or assigned to the Executive Protection Unit, until the Chief of Police submits a recommendation to the Council for its review: *Provided further,* That $100,000 shall be available for inmates released on medical and geriatric parole: *Provided further,* That commencing on December 31, 1999, the Metropolitan Police Department shall provide to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives, quarterly reports on the status of crime reduction in each of the 83 police service areas established throughout the District of Columbia.

PUBLIC EDUCATION SYSTEM

Public education system, including the development of national defense education programs, $867,411,000 (including $721,847,000 from local funds, $120,951,000 from Federal funds, and $24,613,000 from other funds), to be allocated as follows: $713,197,000 (including $600,936,000 from local funds, $106,213,000 from Federal funds, and $6,048,000 from other funds), for the public schools of the District of Columbia; $17,000,000 from local funds being the Federal payment appropriated earlier in this Act for resident tuition support at public and private institutions of higher learning for eligible District residents; $10,700,000 from local funds for the District of Columbia Teachers' Retirement Fund; and not less than $27,885,000 from local funds for public charter schools: *Provided,* That if the entirety of this allocation has not been provided as payments to any public charter schools currently in operation through the per pupil funding formula, the funds shall be available for new public charter schools on a per pupil basis: *Provided further,* That $480,000 of this amount shall be available to the District of Columbia Public Charter School Board for administrative costs; $72,347,000 (including $40,491,000 from local funds, $13,536,000 from Federal funds, and $18,320,000 from other funds) for the University of the District of Columbia; $24,171,000 (including $23,128,000 from local funds, $798,000 from Federal funds and $245,000 other funds) for the Public Library; $2,111,000 (including $1,707,000 from local funds and $404,000 from Federal funds) for the Commission on the Arts and Humanities: *Provided further,* That the public schools of the District of Columbia are authorized to accept not to exceed 31 motor vehicles for exclusive use in the driver education program: *Provided further,* That not to exceed $2,500 for the Superintendent of Schools, $2,500 for the President of the University of the District of Columbia, and $2,000 for the Public Librarian shall be available from this appropriation for official purposes: *Provided further,* That none of the funds contained in this Act may be made available to pay the salaries of any District of Columbia Public School teacher, principal, administrator, official, or employee who knowingly provides false enrollment or attendance information under article II, section 5 of the Act entitled ''An Act to provide for compulsory school attendance, for the taking of a school census in the District of Columbia, and for other purposes'', approved February 4, 1925 (D.C. Code, sec. 31–401 et seq.): *Provided further,* That this appropriation shall not be available to subsidize the education of any nonresident of the District of Columbia at any District of Columbia public elementary and secondary school during fiscal year 2000 unless the nonresident pays tuition to the District of Columbia at a rate that covers 100 percent of the costs incurred by the District of Columbia which are attributable to the education of the nonresident (as established by the Superintendent of the District of Columbia Public Schools): *Provided further,* That this appropriation shall not be available to subsidize the education of nonresidents of the District of Columbia at the University of the District of Columbia, unless the Board of Trustees of the University of the District of Columbia adopts, for the fiscal year ending September 30, 2000, a tuition rate schedule that will establish the tuition rate for nonresident students at a level no lower than the nonresident tuition rate charged at comparable public institutions of higher education in the metropolitan area.

HUMAN SUPPORT SERVICES

Human support services, $1,526,361,000 (including $635,373,000 from local funds, $875,814,000 from Federal funds, and $15,174,000 from other funds): *Provided,* That $25,150,000 of this appropriation, to remain available until expended, shall be available solely for District of Columbia employees' disability compensation: *Provided further,* That a peer review committee shall be established to review medical payments and the type of service received by a disability compensation claimant: *Provided further,* That the District of Columbia shall not provide free government services such as water, sewer, solid waste disposal or collection, utilities, maintenance, repairs, or similar services to any legally constituted private nonprofit organization, as defined in section 411(5) of the Stewart B. McKinney Homeless Assistance Act (101 Stat. 485; Public Law 100–77; 42 U.S.C. 11371), providing emergency shelter services in the District, if the District would not be qualified to receive reimbursement pursuant to such Act (101 Stat. 485; Public Law 100–77; 42 U.S.C. 11301 et seq.).

PUBLIC WORKS

Public works, including rental of one passenger-carrying vehicle for use by the Mayor and three passenger-carrying vehicles for use by the Council of the District of Columbia and leasing of passenger-carrying vehicles, $271,395,000 (including $258,341,000 from local funds, $3,099,000 from Federal funds, and $9,955,000 from other funds): *Provided,* That this appropriation shall not be available for collecting ashes or miscellaneous refuse from hotels and places of business: *Provided further,* That $2,620,000 shall be available for program enhancements ($1,370,000 for selected increases in District bus service; $800,000 for new feeder bus service; $200,000 for new small bus operations; and $250,000 for the planning and development of the proposed New York Avenue Metrorail station).

RECEIVERSHIP PROGRAMS

For all agencies of the District of Columbia government under court ordered receivership, $345,577,000 (including $221,106,000 from local funds, $106,111,000 from Federal funds, and $18,360,000 from other funds).

WORKFORCE INVESTMENTS

For workforce investments, $8,500,000 from local funds, to be transferred by the Mayor of the District of Columbia within the various appropriation headings in this Act for which employees are properly payable.

RESERVE

For a reserve to be established by the Chief Financial Officer of the District of Columbia and the District of Columbia Financial Responsibility and Management Assistance Authority, $150,000,000 from local funds: *Provided,* That the reserve shall only be expended according to criteria established by the Chief Financial Officer and approved by the District of Columbia Financial Responsibility and Management Assistance Authority, and the House and Senate Committees on Appropriations.

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

For the District of Columbia Financial Responsibility and Management Assistance Authority, established by section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 97; Public Law 104–8), $3,140,000: *Provided,* That none of the funds contained in this Act may be used to pay any compensation of the Executive Director or General Counsel of the Authority at a rate in excess of the maximum rate of compensation which may be paid to such individual during fiscal year 2000 under section 102 of such Act, as determined by the Comptroller General (as described in GAO letter report B–279095.2).

REPAYMENT OF LOANS AND INTEREST

For payment of principal, interest and certain fees directly resulting from borrowing by the District of Columbia to fund District of Columbia capital projects as authorized by sections 462, 475, and 490 of the District of Columbia Home Rule Act, approved December 24, 1973, as amended, and that funds shall

be allocated for expenses associated with the Wilson Building, $328,417,000 from local funds: *Provided*, That for equipment leases, the Mayor may finance $27,527,000 of equipment cost, plus cost of issuance not to exceed two percent of the par amount being financed on a lease purchase basis with a maturity not to exceed five years: *Provided further*, That $5,300,000 is allocated to the Metropolitan Police Department, $3,200,000 for the Fire and Emergency Medical Services Department, $350,000 for the Department of Corrections, $15,949,000 for the Department of Public Works and $2,728,000 for the Public Benefit Corporation.

REPAYMENT OF GENERAL FUND RECOVERY DEBT

For the purpose of eliminating the $331,589,000 general fund accumulated deficit as of September 30, 1990, $38,286,000 from local funds, as authorized by section 461(a) of the District of Columbia Home Rule Act, approved December 24, 1973, as amended (105 Stat. 540; Public Law 102–106; D.C. Code, sec. 47–321(a)(1)).

PAYMENT OF INTEREST ON SHORT-TERM BORROWING

For payment of interest on short-term borrowing, $9,000,000 from local funds.

CERTIFICATES OF PARTICIPATION

For lease payments in accordance with the Certificates of Participation involving the land site underlying the building located at One Judiciary Square, $7,950,000 from local funds.

OPTICAL AND DENTAL PAYMENTS

For optical and dental payments, $1,295,000 from local funds.

PRODUCTIVITY BANK

The Chief Financial Officer of the District of Columbia, under the direction of the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority, shall finance projects totaling $20,000,000 in local funds that result in cost savings or additional revenues, by an amount equal to such financing: *Provided*, That the Mayor shall provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate by the 15th calendar day after the end of each quarter beginning December 31, 1999, on the status of the projects financed under this heading.

PRODUCTIVITY BANK SAVINGS

The Chief Financial Officer of the District of Columbia, under the direction of the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority, shall make reductions totaling $20,000,000 in local funds. The reductions are to be allocated to projects funded through the Productivity Bank that produce cost savings or additional revenues in an amount equal to the Productivity Bank financing: *Provided*, That the Mayor shall provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate by the 15th calendar day after the end of each quarter beginning December 31, 1999, on the status of the cost savings or additional revenues funded under this heading.

PROCUREMENT AND MANAGEMENT SAVINGS

The Chief Financial Officer of the District of Columbia, under the direction of the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority, shall make reductions of $14,457,000 for general supply schedule savings and $7,000,000 for management reform savings, in local funds to one or more of the appropriation headings in this Act: *Provided*, That the Mayor shall provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate by the 15th calendar day after the end of each quarter beginning December 31, 1999, on the status of the general supply schedule savings and management reform savings projected under this heading.

ENTERPRISE AND OTHER FUNDS

WATER AND SEWER AUTHORITY AND THE WASHINGTON AQUEDUCT

For operation of the Water and Sewer Authority and the Washington Aqueduct, $279,608,000 from other funds (including $236,075,000 for the Water and Sewer Authority and $43,533,000 for the Washington Aqueduct) of which $35,222,000 shall be apportioned and payable to the District's debt service fund for repayment of loans and interest incurred for capital improvement projects.

For construction projects, $197,169,000, as authorized by An Act authorizing the laying of watermains and service sewers in the District of Columbia, the levying of assessments therefor, and for other purposes, approved April 22, 1904 (33 Stat. 244; Public Law 58–140; D.C. Code, sec. 43–1512 et seq.): *Provided*, That the requirements and restrictions that are applicable to general fund capital improvements projects and set forth in this Act under the Capital Outlay appropriation title shall apply to projects approved under this appropriation title.

LOTTERY AND CHARITABLE GAMES ENTERPRISE FUND

For the Lottery and Charitable Games Enterprise Fund, established by the District of Columbia Appropriation Act for the fiscal year ending September 30, 1982, approved December 4, 1981 (95 Stat. 1174, 1175; Public Law 97–91), as amended, for the purpose of implementing the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3–172; D.C. Code, secs. 2–2501 et seq. and 22–1516 et seq.), $234,400,000: *Provided*, That the District of Columbia shall identify the source of funding for this appropriation title from the District's own locally generated revenues: *Provided further*, That no revenues from Federal sources shall be used to support the operations or activities of the Lottery and Charitable Games Control Board.

SPORTS AND ENTERTAINMENT COMMISSION

For the Sports and Entertainment Commission, $10,846,000 from other funds for expenses incurred by the Armory Board in the exercise of its powers granted by the Act entitled ''An Act To Establish A District of Columbia Armory Board, and for other purposes'', approved June 4, 1948 (62 Stat. 339; D.C. Code, sec. 2–301 et seq.) and the District of Columbia Stadium Act of 1957, approved September 7, 1957 (71 Stat. 619; Public Law 85–300; D.C. Code, sec. 2–321 et seq.): *Provided*, That the Mayor shall submit a budget for the Armory Board for the forthcoming fiscal year as required by section 442(b) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 824; Public Law 93–198; D.C. Code, sec. 47–301(b)).

D.C. HEALTH AND HOSPITALS PUBLIC BENEFIT CORPORATION

For the District of Columbia Health and Hospitals Public Benefit Corporation, established by D.C. Law 11–212, D.C. Code, sec. 32–262.2, effective April 9, 1997, $133,443,000 of which $44,435,000 shall be derived by transfer from the general fund and $89,008,000 from other funds.

D.C. RETIREMENT BOARD

For the D.C. Retirement Board, established by section 121 of the District of Columbia Retirement Reform Act of 1979, approved November 17, 1979 (93 Stat. 866; D.C. Code, sec. 1–711), $9,892,000 from the earnings of the applicable retirement funds to pay legal, management, investment, and other fees and administrative expenses of the District of Columbia Retirement Board: *Provided*, That the District of Columbia Retirement Board shall provide to the Congress and to the Council of the District of Columbia a quarterly report of the allocations of charges by fund and of expenditures of all funds: *Provided further*, That the District of Columbia Retirement Board shall provide the Mayor, for transmittal to the Council of the District of Columbia, an itemized accounting of the planned use of appropriated funds in time for each annual budget submission and the actual use of such funds in time for each annual audited financial report: *Provided further*, That section 121(c)(1) of the District of Columbia Retirement Reform Act (D.C. Code, sec. 1–711(c)(1)) is amended by striking ''the total amount to which a member may be entitled'' and all that follows and inserting the following: ''the total amount to which a member may be entitled under this subsection during a year (beginning with 1998) may not exceed $5,000, except that in the case of the Chairman of the Board and the Chairman of the Investment Committee of the Board, such amount may not exceed $10,000 (beginning with 2000).''.

CORRECTIONAL INDUSTRIES FUND

For the Correctional Industries Fund, established by the District of Columbia Correctional Industries Establishment Act, approved October 3, 1964 (78 Stat. 1000; Public Law 88–622), $1,810,000 from other funds.

WASHINGTON CONVENTION CENTER ENTERPRISE FUND

For the Washington Convention Center Enterprise Fund, $50,226,000 from other funds.

CAPITAL OUTLAY

(INCLUDING RESCISSIONS)

For construction projects, $1,260,524,000 of which $929,450,000 is from local funds, $54,050,000 is from the highway trust fund, and $277,024,000 is from Federal funds, and a rescission of $41,886,500 from local funds approriated under this heading in prior fiscal years, for a net amount of $1,218,637,500 to remain available until expended: *Provided*, That funds for use of each capital project implementing agency shall be managed and controlled in accordance with all procedures and limitations established under the Financial Management System: *Provided further*, That all funds provided by this appropriation title shall be available only for the specific projects and purposes intended: *Provided further*, That notwithstanding the foregoing, all authorizations for capital outlay projects, except those projects covered by the first sentence of section 23(a) of the Federal-Aid Highway Act of 1968, approved August 23, 1968 (82 Stat. 827; Public Law 90–495; D.C. Code, sec. 7–134, note), for which funds are provided by this appropriation title, shall expire on September 30, 2001, except authorizations for projects as to which funds have been obligated in whole or in part prior to September 30, 2001: *Provided further*, That upon expiration of any such project authorization the funds provided herein for the project shall lapse.

The CHAIRMAN. Are there amendments to that portion of the bill?

If not, the Clerk will read.

The Clerk read as follows:

GENERAL PROVISIONS

SEC. 101. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 102. Except as otherwise provided in this Act, all vouchers covering expenditures of appropriations contained in this Act shall be audited before payment by the designated certifying official, and the vouchers as approved shall be paid by checks issued by the designated disbursing official.

SEC. 103. Whenever in this Act, an amount is specified within an appropriation for particular purposes or objects of expenditure, such amount, unless otherwise specified, shall be considered as the maximum amount that may be expended for said purpose or object rather than an amount set apart exclusively therefor.

SEC. 104. Appropriations in this Act shall be available, when authorized by the Mayor, for allowances for privately owned automobiles and motorcycles used for the performance of official duties at rates established by the Mayor: *Provided*, That such rates shall not exceed the maximum prevailing rates for such vehicles as prescribed in the Federal Property Management Regulations 101–7 (Federal Travel Regulations).

SEC. 105. Appropriations in this Act shall be available for expenses of travel and for the payment of dues of organizations concerned with the work of the District of Columbia government, when authorized by the Mayor: *Provided*, That in the case of the Council of the District of Columbia, funds may be expended with the authorization of the chair of the Council.

SEC. 106. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making refunds and for the payment of judgments that have been entered against the District of Columbia government: *Provided*, That nothing contained in this section shall be construed as modifying or affecting the provisions of section 11(c)(3) of title XII of the District of Columbia Income and Franchise Tax Act of 1947, approved March 31, 1956 (70 Stat. 78; Public Law 84–460; D.C. Code, sec. 47–1812.11(c)(3)).

SEC. 107. Appropriations in this Act shall be available for the payment of public assistance without reference to the requirement of section 544 of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4–101; D.C. Code, sec. 3–205.44), and for the payment of the non-Federal share of funds necessary to qualify for grants under subtitle A of title II of the Violent Crime Control and Law Enforcement Act of 1994.

SEC. 108. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 109. No funds appropriated in this Act for the District of Columbia government for the operation of educational institutions, the compensation of personnel, or for other educational purposes may be used to permit, encourage, facilitate, or further partisan political activities. Nothing herein is intended to prohibit the availability of school buildings for the use of any community or partisan political group during non-school hours.

SEC. 110. None of the funds appropriated in this Act shall be made available to pay the salary of any employee of the District of Columbia government whose name, title, grade, salary, past work experience, and salary history are not available for inspection by the House and Senate Committees on Appropriations, the Subcommittee on the District of Columbia of the House Committee on Government Reform, the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia of the Senate Committee on Governmental Affairs, and the Council of the District of Columbia, or their duly authorized representative.

SEC. 111. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making payments authorized by the District of Columbia Revenue Recovery Act of 1977, effective September 23, 1977 (D.C. Law 2–20; D.C. Code, sec. 47–421 et seq.).

SEC. 112. No part of this appropriation shall be used for publicity or propaganda purposes or implementation of any policy including boycott designed to support or defeat legislation pending before Congress or any State legislature.

SEC. 113. At the start of the fiscal year, the Mayor shall develop an annual plan, by quarter and by project, for capital outlay borrowings: *Provided*, That within a reasonable time after the close of each quarter, the Mayor shall report to the Council of the District of Columbia and the Congress the actual borrowings and spending progress compared with projections.

SEC. 114. The Mayor shall not borrow any funds for capital projects unless the Mayor has obtained prior approval from the Council of the District of Columbia, by resolution, identifying the projects and amounts to be financed with such borrowings.

SEC. 115. The Mayor shall not expend any moneys borrowed for capital projects for the operating expenses of the District of Columbia government.

SEC. 116. None of the funds provided under this Act to the agencies funded by this Act, both Federal and District government agencies, that remain available for obligation or expenditure in fiscal year 2000, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for an agency through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or responsibility center; (3) establishes or changes allocations specifically denied, limited or increased by Congress in the Act; (4) increases funds or personnel by any means for any program, project, or responsibility center for which funds have been denied or restricted; (5) reestablishes through reprogramming any program or project previously deferred through reprogramming; (6) augments existing programs, projects, or responsibility centers through a reprogramming of funds in excess of $1,000,000 or 10 percent, whichever is less; or (7) increases by 20 percent or more personnel assigned to a specific program, project, or responsibility center; unless the Appropriations Committees of both the Senate and House of Representatives are notified in writing 30 days in advance of any reprogramming as set forth in this section.

SEC. 117. None of the Federal funds provided in this Act shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of the District of Columbia.

SEC. 118. None of the Federal funds provided in this Act shall be obligated or expended to procure passenger automobiles as defined in the Automobile Fuel Efficiency Act of 1980, approved October 10, 1980 (94 Stat. 1824; Public Law 96–425; 15 U.S.C. 2001(2)), with an Environmental Protection Agency estimated miles per gallon average of less than 22 miles per gallon: *Provided*, That this section shall not apply to security, emergency rescue, or armored vehicles.

COMPENSATION FOR CERTAIN OFFICIALS

SEC. 119. (a) CITY ADMINISTRATOR.—The last sentence of section 422(7) of the District of Columbia Home Rule Act (D.C. Code, sec. 1–242(7)) is amended by striking ‘‘, not to exceed’’ and all that follows and inserting a period.

(b) BOARD OF DIRECTORS OF REDEVELOPMENT LAND AGENCY.—Section 1108(c)(2)(F) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1–612.8(c)(2)(F)) is amended to read as follows:

‘‘(F) Redevelopment Land Agency board members shall be paid per diem compensation at a rate established by the Mayor, except that such rate may not exceed the daily equivalent of the annual rate of basic pay for level 15 of the District Schedule for each day (including travel time) during which they are engaged in the actual performance of their duties.’’.

SEC. 120. Notwithstanding any other provisions of law, the provisions of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2–139; D.C. Code, sec. 1–601.1 et seq.), enacted pursuant to section 422(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 790; Public Law 93–198; D.C. Code, sec. 1–242(3)), shall apply with respect to the compensation of District of Columbia employees: *Provided*, That for pay purposes, employees of the District of Columbia government shall not be subject to the provisions of title 5, United States Code.

SEC. 121. No later than 30 days after the end of the first quarter of the fiscal year ending September 30, 2000, the Mayor of the District of Columbia shall submit to the Council of the District of Columbia the new fiscal year 2000 revenue estimates as of the end of the first quarter of fiscal year 2000. These estimates shall be used in the budget request for the fiscal year ending September 30, 2001. The officially revised estimates at midyear shall be used for the midyear report.

SEC. 122. No sole source contract with the District of Columbia government or any agency thereof may be renewed or extended without opening that contract to the competitive bidding process as set forth in section 303 of the District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6–85; D.C. Code, sec. 1–1183.3), except that the District of Columbia government or any agency thereof may renew or extend sole source contracts for which competition is not feasible or practical: *Provided*, That the determination as to whether to invoke the competitive bidding process has been made in accordance with duly promulgated rules and procedures and said determination has been reviewed and approved by the District of Columbia Financial Responsibility and Management Assistance Authority.

SEC. 123. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985, (99 Stat. 1037; Public Law 99–177), as amended, the term ‘‘program, project, and activity’’ shall

be synonymous with and refer specifically to each account appropriating Federal funds in this Act, and any sequestration order shall be applied to each of the accounts rather than to the aggregate total of those accounts: *Provided,* That sequestration orders shall not be applied to any account that is specifically exempted from sequestration by the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 124. In the event a sequestration order is issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985 (99 Stat. 1037: Public Law 99–177), as amended, after the amounts appropriated to the District of Columbia for the fiscal year involved have been paid to the District of Columbia, the Mayor of the District of Columbia shall pay to the Secretary of the Treasury, within 15 days after receipt of a request therefor from the Secretary of the Treasury, such amounts as are sequestered by the order: *Provided,* That the sequestration percentage specified in the order shall be applied proportionately to each of the Federal appropriation accounts in this Act that are not specifically exempted from sequestration by such Act.

SEC. 125. (a) An entity of the District of Columbia government may accept and use a gift or donation during fiscal year 2000 if—

(1) the Mayor approves the acceptance and use of the gift or donation: *Provided,* That the Council of the District of Columbia may accept and use gifts without prior approval by the Mayor; and

(2) the entity uses the gift or donation to carry out its authorized functions or duties.

(b) Each entity of the District of Columbia government shall keep accurate and detailed records of the acceptance and use of any gift or donation under subsection (a) of this section, and shall make such records available for audit and public inspection.

(c) For the purposes of this section, the term ''entity of the District of Columbia government'' includes an independent agency of the District of Columbia.

(d) This section shall not apply to the District of Columbia Board of Education, which may, pursuant to the laws and regulations of the District of Columbia, accept and use gifts to the public schools without prior approval by the Mayor.

SEC. 126. None of the Federal funds provided in this Act may be used by the District of Columbia to provide for salaries, expenses, or other costs associated with the offices of United States Senator or United States Representative under section 4(d) of the District of Columbia Statehood Constitutional Convention Initiatives of 1979, effective March 10, 1981 (D.C. Law 3–171; D.C. Code, sec. 1–113(d)).

SEC. 127. (a) The University of the District of Columbia shall submit to the Mayor, the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this section referred to as ''Authority''), and the Council of the District of Columbia (hereafter in this section referred to as ''Council'') no later than 15 calendar days after the end of each quarter a report that sets forth—

(1) current quarter expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget broken out on the basis of control center, responsibility center, and object class, and for all funds, non-appropriated funds, and capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and for all funding sources;

(3) a list of all active contracts in excess of $10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center and responsibility center, and contract identifying codes used by the University of the District of Columbia; payments made in the last quarter and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that have been made by the University of the District of Columbia within the last quarter in compliance with applicable law; and

(5) changes made in the last quarter to the organizational structure of the University of the District of Columbia, displaying previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

(b) The Mayor, the Authority, and the Council shall provide the Congress by February 1, 2001, a summary, analysis, and recommendations on the information provided in the quarterly reports.

SEC. 128. None of the funds contained in this Act may be made available to pay the fees of an attorney who represents a party who prevails in an action, including an administrative proceeding, brought against the District of Columbia Public Schools under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) if—

(1) the hourly rate of compensation of the attorney exceeds the hourly rate of compensation under section 11–2604(a), District of Columbia Code; or

(2) the maximum amount of compensation of the attorney exceeds the maximum amount of compensation under section 11–2604(b)(1), District of Columbia Code, except that compensation and reimbursement in excess of such maximum may be approved for extended or complex representation in accordance with section 11–2604(c), District of Columbia Code.

ABORTION FUNDS RESTRICTION

SEC. 129. None of the funds appropriated under this Act shall be expended for any abortion except where the life of the mother would be endangered if the fetus were carried to term or where the pregnancy is the result of an act of rape or incest.

DOMESTIC PARTNERS FUNDS RESTRICTION

SEC. 130. None of the funds made available in this Act may be used to implement or enforce the Health Care Benefits Expansion Act of 1992 (D.C. Law 9–114; D.C. Code, sec. 36–1401 et seq.) or to otherwise implement or enforce any system of registration of unmarried, cohabiting couples (whether homosexual, heterosexual, or lesbian), including but not limited to registration for the purpose of extending employment, health, or governmental benefits to such couples on the same basis that such benefits are extended to legally married couples.

SEC. 131. The Superintendent of the District of Columbia Public Schools shall submit to the Congress, the Mayor, the District of Columbia Financial Responsibility and Management Assistance Authority, and the Council of the District of Columbia no later than 15 calendar days after the end of each quarter a report that sets forth—

(1) current quarter expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget, broken out on the basis of control center, responsibility center, agency reporting code, and object class, and for all funds, including capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and agency reporting code, and for all funding sources;

(3) a list of all active contracts in excess of $10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center, responsibility center, and agency reporting code; and contract identifying codes used by the District of Columbia Public Schools; payments made in the last quarter and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that are required to be, and have been, submitted to the Board of Education; and

(5) changes made in the last quarter to the organizational structure of the D.C. Public Schools, displaying previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

SEC. 132. (a) IN GENERAL.—The Superintendent of the District of Columbia Public Schools and the University of the District of Columbia shall annually compile an accurate and verifiable report on the positions and employees in the public school system and the university, respectively. The annual report shall set forth—

(1) the number of validated schedule A positions in the District of Columbia public schools and the University of the District of Columbia for fiscal year 1999, fiscal year 2000, and thereafter on full-time equivalent basis, including a compilation of all positions by control center, responsibility center, funding source, position type, position title, pay plan, grade, and annual salary; and

(2) a compilation of all employees in the District of Columbia public schools and the University of the District of Columbia as of the preceding December 31, verified as to its accuracy in accordance with the functions that each employee actually performs, by control center, responsibility center, agency reporting code, program (including funding source), activity, location for accounting purposes, job title, grade and classification, annual salary, and position control number.

(b) SUBMISSION.—The annual report required by subsection (a) of this section shall be submitted to the Congress, the Mayor, the District of Columbia Council, the Consensus Commission, and the Authority, not later than February 15 of each year.

SEC. 133. (a) No later than October 1, 1999, or within 30 calendar days after the date of the enactment of this Act, which ever occurs later, and each succeeding year, the Superintendent of the District of Columbia Public Schools and the University of the District of Columbia shall submit to the appropriate congressional committees, the Mayor, the District of Columbia Council, the Consensus Commission, and the District of Columbia Financial Responsibility and Management Assistance Authority, a revised appropriated funds operating budget for the public school system and the University of the District of

Columbia for such fiscal year that is in the total amount of the approved appropriation and that realigns budgeted data for personal services and other-than-personal services, respectively, with anticipated actual expenditures.

(b) The revised budget required by subsection (a) of this section shall be submitted in the format of the budget that the Superintendent of the District of Columbia Public Schools and the University of the District of Columbia submit to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia pursuant to section 442 of the District of Columbia Home Rule Act, Public Law 93–198, as amended (D.C. Code, sec. 47–301).

SEC. 134. The District of Columbia Financial Responsibility and Management Assistance Authority, acting on behalf of the District of Columbia Public Schools (DCPS) in formulating the DCPS budget, the Board of Trustees of the University of the District of Columbia, the Board of Library Trustees, and the Board of Governors of the University of the District of Columbia School of Law shall vote on and approve their respective annual or revised budgets before submission to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia in accordance with section 442 of the District of Columbia Home Rule Act, Public Law 93–198, as amended (D.C. Code, sec. 47–301), or before submitting their respective budgets directly to the Council.

CEILING ON TOTAL OPERATING EXPENSES

SEC. 135. (a) CEILING ON TOTAL OPERATING EXPENSES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the total amount appropriated in this Act for operating expenses for the District of Columbia for fiscal year 2000 under the caption ''Division of Expenses'' shall not exceed the lesser of—

(A) the sum of the total revenues of the District of Columbia for such fiscal year; or

(B) $5,522,779,000 (of which $152,753,000 shall be from intra-District funds and $3,117,254,000 shall be from local funds), which amount may be increased by the following:

(i) proceeds of one-time transactions, which are expended for emergency or unanticipated operating or capital needs approved by the District of Columbia Financial Responsibility and Management Assistance Authority; or

(ii) after notification to the Council, additional expenditures which the Chief Financial Officer of the District of Columbia certifies will produce additional revenues during such fiscal year at least equal to 200 percent of such additional expenditures, and that are approved by the Authority.

(2) ENFORCEMENT.—The Chief Financial Officer of the District of Columbia and the Authority shall take such steps as are necessary to assure that the District of Columbia meets the requirements of this section, including the apportioning by the Chief Financial Officer of the appropriations and funds made available to the District during fiscal year 2000, except that the Chief Financial Officer may not reprogram for operating expenses any funds derived from bonds, notes, or other obligations issued for capital projects.

(b) ACCEPTANCE AND USE OF GRANTS NOT INCLUDED IN CEILING.—

(1) IN GENERAL.—Notwithstanding subsection (a), the Mayor, in consultation with the Chief Financial Officer, during a control year, as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (Public Law 104–8; 109 Stat. 152), may accept, obligate, and expend Federal, private, and other grants received by the District government that are not reflected in the amounts appropriated in this Act.

(2) REQUIREMENT OF CHIEF FINANCIAL OFFICER REPORT AND AUTHORITY APPROVAL.—No such Federal, private, or other grant may be accepted, obligated, or expended pursuant to paragraph (1) until—

(A) the Chief Financial Officer of the District of Columbia submits to the Authority a report setting forth detailed information regarding such grant; and

(B) the Authority has reviewed and approved the acceptance, obligation, and expenditure of such grant in accordance with review and approval procedures consistent with the provisions of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

(3) PROHIBITION ON SPENDING IN ANTICIPATION OF APPROVAL OR RECEIPT.—No amount may be obligated or expended from the general fund or other funds of the District government in anticipation of the approval or receipt of a grant under paragraph (2)(B) of this subsection or in anticipation of the approval or receipt of a Federal, private, or other grant not subject to such paragraph.

(4) QUARTERLY REPORTS.—The Chief Financial Officer of the District of Columbia shall prepare a quarterly report setting forth detailed information regarding all Federal, private, and other grants subject to this subsection. Each such report shall be submitted to the Council of the District of Columbia, and to the Committees on Appropriations of the House of Representatives and the Senate, not later than 15 days after the end of the quarter covered by the report.

(c) REPORT ON EXPENDITURES BY FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.—Not later than 20 calendar days after the end of each fiscal quarter starting October 1, 1999, the Authority shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Government Reform of the House, and the Committee on Governmental Affairs of the Senate providing an itemized accounting of all non-appropriated funds obligated or expended by the Authority for the quarter. The report shall include information on the date, amount, purpose, and vendor name, and a description of the services or goods provided with respect to the expenditures of such funds.

(d) APPLICATION OF EXCESS REVENUES.—Local revenues collected in excess of amounts required to support appropriations in this Act for operating expenses for the District of Columbia for fiscal year 2000 under the caption ''Division of Expenses'' shall be applied first to a reserve account not to exceed $250,000,000 to be used to finance seasonal cash needs (in lieu of short-term borrowings); second to accelerate repayment of cash borrowed from the Water and Sewer Fund; and third to reduce the outstanding long-term bonded indebtedness.

SEC. 136. If a department or agency of the government of the District of Columbia is under the administration of a court-appointed receiver or other court-appointed official during fiscal year 2000 or any succeeding fiscal year, the receiver or official shall prepare and submit to the Mayor, for inclusion in the annual budget of the District of Columbia for the year, annual estimates of the expenditures and appropriations necessary for the maintenance and operation of the department or agency. All such estimates shall be forwarded by the Mayor to the Council, for its action pursuant to sections 446 and 603(c) of the District of Columbia Home Rule Act, without revision but subject to the Mayor's recommendations. Notwithstanding any provision of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 790; Public Law 93–198; D.C. Code, sec. 1–101 et seq.) the Council may comment or make recommendations concerning such annual estimates but shall have no authority under such Act to revise such estimates.

SEC. 137. The District of Columbia Financial Responsibility and Management Assistance Authority and the Superintendent of the District of Columbia Public Schools are hereby directed to report to the Appropriations Committees of the Senate and the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives not later than April 1, 2000, on all measures necessary and steps to be taken to ensure that the District's Public Schools open on time to begin the 2000–2001 academic year.

SEC. 138. (a) Notwithstanding any other provision of law, rule, or regulation, an employee of the District of Columbia public schools shall be—

(1) classified as an Educational Service employee;

(2) placed under the personnel authority of the Board of Education; and

(3) subject to all Board of Education rules.

(b) School-based personnel shall constitute a separate competitive area from nonschool-based personnel who shall not compete with school-based personnel for retention purposes.

RESTRICTIONS ON USE OF OFFICIAL VEHICLES

SEC. 139. (a) RESTRICTIONS ON USE OF OFFICIAL VEHICLES.—Except as otherwise provided in this section, none of the funds made available by this Act or by any other Act may be used to provide any officer or employee of the District of Columbia with an official vehicle unless the officer or employee uses the vehicle only in the performance of the officer's or employee's official duties. For purposes of this paragraph, the term ''official duties'' does not include travel between the officer's or employee's residence and workplace (except (1) in the case of an officer or employee of the Metropolitan Police Department who resides in the District of Columbia or is otherwise designated by the Chief of the Department; (2) at the discretion of the Fire Chief, an officer or employee of the D.C. Fire and Emergency Medical Services Department who resides in the District of Columbia and is on call 24 hours a day; (3) the Mayor of the District of Columbia; and (4) the Chairman of the Council of the District of Columbia).

(b) INVENTORY OF VEHICLES.—The Chief Financial Officer of the District of Columbia shall submit, by November 15, 1999, an inventory, as of September 30, 1999, of all vehicles owned, leased or operated by the District of Columbia government. The inventory shall include, but not be limited to, the department to which the vehicle is assigned; the year and make of the vehicle; the acquisition date and cost; the general condition of the vehicle; annual operating and maintenance costs; current mileage; and whether the vehicle is allowed to be taken home by a District officer or employee and if so, the officer or employee's title and resident location.

SEC. 140. (a) SOURCE OF PAYMENT FOR EMPLOYEES DETAILED WITHIN GOVERNMENT.—For purposes of determining the amount of funds expended by any entity within the District of Columbia government during fiscal year 2000 and each succeeding fiscal year, any expenditures of the District government attributable to any officer or employee of the District government who provides services which are within the authority and jurisdiction of the entity (including any portion of the compensation paid to the officer or employee attributable to the time spent in providing such services) shall be treated as expenditures made from the entity's budget, without regard to whether the officer or employee is assigned to the entity or otherwise treated as an officer or employee of the entity.

(b) MODIFICATION OF REDUCTION IN FORCE PROCEDURES.—The District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1–601.1 et seq.), as amended, is further amended in section 2408(a) by deleting ''1999'' and inserting, ''2000''; in subsection (b), by deleting ''1999'' and inserting ''2000''; in subsection (i), by deleting ''1999'' and inserting, ''2000''; and in subsection (k), by deleting ''1999'' and inserting, ''2000''.

SEC. 141. Notwithstanding any other provision of law, not later than 120 days after the date that a District of Columbia Public Schools [DCPS] student is referred for evaluation or assessment—

(1) the District of Columbia Board of Education (referred to in this section as the ''Board''), or its successor and DCPS shall assess or evaluate a student who may have a disability and who may require special education services; and

(2) if a student is classified as having a disability, as defined in section 101(a)(1) of the Individuals with Disabilities Education Act (84 Stat. 175; 20 U.S.C. 1401(a)(1)) or in section 7(8) of the Rehabilitation Act of 1973 (87 Stat. 359; 29 U.S.C. 706(8)), the Board and DCPS shall place that student in an appropriate program of special education services.

SEC. 142. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a–10c).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products to the greatest extent practicable.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each agency of the Federal or District of Columbia government shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a ''Made in America'' inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 143. None of the funds contained in this Act may be used for purposes of the annual independent audit of the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority) for fiscal year 2000 unless—

(1) the audit is conducted by the Inspector General of the District of Columbia pursuant to section 208(a)(4) of the District of Columbia Procurement Practices Act of 1985 (D.C. Code, sec. 1–1182.8(a)(4)); and

(2) the audit includes a comparison of audited actual year-end results with the revenues submitted in the budget document for such year and the appropriations enacted into law for such year.

SEC. 144. Nothing in this Act shall be construed to authorize any office, agency or entity to expend funds for programs or functions for which a reorganization plan is required but has not been approved by the District of Columbia Financial Responsibility and Management Assistance Authority. Appropriations made by this Act for such programs or functions are conditioned only on the approval by the Authority of the required reorganization plans.

SEC. 145. Notwithstanding any other provision of law, rule, or regulation, the evaluation process and instruments for evaluating District of Columbia Public School employees shall be a non-negotiable item for collective bargaining purposes.

SEC. 146. None of the funds contained in this Act may be used by the District of Columbia Corporation Counsel or any other officer or entity of the District government to provide assistance for any petition drive or civil action which seeks to require Congress to provide for voting representation in Congress for the District of Columbia.

SEC. 147. None of the funds contained in this Act may be used to transfer or confine inmates classified above the medium security level, as defined by the Federal Bureau of Prisons classification instrument, to the Northeast Ohio Correctional Center located in Youngstown, Ohio.

RESERVE

SEC. 148. Section 202(i) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (D.C. Code, sec. 47–392.1(i)), as added by section 155 of the District of Columbia Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–146) is amended to read as follows:

''(j) RESERVE.—

''(1) IN GENERAL.—Beginning with fiscal year 2000, the financial plans and budgets submitted pursuant to this Act shall contain $150,000,000 for a reserve to be established by the Chief Financial Officer of the District of Columbia and the Authority.

''(2) EXPENDITURE.—The reserve shall only be expended according to criteria established by the Chief Financial Officer and approved by the Authority and the Committees on Appropriations of the House of Representatives and Senate.''.

SEC. 149. (a) No later than November 1, 1999, or within 30 calendar days after the date of the enactment of this Act, whichever occurs later, the Chief Financial Officer of the District of Columbia shall submit to the appropriate committees of Congress, the Mayor, and the District of Columbia Financial Responsibility and Management Assistance Authority a revised appropriated funds operating budget for all agencies of the District of Columbia government for such fiscal year that is in the total amount of the approved appropriation and that realigns budgeted data for personal services and other-than-personal-services, respectively, with anticipated actual expenditures.

(b) The revised budget required by subsection (a) of this section shall be submitted in the format of the budget that the District of Columbia government submitted pursuant to section 442 of the District of Columbia Home Rule Act, Public Law 93–198, as amended (D.C. Code, sec. 47–301).

STERILE NEEDLES FUNDS RESTRICTION

SEC. 150. None of the Federal funds contained in this Act may be used for any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

SEC. 151. None of the Federal funds contained in this Act may be used to conduct any ballot initiative which seeks to legalize or otherwise reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substances Act (21 U.S.C. 802) or any tetrahydrocannabinols derivative.

MONITORING OF REAL PROPERTY LEASES

SEC. 152. (a) RESTRICTIONS.—None of the funds contained in this Act may be used to make rental payments under a lease for the use of real property by the District of Columbia government (including any independent agency of the District) unless—

(1) the lease and an abstract of the lease have been filed with the central office of the Deputy Mayor for Economic Development; and

(2)(A) the District of Columbia government occupies the property during the period of time covered by the rental payment; or

(B) within 60 days of enactment of this Act the Mayor certifies to Congress and the landlord that occupancy is impracticable and submits with the certification a plan to terminate or renegotiate the lease or rental agreement.

(b) UNOCCUPIED PROPERTY.—After 120 days from the date of enactment of this Act, none of the funds contained in this Act may be used to make rental payments for property described in subsection (a)(2)(B) of this section.

(c) SEMI-ANNUAL REPORTS BY MAYOR.—Not later than 20 days after the end of each six-month period that begins on October 1, 1999, the Mayor of the District of Columbia shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate listing the leases for the use of real property by the District of Columbia government that were in effect during the six-month period, and including for each such lease the location of the property, the name of any person with any ownership interest in the property, the rate of payment, the period of time covered by the lease, and the conditions under which the lease may be terminated.

NEW LEASES AND PURCHASES OF REAL PROPERTY

SEC. 153. None of the funds contained in this Act may be used to enter into a lease on or after the date of the enactment of this Act (or to make rental payments under such a lease) for the use of real property by the District of Columbia government (including any independent agency of the District) or to purchase real property for the use of the District of Columbia government (including any independent agency of the District) or to

manage real property for the use of the District of Columbia (including any independent agency of the District) unless—

(1) the Mayor certifies to the Committees on Appropriations of the House of Representatives and the Senate that existing real property available to the District (whether leased or owned by the District government) is not suitable for the purposes intended;

(2) notwithstanding any other provisions of law, there is made available for sale or lease all property of the District of Columbia which the Mayor from time to time determines is surplus to the needs of the District of Columbia;

(3) the Mayor implements a program for the periodic survey of all District property to determine if it is surplus to the needs of the District; and

(4) the Mayor within 60 days of the date of enactment of this Act has filed a report with the appropriations and authorizing committees of the House and Senate providing a comprehensive plan for the management of District of Columbia real property assets and is proceeding with the implementation of the plan.

CHARTER SCHOOL CONSTRUCTION AND REPAIR FUNDS

SEC. 154. Section 603(e)(2)(B) of the Student Loan Marketing Association Reorganization Act of 1996 (Public Law 104–208; 110 Stat. 3009–293) is amended by inserting ''and public charter'' after ''public''.

DISPOSAL OF EXCESS SCHOOL PROPERTY

SEC. 155. The Mayor, District of Columbia Financial Responsibility and Management Assistance Authority, and the Superintendent of Schools shall implement a process to dispose of excess public school real property within 90 days of the enactment of this Act.

SEC. 156. Section 2003 of the District of Columbia School Reform Act of 1995 (Public Law 104–134; D.C. Code, sec. 31–2851) is amended by striking ''during the period'' and ''and ending 5 years after such date.''

CHARTER SCHOOL SIBLING PREFERENCE

SEC. 157. Section 2206(c) of the District of Columbia School Reform Act of 1995 (Public Law 104–134; D.C. Code, sec. 31–2853.16(c)) is amended by adding at the end the following: '', except that a preference in admission may be given to an applicant who is a sibling of a student already attending or selected for admission to the public charter school in which the applicant is seeking enrollment.''

BUYOUTS AND OTHER MANAGEMENT REFORMS

(TRANSFER OF FUNDS)

SEC. 158. (a) TRANSFER OF FUNDS.—There is hereby transferred from the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter referred to as the ''Authority'') to the District of Columbia the sum of $20,000,000 for severance payments to individuals separated from employment during fiscal year 2000 (under such terms and conditions as the Mayor considers appropriate), expanded contracting authority of the Mayor, and the implementation of a system of managed competition among public and private providers of goods and services by and on behalf of the District of Columbia: *Provided*, That such funds shall be used only in accordance with a plan agreed to by the Council and the Mayor and approved by the Committees on Appropriations of the House of Representatives and the Senate.

(b) SOURCE OF FUNDS.—The amount transferred under subsection (a) shall be derived from interest earned on accounts held by the Authority on behalf of the District of Columbia.

FOURTEENTH STREET BRIDGE

SEC. 159. (a) IN GENERAL.—The District of Columbia Financial Responsibility and Management Assistance Authority (hereafter referred to as the ''Authority''), working with the Commonwealth of Virginia and the Director of the National Park Service, shall carry out a project to complete all design requirements and all requirements for compliance with the National Environmental Policy Act for the construction of expanded lane capacity for the Fourteenth Street Bridge.

(b) SOURCE OF FUNDS.—In carrying out the project under subsection (a), the Authority shall use funds contained in the escrow account held by the Authority pursuant to section 134 of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–552), for infrastructure needs of the District of Columbia, except that the amount used may not exceed $7,500,000.

ANACOSTIA RIVER ENVIRONMENTAL CLEANUP

(TRANSFER OF FUNDS)

SEC. 160. (a) IN GENERAL.—The Mayor of the District of Columbia shall carry out through the Army Corps of Engineers, an Anacostia River environmental cleanup program.

(b) SOURCE OF FUNDS.—There are hereby transferred to the Mayor from the escrow account held by the District of Columbia Financial Responsibility and Management Assistance Authority pursuant to section 134 of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–552), for infrastructure needs of the District of Columbia, $5,000,000.

CRIME VICTIMS COMPENSATION FUND

SEC. 161. (a) PROHIBITING PAYMENT OF ADMINISTRATIVE COSTS FROM FUND.—Section 16(e) of the Victims of Violent Crime Compensation Act of 1996 (D.C. Code, sec. 3–435(e)) is amended—

(1) by striking ''and administrative costs necessary to carry out this chapter''; and

(2) by striking the period at the end and inserting the following: '', and no monies in the Fund may be used for any other purpose.''.

(b) ANNUAL TRANSFER OF UNOBLIGATED BALANCES TO TREASURY.—Section 16 of such Act (D.C. Code, sec. 3–435) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

''(f) Any unobligated balance existing in the Fund as of the end of each fiscal year (beginning with fiscal year 2000) shall be transferred to the Treasury of the United States.''.

DUTIES OF CHIEF FINANCIAL OFFICERS TO FOLLOW ACT

SEC. 162. (a) CERTIFICATION.—None of the funds contained in this Act may be used after the expiration of the 60-day period that begins on the date of the enactment of this Act to pay the salary of any chief financial officer of any office of the District of Columbia government (including any independent agency of the District) who has not filed a certification with the Mayor and the Chief Financial Officer of the District of Columbia that the officer understands the duties and restrictions applicable to the officer and their agency as a result of this Act (and the amendments made by this Act).

SEC. 163. The proposed budget of the government of the District of Columbia for fiscal year 2001 that is submitted by the District to Congress shall specify potential adjustments that might become necessary in the event that the management savings achieved by the District during the year do not meet the level of management savings projected by the District under the proposed budget.

SEC. 164. In submitting any document showing the budget for an office of the District of Columbia government (including an independent agency of the District) that contains a category of activities labeled as ''other'', ''miscellaneous'', or a similar general, nondescriptive term, the document shall include a description of the types of activities covered in the category and a detailed breakdown of the amount allocated for each such activity.

CORPS OF ENGINEERS AUTHORIZATION TO PERFORM REPAIRS AND IMPROVEMENTS ON THE SOUTHWEST WATERFRONT

SEC. 165. In using the funds made available under this Act or any other Act for carrying out improvements to the Southwest Waterfront in the District of Columbia (including upgrading marina dock pilings and paving and restoring walkways in the marina and fish market areas) for the portions of Federal property in the Southwest quadrant of the District of Columbia within Lots 847 and 848, a portion of Lot 846, and the unassessed Federal real property adjacent to Lot 848 in Square 473, any entity of the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority or its designee) may place orders for engineering and construction and related services with the Chief of Engineers of the U.S. Army Corps of Engineers. The Chief of Engineers may accept such orders on a reimbursable basis and may provide any part of such services by contract. In providing such services, the Chief of Engineers shall follow the Federal Acquisition Regulations and the implementing Department of Defense regulations. This section shall apply to fiscal year 2000 and each fiscal year thereafter.

SEC. 166. It is the sense of Congress that the District of Columbia should not impose or take into consideration any height, square footage, set-back, or other construction or zoning requirements in authorizing the issuance of industrial revenue bonds for a project of the American National Red Cross at 2025 E Street Northwest, Washington, D.C., in as much as this project is subject to approval of the National Capital Planning Commission and the Commission of Fine Arts pursuant to section 11 of the joint resolution entitled ''Joint Resolution to grant authority for the erection of a permanent building for the American National Red Cross, District of Columbia Chapter, Washington, District of Columbia'', approved July 1, 1947 (Public Law 100–637; 36 U.S.C. 300108 note).

This title may be cited as the ''District of Columbia Appropriations Act, 2000''.

TITLE II—TAX REDUCTION

SEC. 201. COMMENDING REDUCTION OF TAXES BY DISTRICT OF COLUMBIA.

Congress commends the District of Columbia for its action to reduce taxes, and ratifies D.C. Act 13–111 (commonly known as the Service Improvement and Fiscal Year 2000 Budget Support Act of 1999).

SEC. 202. RULE OF CONSTRUCTION.

Nothing in this title may be construed to limit the ability of the Council of the District of Columbia to amend or repeal any provision of law described in this title.

Mr. ISTOOK. Mr. Chairman, I ask unanimous consent that the bill through page 66, line 13 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. Are there amendments to this portion of the bill?

AMENDMENT OFFERED BY MR. ISTOOK

Mr. ISTOOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ISTOOK:

Page 65, insert after line 24 the following:

SEX OFFENDER REGISTRATION

SEC. 167. (a) PERMITTING COURT SERVICES AND OFFENDER SUPERVISION AGENCY TO CARRY OUT SEX OFFENDER REGISTRATION.—Section 11233(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24–1233(c)) is amended by adding at the end the following new paragraph:

''(5) SEX OFFENDER REGISTRATION.—The Agency shall carry out sex offender registration functions in the District of Columbia, and shall have the authority to exercise all powers and functions relating to sex offender registration that are granted to the Agency under any District of Columbia law.''.

(b) AUTHORITY DURING TRANSITION TO FULL OPERATION OF AGENCY.—

(1) AUTHORITY OF PRETRIAL SERVICES, PAROLE, ADULT PROBATION AND OFFENDER SUPERVISION TRUSTEE.—Notwithstanding section 11232(b)(1) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24–1232(b)(1)), the Pretrial Services, Parole, Adult Probation and Offender Supervision Trustee appointed under section 11232(a) of such Act (hereafter referred to as the ''Trustee'') shall, in accordance with section 11232 of such Act, exercise the powers and functions of the Court Services and Offender Supervision Agency for the District of Columbia (hereafter referred to as the ''Agency'') relating to sex offender registration (as granted to the Agency under any District of Columbia law) only upon the Trustee's certification that the Trustee is able to assume such powers and functions.

(2) AUTHORITY OF METROPOLITAN POLICE DEPARTMENT.—During the period that begins on the date of the enactment of the Sex Offender Registration Emergency Act of 1999 and ends on the date the Trustee makes the certification described in paragraph (1), the Metropolitan Police Department of the District of Columbia shall have the authority to carry out any powers and functions relating to sex offender registration that are granted to the Agency or to the Trustee under any District of Columbia law.

Mr. ISTOOK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ISTOOK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is an amendment that we have received a request for from the District of Columbia, and in particular Linda Cropp, the council member who serves as the chairman of the city council.

Mr. Chairman, this is to permit the Federally run Office of Offender Supervision, the Court Services and Offender Service Agency, to administer the sex offender registration pursuant to local ordinance recently adopted by the District of Columbia City Council.

The City Council, on July 13, unanimously enacted their Sex Offender Registration Emergency Act of 1999 and the Sex Offender Registration Temporary Act of 1999. This establishes an effective sex offender registration and community notification system within the District.

Because the Federal agency, the Court Services and Offender Supervision Agency, is now involved with the supervision of persons on pretrial release, parole and probation, it is necessary that they be authorized to administer the sex offender registration program. This legislation permits them to do that. That also permits the District to come into compliance with Federal law requiring these registries to qualify for different Federal funding.

The community notification portion, I understand, will be conducted by officials of the District Government, whereas the registration portion will be conducted under this amendment by the Federal agency that is involved with those that are being supervised while they are free on pretrial release, probation, parole, and so forth.

Mr. Chairman, we have worked with the ranking member, and I understand we have the consent of the gentlewoman from the District of Columbia as well, and I believe this amendment should prompt no objection from anyone and urge it be adopted.

Mr. Chairman, I submit for the RECORD a letter and supporting documentation with regard to this particular issue:

COUNCIL OF THE DISTRICT OF COLUMBIA,
Washington, DC, July 27, 1999.

Re Federal legislation to effectuate D.C. sex offender registry.

Hon. ELEANOR HOLMES NORTON,
Longworth House Office Building,
Washington, DC.

DEAR CONGRESSWOMAN NORTON: We write to request that you attach the enclosed draft legislation to the next available vehicle in Congress which may present itself this week during the budget process.

At the Council's legislative session on July 13, 1999, we voted unanimously to enact the Sex Offender Registration Emergency Act of 1999 and the Sex Offender Registration Temporary Act of 1999. The purpose of this legislation was to establish an effective sex offender registration and community notification system in the District of Columbia and to bring the District into compliance with the Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act (42 U.S.C. 14071), which establishes national criteria for such programs. A copy of the emergency act is enclosed.

The Council vested the Metropolitan Police Department (''MPD'') with community notification duties regarding sex offenders. (See section 12 at pp. 10–11.) The Court Services and Offender Supervision Agency (''Agency''), established pursuant to section 11233 of the National Capital Revitalization and Self-Government Improvement Act of 1997, will be charged with the task of registering sex offenders in the District. (See sections 5, 8, 9 and 10.) The registration functions including obtaining the initial registration information of sex offenders and informing them of registration requirements, periodically verifying address information and other registration information, reporting changes in address, notifying other jurisdictions when sex offenders leave the District, entering information on D.C. offenders in the National Sex Offender Registry and providing information on sex offenders to the MPD. Since the Agency is already responsible for tracking and supervising released sex offenders under the Revitalization Act, it is efficient and cost-effective to have this entity perform registration functions.

The U.S. Attorney's Office has informed us that federal legislation, in the form enclosed, is needed to clarify the ability of the Agency to carry out its registration functions. In view of the sensitive nature of monitoring sex offenders, it is important that each affected governmental entity be clearly empowered to perform its functions and that the transition of registration duties from the MPD to the Agency be as seamless and prompt as possible.

Thank you for your assistance. Should you have any questions, we are available to discuss this matter with you at any time.

Sincerely,

LINDA W. CROPP,
Chairman.

HAROLD BRAZIL,
Chairman, Judiciary Committee.

Enclosures: Draft federal legislation; Sex Offender Registration Emergency Act of 1999.

SEC. . SEX OFFENDER REGISTRATION.

(a) OFFENDER SUPERVISION AGENCY.—Section 11233(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997 is amended by adding at the end the following:

''(5) SEX OFFENDER REGISTRATION.—The Agency shall carry out sex offender registration functions in the District of Columbia, and shall have the authority to exercise all powers and functions authorized for the Agency by any District of Columbia law relating to sex offender registration.''.

(b) OFFENDER SUPERVISION TRUSTEE.—(1) As used in this subsection—

(A) ''Act'' means the Sex Offender Registration Emergency Act of 1999;

(B) ''Agency'' means the Court Services and Offender Supervision Agency for the District of Columbia; and

(C) ''Trustee'' means the Trustee appointed under section 11232(a) of the National Capital Revitalization and Self-Government Improvement Act of 1997.

(2) The Trustee shall have the authority to exercise all powers and functions authorized for the Agency or the Trustee by the Act or by any other District of Columbia law relating to sex offender registration, effective immediately upon the Trustee's certification that the Trustee is able to assume these powers and functions. Pending a certification by the Trustee under this paragraph, the Metropolitan Police Department shall continue to have the authority to carry out

any functions assigned to the Agency or Trustee under the Act or other District of Columbia law relating to sex offender registration.

EXPLANATION

The District of Columbia government has recently approved emergency legislation—the Sex Offender Registration Emergency Act of 1999—which assigns sex offender registration functions (other than community notification functions) to the Court Services and Offender Supervision Agency for the District of Columbia. This section validates this assignment of responsibility, and ensures an uninterrupted transition of sex offender registration functions from the D.C. Metropolitan Police Department to the Offender Supervision Agency. The enactment of this section is necessary to implement an effective sex offender registration program in the District and to enable the District to comply with the federal law standards for such programs.

The Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act (42 U.S.C. 14071) establishes minimum national standards for state sex offender registration and notification programs. *See* 42 U.S.C. 14071 (Wetterling Act); 64 FR 572–87, 3590 (Wetterling Act guidelines). At the present time, all 50 states and the District of Columbia have established sex offender registration programs, and are attempting to bring their programs into compliance with the Wetterling Act standards. States (including D.C.) which fail to comply with the Wetterling Act standards within the applicable statutory time frames are subject to a mandatory 10% reduction of federal Byrne Grant funding—a reduction that would cost D.C. about $200,000 a year at current funding levels.

The sex offender registration provisions initially enacted in the District of Columbia (D.C. Code §§24–1101 through 1117) did not achieve full compliance with the Wetterling Act standards, and have proven to be largely dysfunctional, for a number of reasons: (1) The D.C. registration provisions did not reflect new requirements that Congress added to the Wetterling Act in relatively recent amendments—for example, expanded lifetime registration requirements for the most violent and recidivistic sex offenders, and provisions promoting the registration of sex offenders in states where they work or attend school as well as states of residence. (2) The D.C. registration provisions could not operate as intended because they predated the reforms of the National Capital Revitalization and Self-Government Improvement Act of 1997. For example, the D.C. provisions directed the D.C. Department of Corrections to obtain registration information from incarcerated sex offenders and to advise them of registration obligations at the time of release—but this assignment of responsibility will not work in the future because all incarcerated D.C. felons will be transferred to federal Bureau of Prisons facilities under the Revitalization Act's reforms. (3) Experience has shown other problems with the original D.C. provisions. For example, the original D.C. system relied on a volunteer Advisory Council for risk assessments of sex offenders as the basis for registration and notification requirements. Since the Advisory Council has been totally dysfunctional as a practical matter, there is currently no community notification regarding registered sex offenders in D.C., notwithstanding the Wetterling Act's community notification requirements and the establishment of community notification programs in most states.

The D.C. government has accordingly approved, in the form of emergency legislation, a new act (the ''Sex Offender Registration Emergency Act of 1999'') which will enable the District to implement an effective sex offender registration and notification program and achieve compliance with the federal Wetterling Act standards for such programs. Under the new D.C. legislation, the Metropolitan Police Department will be responsible for the community notification aspects of the program. Other sex offender registration functions will be the responsibility of the Court Services and Offender Supervision Agency for the District of Columbia (hereafter, the ''Agency'')—the entity established by the D.C. Revitalization Act to handle adult offender post-conviction supervision in the District. Pursuant to §§11232–33 of the Revitalization Act, the Agency will formally assume its duties as a federal executive agency at the end of a transitional period, and currently operates as an independent Trusteeship.

Since the Agency is responsible in any event for tracking and oversight of released sex offenders in the District as part of its supervision responsibilities, it is sensible and efficient to vest responsibility for sex offender registration functions in the same agency. The contemplated functions of the Agency under the new D.C. legislation include (inter alia) obtaining the initial registration information on sex offenders and informing them of registration requirements, periodically verifying address information and other registration information; adopting procedures for reporting of change of address or other changes in registration information by sex offenders; notifying registration authorities in other jurisdictions when sex offenders leave D.C.; maintaining and operating the sex offender registry for D.C.; entering information on D.C. sex offenders in the National Sex Offender Registry; and providing information on sex offenders to the Metropolitan Police Department and other law enforcement and governmental agencies as appropriate.

Because of the federal character of the Agency, complementary federal legislation is needed for the Agency to actually assume this role. The new D.C. sex offender registration legislation (the Sex Offender Registration Emergency Act of 1999) recognizes this need, providing in §18 that the Metropolitan Police Department shall have the authority to carry out the Agency's functions under the act, ''[p]ending the enactment of a federal law that authorizes the Agency to carry out sex offender registration functions in the District of Columbia.''

The proposal in this section provides the necessary federal legislation. Subsection (a) in the section amends the specification of permanent functions of the Agency in §11233(c) of the Revitalization Act to include carrying out sex offender registration functions in D.C., and provides for the Agency's exercise of all powers and functions authorized for the Agency by the D.C. sex offender registration laws.

Subsection (b) in the section addresses more immediate transitional issues. The Agency in its current form is the office of the Trustee established by section 11232 of the Revitalization Act. Subsection (b) provides, in part, that the Trustee shall have the authority to exercise all powers and functions authorized for the Agency or the Trustee by the D.C. emergency legislation or any other D.C. law relating to sex offender registration. as indicated above, this includes (under the emergency legislation) such measures as adopting and implementing requirements and procedures for obtaining, periodically verifying, and keeping current sex offender registration information; maintaining the sex offender registry for the District of Columbia; participating in the National Sex Offender Registry on behalf of the District; and providing information on sex offenders to the Metropolitan Police Department and other law enforcement and governmental agencies. The subsection refers to other D.C. laws relating to sex offender registration, as well as to the current emergency legislation, because the emergency legislation lapses after 90 days, and will be succeeded by temporary and permanent D.C. sex offender registration acts of similar character that the Trustee will need to implement.

Since any gap between the end of the Metropolitan Police Department's exercise of these functions and the start of the Trustee's exercise of these functions could bring about an abrupt cessation of all sex offender registration in the District, it is important to ensure a seamless transition that will result in no interruption of sex offender registration. Subsection (b) accordingly provides that the transition of functions will occur when the Trustee certifies that the Trustee is able to assume the pertinent powers and functions. This will enable the Trustee to make necessary institutional arrangements prior to the transition, such as training of personnel in sex offender registration requirements and procedures. Upon the Trustee's certification, the Trustee will be authorized to immediately exercise these powers and functions. Pending the Trustee's certification, the Metropolitan Police Department will retain the authority to carry out all functions relating to sex offender registration.

Mr. MORAN of Virginia. Mr. Chairman, I rise in support of the amendment, and would simply say that we are happy that it is in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was agreed to.

AMENDMENT NO. 1 OFFERED BY MR. TIAHRT

Mr. TIAHRT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 printed in House Report 106–263 offered by Mr. TIAHRT:

On page 56 strike lines 18 through 22 and insert in lieu, thereof the following:

STERILE NEEDLES FUNDS RESTRICTION

SEC. 150. None of the funds contained in this Act may be used for any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug, or for any payment to any individual or entity who carries out any such program.

The CHAIRMAN. Pursuant to House Resolution 260, the gentleman from Kansas (Mr. TIAHRT), and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman Kansas (Mr. TIAHRT).

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my amendment, if passed, will retain current law, which says simply that we will not use public

funds or tax dollars to provide needles for injection drug abusers to inject illegal drugs into their veins. In other words, our taxes will not be spent to enable injection drug abusers to continue a destructive behavior.

Mr. Chairman, that was the will of the House last year, it was passed by the Senate, and it was signed by the President. The President's appointed drug czar, General Barry McCaffrey, supports this language, which publicly opposes publicly funded needle exchange programs. Let me give the highlights of his letter to me, which is shown on this chart here.

He says basically that the public health risks outweigh the benefits; that in needle exchange programs treatment should be our priority; that this sends the wrong message; and that this places disadvantaged neighborhoods at a greater risk.

These are very good reasons why public funds should not be used to enable people to continue their destructive behavior. As General McCaffrey also says in his letter, science is uncertain. The supporters of needle exchange programs cite successful studies. I have read many of these studies and they are very inconclusive. For example, the study that supports the Baltimore needle exchange program simply measures the amount of returned needles that are positive with HIV. It does not account for those needles which are not returned, it does not account for those needles which are shared by drug abusers, but it does say that the needle exchange program is a success.

The needle exchange program is not a success, Mr. Chairman. As the Associated Press reported on July 5, this year, the Johns Hopkins University School of Public Health found in their study that in Baltimore, after 5 years of a needle exchange program, that 9 out of 10 needle-using addicts are infected with Hepatitis C, a blood-borne virus transmitted by needles. Nine out of 10 are infected with the deadly virus. If this is a success, then how do we define failure?

There have been more complete long-term studies in Montreal and Vancouver. These studies of needle exchange programs, which have been going on for more than a decade, reveal that the death rate among illegal drug users has skyrocketed; that injection drug abusers are twice as likely to become HIV positive if they are involved in a needle exchange program than if they were not involved in the program. They also say the crime rate around the needle exchange program increases.

There has been a lot of confusing information around. For example, there is a letter by Surgeon General C. Everett Koop saying he supports the needle program. He does say it is not a panacea for all settings, but there was a conversation between the gentleman from Oklahoma (Mr. COBURN), who is also a physician; and I would like the gentleman from Oklahoma to discuss with my colleagues his conversation with C. Everett Koop of just yesterday.

[From the Policy Review, July-August, 1998]

KILLING THEM SOFTLY

(By Joe Loconte)

The Clinton administration says giving clean needles to drug users will slow the spread of AIDS and save lives. But former addicts—and the specialists who treat them—say their greatest threats come from the soul-destroying culture of addiction.

In a midrise office building on Manhattan's West 37th Street, about two blocks south of the Port Authority bus terminal, sits the Positive Health Project, one of 11 needle-exchange outlets in New York City. This particular neighborhood, dotted by X-rated video stores, peep shows, and a grimy hot dog stand, could probably tolerate some positive health. But it's not clear that's what the program's patrons are getting.

The clients are intravenous (IV) drug users. They swap their used needles for clean ones and, it is hoped, avoid the AIDS virus, at least until their next visit. There's no charge, no hassles, no meddlesome questions. That's just the way Walter, a veteran heroin user, likes it.

''Just put me on an island and don't mess with me,'' he says, lighting up a cigarette.

A tall, thinnish man, Walter seems weary for his 40-some years. Like many of the estimated 250,000 IV drug users in this city, he has spent years shooting up and has bounced in and out of detoxification programs. ''Don't get the idea in your mind you're going to control it,'' he says. ''I thought I could control it. But dope's a different thing. You just want it.'' Can he imagine his life without drugs? ''I'm past that,'' he says, his face tightening. ''The only good thing I do is getting high.

HEROIN FIRST, THEN BREATHING

Supporters of needle-exchange programs (NEPs), from AIDS activists to Secretary of Health and Human Services Donna Shalala, seem to have reached the same verdict on Walter's life. They take his drug addiction as a given, but want to keep him free of HIV by making sure he isn't borrowing dirty syringes. Says Shalala, ''This is another life-saving intervention.'' That message is gaining currency, thanks in part to at least 112 programs in 29 states, distributing millions of syringes each year.

Critics say free needles just make it easier for addicts to go about their business: abusing drugs. Ronn Constable, a Brooklynite who used heroin and cocaine for nearly 20 years, says he would have welcomed the needle-exchange program—for saving him money. ''An addict doesn't want to spend a dollar on anything else but his drugs,'' he says.

Do needle exchanges, then, save lives or fuel addiction?

The issue flared up earlier this year when Shalala indicated the Clinton Administration would lift the ban on federal funding. Barry McCaffrey, the national drug policy chief, denounced the move, saying it would sanction drug use. Fearing a political debacle, the White House upheld the federal ban but continues to trumpet the effectiveness of NEPs. Meanwhile, Representative Gerald Solomon and Senator Paul Coverdell are pushing legislation in Congress to extend the prohibition indefinitely.

There is more than politics at work here. The debate reveals a deepening philosophical rift between the medical and moral approaches to coping with social ills.

Joined by much of the scientific community, the Clinton administration has tacitly embraced a profoundly misguided notion: that we must not confront drug abusers on moral or religious grounds. Instead, we should use medical interventions to minimize the harm their behavior invites. Directors of needle-exchange outlets pride themselves on running ''nonjudgmental'' programs. While insisting they do not encourage illegal drug use, suppliers distribute ''safe crack kits'' explaining the best ways to inject crack cocaine. Willie Easterlins, an outreach worker at a needle-stocked van in Brooklyn, sums up the philosophy this way: ''I have to give you a needle. I can't judge,'' he says. ''That's the first thing they teach us.''

This approach, however well intentioned, ignores the soul-controlling darkness of addiction and the moral freefall that sustains it. ''When addicts talk about enslavement, they're not exaggerating,'' says Terry Horton, the medical director of Phoenix House, one of the nation's largest residential treatment centers. ''It is their first and foremost priority. Heroin first, then breathing, then food.''

It is true that needle-sharing among IV drug users is a major source of HIV transmission, and that the incidence of HIV is rising most rapidly among this group—a population of more than a million people. Last year, about 30 percent of all new HIV infections were linked to IV drug use. The Clinton administration is correct to call this a major public-health risk.

Nevertheless, NEP advocates seem steeped in denial about the behavioral roots of the crisis, conduct left unchallenged by easy access to clean syringes. Most IV drug users, in fact, die not from HIV-tainted needles but from other health problems, overdoses, or homicide. By evading issues of personal responsibility, the White House and its NEP allies are neglecting the most effective help for drug abusers; enrollment in tough-minded treatment programs enforced by drug courts. Moreover, in the name of ''saving lives,'' they seem prepared to surrender countless addicts to life on the margins—an existence of scheming, scamming, disease, and premature death.

CURIOUS SCIENCE

Over the last decade, NEPs have secured funding from local departments of public health to establish outlets in 71 cities. But that may be as far as their political argument will take them: Federal law prohibits federal money from flowing to the programs until it can be proved they prevent AIDS without encouraging drug use.

It's no surprise, then, that advocates are trying to enlist science as an ally. They claim that numerous studies of NEPs prove they are effective. Says Sandra Thurman, the director of the Office of National AIDS Policy, ''There is very little doubt that these programs reduce HIV transmission.'' In arguing for federal funding, a White House panel on AIDS recently cited ''clear scientific evidence of the efficacy of such programs.''

The studies, though suggestive, prove no such thing. Activists tout the results of a New Haven study, published in the American Journal of Medicine, saying the program reduces HIV among participants by a third. Not exactly. Researchers tested needles from anonymous users—not the addicts themselves—to see if they contained HIV. They never measured ''seroconversion rates,'' the portion of participants who became HIV

positive during the study. Even Peter Lurie, a University of Michigan researcher and avid NEP advocate, admits that ''the validity of testing of syringes is limited.'' A likely explanation for the decreased presence of HIV in syringes, according to scientists, is sampling error.

Another significant report was published in 1993 by the University of California and funded by the U.S. Centers for Disease Control. A panel reviewed 21 studies on the impact of NEPs on HIV infection rates. But the best the authors could say for the programs was that none showed a higher prevalence of HIV among program clients.

Even those results don't mean much. Panel members rated the scientific quality of the studies on a five-point scale: one meant ''not valid,'' three ''acceptable,'' and five ''excellent.'' Only two of the studies earned ratings of three or higher. Of those, neither showed a reduction in HIV levels. No wonder the authors concluded that the data simply do not, and for methodological reasons probably cannot, provide clear evidence that needle exchanges decrease HIV infection rates.

THE MISSING LINK

The most extensive review of needle-exchange studies was commissioned in 1993 by the U.S. Department of Health and Human Services (HHS), which directed the National Academy of Sciences (NAS) to oversee the project. Their report, ''Preventing HIV Transmission: The Role of Sterile Needles and Bleach,'' was issued in 1995 and set off a political firestorm.

''Well-implemented needle-exchange programs can be effective in preventing the spread of HIV and do not increase the use of illegal drugs,'' a 15-member panel concluded. It recommended lifting the ban on federal funding for NEPs, along with laws against possession of injection paraphernalia. The NAS report has emerged as the bible for true believers of needle exchange.

It is not likely to stand the test of time. A truly scientific trial testing the ability of NEPs to reduce needle-sharing and HIV transmission would set up two similar, randomly selected populations of drug users. One group would be given access to free needles, the other would not. Researchers would follow them for at least a year, taking periodic blood tests.

None of the studies reviewed by NAS researchers, however, were designed in this way. Their methodological problems are legion: Sample sizes are often too small to be statistically meaningful. Participants are self-selected, so that the more health-conscious could be skewing the results. As many as 60 percent of study participants drop out. And researchers rely on self-reporting, a notoriously untrustworthy tool.

''Nobody has done the basic science yet,'' says David Murray, the research director of the Statistical Assessment Service, a watchdog group in Washington, D.C. ''If this were the FDA applying the standard for a new drug, they would [block] it right there.''

The NAS panel admitted its conclusions were not based on reviews of well-designed trials. Such studies, the authors agreed, simply do not exist. Not to worry, they said: ''The limitations of individual studies do not necessarily preclude us from being able to reach scientifically valid conclusions.'' When all of the studies are considered together, they argued, the results are compelling.

''That's like tossing a bunch of broken Christmas ornaments in a box and claiming you have something nice and new and usable,'' Murray says. ''What you have is a lot of broken ornaments.'' Two of the three physicians on the NAS panel, Lawrence Brown and Herbert Kleber, agree. They deny their report established anything like a scientific link between lower HIV rates and needle exchanges. ''The existing data is flawed,'' says Kleber, executive vice president for medical research at Columbia University. ''NEPs may, in theory, be effective, but the data doesn't prove that they are.''

Some needle-exchange advocates acknowledge the dearth of hard science. Don Des Jarlais, a researcher at New York's Beth Israel Medical Center, writes in a 1996 report that ''there has been no direct evidence that participation is associated with a lower risk'' of HIV infection. Lurie, writing in the American Journal of Epidemiology, says that ''no one study, on its own, should be used to declare the programs effective.'' Nevertheless, supporters insist, the ''pattern of evidence'' is sufficient to march ahead with the programs.

MIXED RESULTS

That argument might make sense if all the best studies created a happy, coherent picture. They don't. In fact, more-recent and better-controlled studies cast serious doubt on the ability of NEPs to reduce HIV infection.

In 1996, Vancouver researchers followed 1,006 intravenous cocaine and heroin users who visited needles exchanges, conducting periodic blood tests and interviews. The results, published in the British research journal AIDS, were not encouraging: About 40 percent of the test group reported borrowing a used needle in the preceding six months. Worse, after only eight months, 18.6 percent of those initially HIV negative became infected with the virus.

Dr. Steffanie Strathdee, of the British Columbia Centre for Excellence in HIV/AIDS, was the report's lead researcher. She found it ''particularly disturbing'' that needle-sharing among program participants, despite access to clean syringes, is common. Though an NEP advocate, Strathdee concedes that the high HIV rates are ''alarming.'' Shepherd Smith, founder of Americans for a Sound AIDS/HIV Policy, says that compared to similar drug-using populations in the United States, the Vancouver results are ''disastrous.''

Though it boasts the largest needle-exchange program in North America, Vancouver is straining under an AIDS epidemic. When its NEP began in 1988, HIV prevalence among IV drug users was less than 2 percent. Today it's about 23 percent, despite a citywide program that dispenses 2.5 million needles a year.

A 1997 Montreal study is even more troubling. It showed that addicts who used needle exchanges were more than twice as likely to become infected with HIV as those who didn't. Published in the American Journal of Epidemiology, the report found that 33 percent of NEP users and 13 percent of nonusers became infected during the study period. Moreover, about three out of four program clients continued to share needles, roughly the same rate as nonparticipants.

The results are hard to dismiss. The report, though it did not rely on truly random selection, is the most sophisticated attempt so far to overcome the weaknesses of previous NEP studies. Researchers worked with a statistically significant sample (about 1,500), established test groups with better controls and lower dropout rates, and took greater care to account for ''confounding variables.'' They followed each participant for an average of 21 months, taking blood samples every six months.

Blood samples don't lie. Attending an NEP was ''a strong predictor'' of the risk of contracting HIV, according to Julie Bruneau of the University of Montreal, the lead researcher. Bruneau's team then issued a warning: ''We believe caution is warranted before accepting NEPs as uniformly beneficial in any setting.''

The findings have sent supporters into a frenzy, with many fretting about their impact on public funding. ''While it was important that the study be published,'' Peter Lurie complained to one magazine, ''whether that information outweighs the political costs is another matter.'' In a bizarre New York Times op-ed, Bruneau recently disavowed some of her own conclusions. She said the results could be explained by higher-risk behavior engaged in by program users, a claim anticipated and rejected by her own report.

And that objection lands NEP supporters on the horns of a dilemma: Any control weaknesses in the Canadian reports are also present in the pro-exchange studies. ''You can't have it both ways,'' Kleber says. ''You can't explain away Montreal and Vancouver without applying the same scientific measures to the studies you feel are on your side.''

Defending an expansion of the programs, AIDS policy czar Thurman says, ''We need to let science drive the issue of needle exchange.'' The best that can be said for the evidence so far is that it doesn't tell us much. Without better-controlled studies, science cannot be hauled out as a witness for either side of the debate.

DEATH-DEFYING LOGIC

Critics of needle exchanges are forced to admit there's a certain logic to the concept, at least in theory: Give enough clean needles to an IV drug user and he won't bum contaminated ''spikes'' when he wants a fix.

But ex-addicts themselves, and the medical specialists who treat them, say it isn't that simple. ''People think that everybody in shooting galleries worries about AIDS or syphilis or crack-addicted babies. That's the least of people's worries,'' says Jean Scott, the director of adult programs at Phoenix House in Manhattan. ''While they're using, all they can think about is continuing to use and where they're going to get their next high.''

Indeed, the NEP crowd mistakenly assumes that most addicts worry about getting AIDS. Most probably don't: The psychology and physiology of addiction usually do not allow them the luxury. ''Once they start pumping their system with drugs, judgment disappears. Memory disappears. Nutrition disappears. The ability to evaluate their life needs disappears,'' says Eric Voth, the chairman of the International Drug Strategy Institute and one of the nation's leading addiction specialists. ''What makes anybody think they'll make clean needles a priority?''

Ronn Constable, now a program director at Teen Challenge International in New York, says his addiction consumed him 24 hours a day, seven days a week. Addicts call it ''chasing the bag'': shooting up, feeling the high, and planning the next hit before withdrawal. ''For severe addicts, that's all they do,'' Constable says. ''Their whole life is just scheming to get their next dollar to get their next bundle of dope.''

Ernesto Margaro fed his heroin habit for seven years, at times going through 40 bags—or $400—a day. He recalls walking up to a notorious drug den in the Bedford-Stuyvestant section of Brooklyn with a few of his friends. A man stumbled out onto the sidewalk and collapsed. They figured he was dying.

Margaro opened a fire hydrant on him. ''When he finally came to, the first thing we asked him was where he got that dope from,'' he says. ''We needed to know, because if it made him feel like that, we were going to take just a little bit less than he did.''

This is typical of the hard-core user: The newest, most potent batch of heroin on the streets, the one causing the most deaths, is in greatest demand. ''They run around trying to find out who the dead person copped from,'' says Scott, a drug-treatment specialist with 30 years' experience. ''The more deaths you have, the more popular the heroin is. That's the mentality of the addict.''

NEEDLE ENTREPRENEURS

Some younger addicts may at first be fearful of the AIDS virus, though that concern probably melts away as they continue to shoot up. But the hard-core abusers live in a state of deep denial. ''I had them dying next to me,'' Constable says. ''One of my closest buddies withered away. I never thought about it.''

Needle-exchange programs are doing brisk business all over the country: San Diego, Seattle, Denver, Baltimore, Boston, and beyond. San Francisco alone hands out 2.2 million needles a year. If most addicts really aren't worried about HIV, then why do they come?

In most states, it is difficult to buy drug paraphernalia without a prescription. That makes it hard, some claim, to find syringes. But drug users can get them easily enough on the streets. The main reason they go to NEPs, it seems, is that the outlets are a free source of needles, cookers, cotton, and bleach. They're also convenient. They are run from storefronts or out of vans, and they operate several days a week at regular hours.

And they are hassle-free. Users are issued ID cards that entitle them to carry drug paraphernalia wherever they go. Police are asked to keep their distance lest they scare off clients.

Most programs require that users swap their old needles for new equipment, but people aren't denied if they ''forget'' to bring in the goods. And most are not rigid one-for-one exchanges. Jose Castellar works an NEP van at the corner of South Fifth Street and Marcy Avenue in Brooklyn. On a recent Thursday afternoon, a man walked up and mechanically dropped off 18 syringes in a lunch sack. Castellar recognized him as a regular, and gave him back 28—standard procedure. ''It's sort of like an incentive,'' he explains.

It's the ''incentive'' part of the program that many critics find so objectionable. An apparently common strategy of NEP clients is to keep a handful of needles for themselves and sell the rest. Says Margaro, ''They give you five needles. That's $2 a needle, that's $10. That's your next fix. That's all you're worried about.''

It may also explain why many addicts who know they are HIV positive—older users such as Walter—still visit NEPs. Nobody knows how many there are, because no exchanges require blood tests. In New York, health officials say that perhaps half of the older IV addicts on the streets are infected.

Defenders admit the system is probably being abused. ''An addict is an addict. He's going to do what he needs to maintain his habit,'' says Easterlins, who works a van for ADAPT, one of New York City's largest needle-exchange programs. Naomi Fatt, ADAPT's executive director, is a little more coy. ''We don't knowingly participate'' in the black market for drug paraphernalia, she says. And if NEP clients are simply selling their syringes to other drug users? ''We don't personally care how they get their sterile needles. If that's the only way they can save their lives is to get these needles on the streets, is that really so awful?''

NAME YOUR POISON

In the debate over federal funding for NEPs, herein lies their siren song: Clean needles save lives. But there just isn't much evidence, scientific or otherwise, that free drug paraphernalia is protecting users.

The reason is drug addiction. Addicts attending NEPs continue to swap needles and engage in risky sexual behavior. All the studies that claim otherwise are based on self-reporting, an unreliable gauge.

By not talking much about drug abuse, NEP activists effectively sidestep the desperation created by addiction. When drug users run out of money for their habit, for example, they often turn to prostitution—no matter how many clean needles are in the cupboard. And the most common way of contracting HIV is, of course, sexual intercourse. ''Sex is a currency in the drug world,'' says Horton of Phoenix House. ''It is a major mode of HIV infection. And you don't address that with needle exchange.''

At least a third of the women in treatment at the Brooklyn Teen Challenge had been lured into prostitution. About 15 percent of the female clients in Manhattan's Phoenix House contracted HIV by exchanging sex for drugs. In trying to explain the high HIV rates in Vancouver, researchers admitted ''it may be that sexual transmission plays an important role.''

Kleber, a psychiatrist and a leading addiction specialist, has been treating drug abusers for 30 years. He says NEPs, even those that offer education and health services, aren't likely to become beacons of behavior modification. ''Addiction erodes your ability to change your behavior,'' he says. ''And NEPs have no track record of changing risky sexual behavior.''

Or discouraging other reckless choices, for that matter. James Curtis, the director of addiction services at the Harlem Hospital Center, says addicts are not careful about cleanliness and personal hygiene, so they often develop serious infections, such as septicemia, around injection areas. ''It is false, misleading, and unethical,'' he says, ''to give addicts the idea that they can be intravenous drug abusers without suffering serious self-injury.''

A recent University of Pennsylvania study followed 415 IV drug users in Philadelphia over four years. Twenty-eight died during the study. Only five died from causes associated with HIV. Most died for other reasons: overdoses, homicide, heart disease, kidney failure, liver disease, and suicide. Writing in the New England Journal of Medicine, medical professors George Woody and David Metzger said that compared to the risk of HIV infection, the threat of death to drug abusers from other causes is ''more imminent.''

That proved tragically correct for John Watters and Brian Weil, two prominent founders of needle exchanges who died of apparent heroin overdoses. Indeed, deaths from drug dependence in cities with active needle programs have been on an upward trajectory for years. In New York City hospitals, the number has jumped from 413 in 1990 to 909 in 1996.

GOOD AND READY?

Keeping drug users free of AIDS is a noble—but narrow—goal. Surely the best hope of keeping them alive is to get them off drugs and into treatment. Research from the National Institute for Drug Abuse (NIDA) shows that untreated opiate addicts die at a rate seven to eight times higher than similar patients in methadone-based treatment programs.

Needle suppliers claim they introduce addicts to rehab services, and Shalala wants local officials to include treatment referral in any new needle-exchange programs. But program staffers are not instructed to confront addicts about their drug habit. The assumption: Unless drug abusers are ready to quit on their own, it won't work.

This explains why NEP advocates smoothly assert they support drug treatment, yet gladly supply users with all the drug-injection equipment they need. ''The idea that they will choose on their own when they're ready is nonsense,'' says Voth, who says he's treated perhaps 5,000 abusers of cocaine, heroin, and crack. ''Judgment is one of the things that disappears with addiction. The worst addicts are the ones least likely to stumble into sobriety and treatment.''

According to health officials, most addicts do not seek treatment voluntarily, but enter through the criminal-justice system. Even those who volunteer do so because of intense pressure from spouses or employers or raw physical pain from deteriorating health. In other words, they begin to confront some of the unpleasant consequences of their drug habit.

''The only way a drug addict is going to consider stopping is by experiencing pain,'' says Robert Dupont, a clinical professor of psychiatry at Georgetown University Medical School. ''Pain is what helps to break their delusion,'' says David Batty, the director of Teen Challenge in Brooklyn. ''The faster they realize they're on a dead-end street, the faster they see the need to change.''

JUSTICE FOR JUNKIES

Better law enforcement, linked to drug courts and alternative sentencing for offenders, could be the best way to help them see the road signs up ahead. ''It is common for an addict to say that jail saved his life,'' says Dr. Janet Lapey, the president of Drug Watch International. ''Not until the drugs are out of his system does he usually think clearly enough to see the harm drugs are causing.''

The key is to use the threat of jail time to prod offenders into long-term treatment. More judges seem ready to do so, and it's not hard to see why: In 1971, about 15 percent of all crime in New York was connected to drug use, according to law enforcement officials. Today it's about 85 percent.

''There has been an enormous increase in drug-related crime because the only response of society has been a jail cell,'' says Brooklyn district attorney Charles Hynes. ''But it is morally and fiscally irresponsible to warehouse nonviolent drug addicts.'' Since 1990, Hynes has helped reshape the city's drug-court system to offer nonviolent addicts a choice: two to four years in prison or a shot at rehabilitation and job training.

Many treatment specialists believe drug therapies will fail unless they're backed up with punishment and other pressures. Addicts need ''socially imposed consequences'' at the earliest possible stage—and the simplest way is through the criminal-justice system, says Dupont, a former director of NIDA. Sally Satel, a psychiatrist specializing in addiction, says ''coercion can be the clinician's best friend.''

That may not be true of all addicts, but it took stiff medicine to finally get the attention of Canzada Edmonds, a heroin user for

27 years. ''I was in love with heroin. I took it into the bathroom, I took it into church,'' she says. ''I was living in a fantasy. I was living in a world all to myself.''

And she was living in Washington, D.C., which in the early 1990s had passed tougher sentencing laws for felony drug offenders. After her third felony arrest, a district judge said she faced a possible 30-year term in prison—or a trip to a residential rehab program. Edmonds went to Teen Challenge in New York in January 1995 and has been free of drugs ever since.

REDUCING HARM

Needle-exchange advocates chafe at the thought of coercing drug users into treatment. This signals perhaps their most grievous omission: They refuse to challenge the self-absorption that nourishes drug addiction.

In medical terms, it's called ''harm reduction''—accept the irresponsible behavior and try to minimize its effects with health services and education. Some needle exchanges, for example, distribute guides to safer drug use. A pamphlet from an NEP in Bridgeport, Connecticut, explains how to prepare crack cocaine for injection (see box). It then urges users to ''take care of your veins. Rotate injection sites. . . .''

''Harm reduction is the policy manifestation of the addict's personal wish,'' says Satel, ''which is to use drugs without consequences.'' The concept is backed by numerous medical and scientific groups, including the American Medical Association, the American Public Health Association, and the National Academy of Sciences.

In legal terms, harm reduction means the decriminalization of drug use. Legalization advocates, from financier George Soros to the Drug Policy Foundation, are staunch needle-exchange supporters. San Francisco mayor Willie Brown, who presides over perhaps the nation's busiest needle programs, is a leading voice in the harm-reduction chorus. ''It is time,'' he has written, ''to stop allowing moral or religious tradition to define our approach to a medical emergency.''

It is time, rather, to stop medicalizing what is fundamentally a moral problem. Treatment communities that stress abstinence, responsibility, and moral renewal, backed up by tough law enforcement, are the best hope for addicts to escape drugs and adopt safer, healthier lifestyles.

Despite different approaches, therapeutic communities share at least one goal: drug-free living. Though they commonly regard addiction as a disease, they all insist that addicts take full responsibility for their cure. Program directors aren't afraid of confrontation, they push personal responsibility, and they tackle the underlying causes of drug abuse.

The Clinton administration already knows these approaches are working. NIDA recently completed a study of 10,010 drug abusers who entered nearly 100 different treatment programs in 11 cities. Researchers looked at daily drug use a year before and a year-after treatment. Long-term residential settings—those with stringent anti-drug policies—did best. Heroin use dropped by 71 percent, cocaine use by 68 percent, and illegal activity in general by 62 percent.

NEP supporters are right to point out that these approaches are often expensive and cannot reach most of the nation's estimated 1.2 million IV drug users. Syringe exchanges, they say, are a cost-effective alternative.

NEPs may be cheaper to run, but they are no alternative, they offer no remedy for the ravages of drug addiction. The expense of long-term residential care surely cannot be greater than the social and economic costs of failing to liberate large populations from drug abuse.

Phoenix House, with residential sites in New York, New Jersey, California, and Texas, works with about 3,000 abusers a day. It is becoming a crucial player in New York City's drug courts, targeting roughly 500 adolescents and 1,400 adults. ''Coerced treatment works better than noncoerced,'' says Anne Swern, a deputy district attorney in Brooklyn. ''Judicially coerced residential treatment works best of all.''

Nonviolent drug felons are diverted into the program as part of a parole agreement or as an alternative to prison. They sign up for a tightly scripted routine of counseling, education, and work, with rewards and sanctions to reinforce good behavior. Though clients are not locked in at night, police send out ''warrant teams'' to make regular visits.

Prosecutors and judges like the approach because of its relatively high retention rates. Sixty percent graduate from the program, Swern says, compared to the 13 percent national average for all drug programs. Graduates usually undergo 24 months of treatment and must find housing and employment. Says Horton, ''The ability of a judge to tell an addict it's Rikers Island or Phoenix House is a very effective tool.''

Narcotics Anonymous (NA), like Alcoholics Anonymous (AA), is a community-based association of recovering addicts. Since its formation in the 1950s, NA has stressed the therapeutic value of addicts helping other addicts; its trademark is the weekly group meeting, run out of homes, churches, and community centers.

''You get the benefit of hearing how others stayed clean today, with the things life gave them,'' says Tim, a 20-year heroin user and NA member since 1995. NA offers no professional therapists, no residential facilities, no clinics. Yet its 12-step philosophy, adapted from AA, is perhaps the most common treatment strategy in therapeutic communities.

The 12-step model includes admitting there is a problem, agreeing to be open about one's life, and making amends where harm has been done. The only requirement for NA membership is a desire to stop using. ''Complete and continuous abstinence provides the best foundation for recovery and personal growth,'' according to NA literature.

As in AA, members must admit they cannot end their addiction on their own. The philosophy's second step is the belief that ''a power greater than ourselves can restore us to sanity.'' NA considers itself nonreligious, but urges members to seek ''spiritual awakening''—however they choose to define it—to help them stay clean.

Teen Challenge, founded in 1958 by Pentecostal minister David Wilkerson, is a pioneer in therapeutic communities and has achieved some remarkable results in getting addicts off drugs permanently. One federal study found that 86 percent of the program's graduates were drug free seven years after completing the regimen. On any given day, about 2,500 men and women are in its 125 residential centers nationwide.

The program uses an unapologetically Christian model of education and counseling. Moral and spiritual problems are assumed to lie at the root of drug addiction. Explains a former addict, who was gang-raped when she was 13, ''I didn't want to feel what I was feeling about the rape—the anger, the hate—so I began to medicate. It was my way of coping.'' Though acknowledging that the reasons for drug use are complex, counselors make Christian conversion the linchpin of recovery. Ronn Constable says he tried several rehab programs, but failed to change his basic motivation until he turned to faith in Christ. He has been steadily employed and free of drugs for 11 years.

''Sin is the fuel behind addiction,'' Constable says, ''but the Lord says he will not let me be tempted beyond what I can bear.'' He is typical of former addicts at Teen Challenge, who say their continued recovery hinges on their trust in God and obedience to the Bible. Warns Edmonds, ''If you do not make a decision to turn your will and your life completely over to the power of God, then you're going to go right back.'' Or as C.S. Lewis wrote in another context, ''The hardness of God is kinder than the softness of man, and His compulsion is our liberation.''

BRAVE NEW WORLD?

Whether secular or religious, therapeutic communities all emphasize the ''community'' part of their strategy. One reason is that addicts must make a clean break not only from their drug use, but from the circle of friends who help them sustain it. That means a 24-hour-a-day regimen of counseling, education, and employment, usually for 12 to 24 months, safely removed from the culture of addiction.

This is the antithesis of needle-exchange outlets, which easily become magnets for drug users and dealers. Nancy Sosman, a community activist in Manhattan, calls the Lower East Side Harm Reduction Center and Needle Exchange Program ''a social club for junkies.'' Even supporters such as Bruneau warn that NEPs could instigate ''new socialization'' and ''new sharing networks'' among otherwise isolated drug users. Some, under the banner of AIDS education, hail this function of the programs. Allan Clear, the executive director of New York's Harm Reduction Coalition, told one magazine, ''There needs to be a self-awareness of what an NEP supplies: a meeting place where networks can form.''

Meanwhile, activists decry a lack of drug paraphernalia for eager clients. They call the decision to withhold federal funding ''immoral.'' They want NEPs massively expanded, some demanding no limits on distribution. Says one spokesman, ''The one-to-one rule in needle exchange isn't at all connected to reality.'' New York's ADAPT program gives out at least 350,000 needles a year. ''But to meet the demand,'' says Fatt, ''we'd need to give out a million a day.

A million a day? Now that would be a Brave New World: Intravenous drug users with lots of drugs, all the needles they want, and police-free zones in which to network. Are we really to believe this strategy will contain the AIDS virus?

This is not compassion, it is ill-conceived policy. This is not ''saving lives,'' but abandoning them—consigning countless thousands to drug-induced death on the installment plan. For when a culture winks at drug use, it gets a population of Walters: ''Don't get the idea in you mind you're going to control it.''

Mr. TIAHRT. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, there is not anybody that I probably respect more than the former Surgeon General, C. Everett Koop. When I saw a copy of the letter that he sent our Speaker yesterday, I knew something was wrong. So I called him and I asked him about his letter.

Mr. Chairman, I asked him the following four questions. I said, ''Dr. Koop, have you read these studies?'' What was the answer? No. ''Dr. Koop, do you think needle exchange programs, as presently designed in the United States, will work?'' The answer was no. ''Dr. Koop, why did you write the letter?'' The answer: ''Because in the areas in Europe where I have seen these programs work, where every needle is actually accounted for, there is some hope that they work.''

□ 1145

He then went on to offer the fact that he knew that in communities where there is some drug abuse, and he mentioned specifically Harlem, that a needle exchange program would never work because the culture of the addicts in our society is they will not account for the needle. They have no idea where they left them.

So, as we consider his letter and his conversation with me, it falls prey to the same problems that we have seen on this debate, and that is the people who believe it is good have never read the studies.

The science there undoubtedly shows that we have an increase in Hepatitis B, Hepatitis C, and HIV. With every study that has been done thus far, if we account for those that are in the study at the beginning and at the end and because we want to help people, we are about to do something very, very wrong.

I hope to be able to speak on the subject again.

Mr. Chairman, I include for the RECORD the following letter from C. Everett Koop:

C. EVERETT KOOP, M.D., SC.D., SURGEON GENERAL (RET.), U.S. PUBLIC HEALTH SERVICE,
Washington, DC, July 26, 1999.

Hon. DENNIS HASTERT,
Speaker, U.S. House of Representatives,
The Capitol, Washington, DC.

DEAR MR. SPEAKER: Having worked on the HIV/AIDS epidemic since its emergence in the U.S., I am now writing to express my strong belief that local programs of clean needle exchange can be an effective means of preventing the spread of the disease without increasing the use of illicit drugs. While I do not believe that clean needle programs are a panacea for all settings, it is clear from careful and well-documented public health studies that such programs have worked in many areas and have great potential for making further reductions in the incidence of new infections.

Consequently, it would be counterproductive for the Congress to enact a Federal measure that would limit the ability of local and State public health agencies and voluntary organizations to carry out needle exchange programs. Such action by the Congress would undoubtedly result in HIV infections that could have been prevented and would unnecessarily enlarge and prolong the epidemic. If local authorities or organizations determine that needle exchange programs are appropriate to the epidemic as it affects their communities, the Congress should allow them to use all possible measures and funding sources to stem the spread of this deadly disease.

I urge you to oppose any effort to limit the public health response to the AIDS epidemic.

Sincerely,
C. EVERETT KOOP, M.D., SC.D.

Mr. TIAHRT. Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent to extend the debate by 10 minutes on each side. I believe that the proponent of the amendment will find that agreeable.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first of all, some studies have been cited by the gentleman from Kansas (Mr. TIAHRT) and the gentleman from Oklahoma (Mr. COBURN).

We have a response from General McCaffrey. General McCaffrey does make it clear that he supports the language that is in this bill. The language in this bill was put in in full committee by a vote of 32–23, a bipartisan vote, to say no Federal funds can be used for free needle exchange programs.

All we are asking, Mr. Chairman, is that this body agree to that restriction. We ask for two reasons. The principal reason is that that is our only jurisdiction, the use of Federal funds, for which we are responsible.

The second is that we will show very compelling evidence that the District of Columbia knew what it was doing when it started up a program which is one of the most effective in the country.

Now, General McCaffrey supports the language in this bill. But he also makes it clear that he has never supported a prohibition on local jurisdictions' efforts to implement a needle exchange program.

There are 113 local needle exchange programs in this country. They are working with various levels of success, but all of them successful. In fact, in the District of Columbia, two-thirds of the people that had been exposed to HIV through dirty needles are no longer being exposed as a result of the effectiveness of the program in the District of Columbia.

Here we have a few hundred pages. They are not numbered. But these are the summaries of dozens of exhaustive studies by all of the organizations that we would want to look into this issue. They have all concluded that the needle exchange program works. They run the gamut from the National Institutes of Health, the Center for Disease Control, the Department of Health and Human Services, the National Association of Mental Health and Substance Abuse.

This program is endorsed by the American Medical Association, any number of organizations that are prestigious and credible.

Mr. Chairman, when I realized that I was going to have to debate the gentleman from Kansas (Mr. TIAHRT) on this issue and take the position in favor of needle exchange programs, I groaned. I did not want to do this. Because on the face of it, my initial reaction was, my gosh, why would we ever give free needles to drug addicts?

Well, the fact is, Mr. Chairman, that the facts are compelling. The District of Columbia knew exactly what it was doing when it started this program. Let me share with my colleagues some of these facts.

The District of Columbia has an HIV–AIDS epidemic, one of the worst in the country. They have the highest rate of new HIV infections of any jurisdiction in the entire country, the worst.

Intravenous drug use is the second leading cause of HIV transmission/AIDS. That is what we are talking about basically. It accounts for more than a quarter of all the new infections. Deaths attributed to AIDS from HIV transmission in D.C. is more than seven times the national average.

Listen to this please, my colleagues: AIDS is the leading cause of death for all city residents between the ages of 30 and 44, the leading cause of death. African-Americans are the hardest hit by intravenous transmission from dirty needles of the HIV virus. Ninety-six percent of those infected with HIV as a result of intravenous drug use in the District of Columbia are African-Americans.

Women and children are also disproportionately affected. Drug use is the highest mode of transmission of HIV for women in D.C. Women are getting AIDS at the fastest rate. This is the most serious aspect of the AIDS epidemic in D.C., which is the worst in the country. And the principal way they get AIDS is through dirty needles.

Seventy-five percent of the babies born with HIV, and what could be more disturbing to us, what could break our hearts worse than to have a baby born with AIDS, 75 percent of the babies born with HIV are infected as a result of dirty needles.

The District of Columbia, my colleagues, has the worst problem with HIV transmission from dirty needles, the worst in the country. And yet it is the only jurisdiction in the entire country that is prohibited from implementing this program.

113 other jurisdictions throughout the country have this program. All of the experts say it is effective. D.C. has the worst problem but, because of this Congress, they cannot use the one program that has been proven to be effective. That is why we oppose this amendment.

We are not even suggesting that we use Federal funds. All we are asking is

we stick with the language that says no Federal funds can be used for a needle exchange program.

But gosh, please let the residents of the District of Columbia and particularly its elected leaders, elected directly by the citizens of the District of Columbia, let them be able to use their local funds and let private donations be used for this program. It is a small program. It is very inexpensive. It is run by the Whitman-Walker Clinic, a very credible organization. They do wonderful work.

The reason why these programs are so effective is because, when people come in to get free needles, they then have to get registered, that way we know who are the drug addicts. They then go into counseling. They then go into treatment. They will be exposed to the whole gamut of programs designed to treat their drug addiction and to make them healthy and to protect their babies.

This is the gateway; this is the way we get access to people who desperately need help. To prevent the District of Columbia from using this gateway to cure people, to get them off their addiction, to save these babies, we need this program.

Again, let me just remind my colleagues, we are not even asking for Federal funds. We are asking them to support language that says no Federal funds can be used for this program.

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

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to remind the Members that under current law there is a program that does distribute needles here in the District of Columbia. It is called ''Prevention Works.''

There is nothing in current law that I am trying to preserve that would prevent that from continuing.

Mr. Chairman, I yield 2½ minutes to the gentleman from Virginia (Mr. GOODLATTE).

Mr. GOODLATTE. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise today in strong support of the amendment offered by the gentleman from Kansas (Mr. TIAHRT) that will reaffirm the Federal Government's commitment to the war on drugs by prohibiting Federal and District funds from being used to conduct needle exchange programs. These programs are harmful to communities and undermines our Nation's drug control efforts.

Drug abuse continues to ravage our community, our schools, and our children. Heroin use is again on the rise. Thousands of children will inject hardcore drugs, like heroin and cocaine, for the first time this year and many will die.

To deal with this problem, we must have a firm commitment by the Federal Government to end the cycle of addiction and abuse that destroys so many lives.

Providing free hypodermic needles to addicts so they can continue to inject illegal drugs sends a terrible message to our children that Congress has given up on the fight to stop illegal drug use and that the Federal Government implicitly condones this illegal activity.

As lawmakers, we have a responsibility to rise up and fight against the use and spread of drugs everywhere we can. We should start by making it harder, not easier, to practice this deadly habit. We should not tell our children do not do drugs, on the one hand, while giving them free needles to shoot up with in the other.

We need a national drug control policy which emphasizes education, interdiction, prevention, and treatment, not subsidies for addicts.

The results of community-based needle exchange programs have been disastrous. Needle exchange programs result in towns with higher crime, schools that are littered with used drugs, paraphernalia, and neighborhoods that are magnets for drug addicts and the high-risk behavior that accompany them.

The medical evidence behind these dangerous programs is inconclusive at best. Studies have shown that addicts who use needle exchange programs are more likely to contract HIV or other blood-borne viruses.

A recent study published by the American Journal of Epidemiology concluded that there was no indication that needle exchanges protected against blood-borne infections. In fact, the study concluded ''there was no indication of a protective effect of syringe exchange against HBV or HCV infection. Indeed, highest incidence of infection occurred among current users of the exchange, even after adjusting for confounding variables.''

Here in the District of Columbia, the problem persists. It has been noted that the District of Columbia has the highest incidence of new HIV infection in the country, and yet we have had needle exchange programs here for 7 years.

It is time to halt any government support of this. Support the Tiahrt amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from the District of Columbia (Ms. NORTON) the only Member of this body who is elected by the citizens of the District of Columbia.

Ms. NORTON. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, this is the most inflammatory and heartless of the harshly anti-Democratic amendments before us today. It says ''drop dead'' to the people I represent.

I oppose this amendment because it is outrageously discriminatory to pick out one jurisdiction in the United States that may not use its own funds to save the lives of its own people.

We have seen an attempt to take back the words of Dr. C. Everett Koop. Nothing can take back what he said. He expresses his ''strong belief that local programs of clean needle exchange can be an effective means of preventing the spread of the disease.'' And he says that if local authorities and organizations determine it is appropriate, ''Congress should allow them to use all possible measures.''

My police chief, Charles Ramsey, said that ''the program is necessitated by the need to effectively combat the spread of HIV-AIDS.'' He says, ''it is well-managed and has an exemplary return rate.''

He says, ''I have received no reports which indicate that the program has been abused in any way or has created serious public safety problems in the District.''

□ 1200

Mr. Speaker, AIDS is out of control in my district, especially in the African American community. The program is privately run by the Whitman-Walker Clinic. It is nationally recognized.

A vote for the Tiahrt amendment assures a veto of the entire appropriation. I ask Members to defeat this amendment and rescue not only my appropriation but the potential survivors of the AIDS epidemic in the District.

Mr. TIAHRT. Mr. Chairman, I would like to remind the body that the President did sign the current law. That is what we are trying to achieve here.

Mr. Chairman, I yield 2½ minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, I thank the gentleman from Kansas for his lead on this amendment. It is just hard for me to understand what kind of debate we are having here. This would be, I am trying to think of equivalents, of trying to battle cigarettes by giving kids free low-tar cigarettes; or trying to battle breast cancer by giving people things that cause heart disease.

Perhaps a better example would be to say that we are really worried about some kind of material, theoretically, let us say asbestos that is in the cigarette package, so we are going to give kids packages of cigarettes to smoke while we are going to make sure that the packaging does not damage them.

The fact is that heroin is a terrible scourge not only to the individual but to the communities involved. To argue that by facilitating this habit by giving them clean needles to fight another disease is absurd on the face of it. The fact is that studies, quite frankly, have been done more methodologically correct, such as the Montreal and the Vancouver studies, whereas other statistical studies have been assessed by

the Statistical Assessment Service as not meeting those standards.

I would point out, for example, Montreal: ''We have yet to hear a cogent argument that would allay our concerns that needle exchange programs may facilitate the formation of new sharing groups gathering isolated IDUs, a scenario that is consistent with our findings.''

Vancouver now has the highest heroin death rate in North America and is referred to as Canada's ''drugs and crime capital,'' from the Washington Post in the spring of 1997.

UPI had a story last July 29, ''Chief: Vancouver Has Lost Drug War.'' British Columbia's police chief claims the city has lost the war on drugs and now the city is proposing to give heroin addicts free heroin in addition to the free needles.

The ONDCP's visit, some of the observations on facts are, for example, that the Vancouver needle exchange program is one of the largest in the world. It has distributed over 1 million needles annually.

B. HIV rates among participants in the needle exchange program are higher than the HIV rate among drug users who do not participate. So in the same heroin drug users, it is higher if you participate in the clean needles program in the Vancouver, which is a statistically accurate study, not a random sample picked up to justify something.

The death rate due to illegal drugs in Vancouver has skyrocketed since the needle exchange program was introduced. In 1988, 18 deaths were attributed to drugs; in 1993, 200 were attributed to drugs. The very thing that this program is supposed to be helping is accelerating and fixing one disease by enabling and expanding another disease and it is absurd.

Mr. Chairman, I include the ONDCP Vancouver Needle Exchange Trip Report for the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF NATIONAL DRUG CONTROL POLICY,
Washington, DC, April 6, 1998.

INFORMATION—MEMORANDUM FOR THE DIRECTOR THROUGH: THE DEPUTY DIRECTOR; FROM: STRATEGY (D.B. DES ROCHES)

VANCOUVER NEEDLE EXCHANGE TRIP REPORT

1. Purpose: To provide you with field observations on needle exchange and drug abuse in Vancouver, Canada.

2. General; You had directed that Dr. Adger and I visit the Vancouver Needle Exchange in light of the high incidence of HIV among needle exchange participants and the skyrocketing death rate due to drug overdose in Vancouver. Jane Sanville of ODR joined the trip because of her expertise in the field of AIDS. We spoke with law enforcement and public health officials, as well as with the scientists who studied the needle exchange and those who run the needle exchange. (Trip Schedule at TAB 1). Our visit to the U.S. Customs and Border Patrol at Blaine raised separate issues, which will be reported under separate cover.

3. Observations—Facts:

A. The Vancouver Needle Exchange Program (NEP) is one of the largest in the world—it has distributed over 1 million needles annually for the last ten years, and close to 2.5 million needles last year alone.

B. The HIV rates among participants in the NEP is higher than the HIV rate among injecting drug users who do not participate.

C. The death rate due to illegal drugs in Vancouver has skyrocketed since 1988, the year needle exchange was introduced. In 1988, 18 deaths were attributed to drugs; in 1993 200 deaths were attributed to drugs. The Provincial Coroner told us that in March they were averaging more than 10 deaths due to drugs per week, and were on pace for 600 deaths province-wide in 1998—mostly in Vancouver.

D. With the implementation of NAFTA, the Vancouver Port Police was disbanded. Vancouver is the most active Pacific port in North America.

E. The highest rates of property crime in Vancouver are within two blocks of the needle exchange (See maps, TAB 2).

4. Observations—Statements:

A. The single most striking point, which all interviewees stressed, was the lack of adequate drug treatment capacity in British Columbia. The head of the Vancouver-Richmond Health Board stated: ''I can have all the needles I want, but they won't give me a single drug treatment bed.'' Other health care professionals noted the fact that governmental responsibility for drug treatment has been shuffled among various ministries, and has never been a priority.

B. Every interviewee stated that the most abused injection drug in Vancouver is cocaine. This was cited repeatedly as a major reason for the failure of needle exchange to prevent HIV: cocaine abusers typically inject much more frequently than do heroin abusers.

C. Every interviewee cited the geographic features of the Downtown/Eastside (the major drug abuse area and the location of the needle exchange) as an exacerbating factor. Bounded by railyards and docks on two sides, it is an isolated and distinct area that contains most of the serious injection drug abuse and the drug trade, as well as associated prostitution and property crime. The area has a large number of single residence occupancy hotels, which all said contributed to the ''massing effect'' of addicts.

D. Every interviewee said that the average age of IV drug users has decreased in recent years.

E. Every interviewee save the Coroner pointed to the lack of turnstiles on the skytrain (elevated light rail system) as an aggravating factor, as it increased ingress for the destitute to the Downtown/Eastside area from other parts of the city.

F. The Vancouver Police interviewees stated that they had been called by other interviewees and asked what they were going to say.

G. The Director of the NEP stated that ''it is ridiculous to propose that we hand out 10 million needles a year.'' 10 million is the number he estimated would be required to accommodate the injecting cocaine users in Vancouver with one needle per injection.

H. Every interviewee stated that the primary reasons for the increase in drug abuse was the available supply of cheap drugs, and that the needle exchange had either no effect or a marginal effect on overall drug abuse.

I. The Vancouver police stated that there are inadequate drug treatment beds in the criminal justice system. Court mandated treatment is not a reality.

J. The Vancouver police stated that there was a 24 hour drug market and similar open drug injection activity in the area immediately adjacent to the needle exchange. During a drive-around with a detective from the Vancouver Drug Squad, we observed multiple instances of drug users injecting and purchasing drugs. A one block long alley typically had three or four people injecting, preparing to inject or moving from injecting drugs. While walking around the area, we frequently encountered discarded syringe wrappers and protective tips.

4. Observations—Reporter Notes:

A. Everyone save the police clearly wanted needle exchange to be a success (the police seemed to feel it was a facilitator for drug use, but officially supported it), and felt that the failure of needle exchange to stop the spread of HIV was due to three factors:

(1) The NEP was set up for heroin users: the prevalence of cocaine injection (which is much more frequent) meant that the NEP would be inadequate.

(2) Vancouver suffers from a ''nutbowl effect''—the homeless, migrants, counterculture types and disaffected, at-risk personalities tend to migrate there from around the country. Everyone pointed to social policies in other Canadian provinces, especially Alberta, which encouraged socially marginal people to move to British Colombia (by providing bus tickets).

(3) Vancouver was on the trailing edge of the AIDS epidemic: some stated that the NEP was founded just as AIDS began to surge. It was frequently asserted that ''it would have been much worse without NEP.'' (Note—it might be interesting to evaluate other NEPs in this light—generally, NEPs in America were established on the trailing edge of the epidemic. Any claimed reduction in HIV incidence might be attributable to the normal course of the disease).

B. All the ONDCP participants were amazed at the lack of treatment capacity in Vancouver. When we asked interviewees about this, they too were outspoken about inadequate treatment. Apparently, there is a requirement for addicts to abstain for three months prior to entering one of the few treatment spaces. Catch 22 is not just an American invention.

C. The academics who studied the NEP seemed extremely concerned by the increase in HIV among NEP participants, and devoted much of our time together to explaining how NEP frequent users were a much more marginalized and at-risk segment of society than were infrequent NEP users. When asked if there were any studies comparing NEP users and non-NEP users, the study director responded that they had no way to interview non-NEP users.

D. Property crime of all sorts in Vancouver seems to be highest in the areas around the NEP building. This is sort of a chicken-egg thing: it's hard to gauge cause and effect.

E. Public support for needle exchange seemed to exist, but only so long as the NEP was confined to Downtown-Eastside. Expansion of the NEP (by vans) was opposed at a public meeting on the day of our departure.

F. All interviewees save the police referred to the NEP's efforts to maintain relations with the community, and their efforts to keep discarded needles away from schools, etc. However, in a private interview, an elementary schoolteacher said that children at area schools are not allowed outside at recess for fear of needles. I was unable to verify this statement.

5. Conclusions:

A. There has been a trade-off between needle exchange and drug treatment. This is the single most important lesson learned in Vancouver. The trade-off was not explicit, and

was probably not deliberate. It may have resulted from normal bureaucratic politics, or the shuffling of responsibilities among ministries. Nevertheless, it has evolved and is allowed to persist.

(1) Absent any mandate for drug treatment, NEPs will focus on what they can afford and do best—exchange needles.

(2) Once the NEP was instituted, there seemed to be no imperative for the establishment or expansion of drug treatment. All interviewees stated that NEP was not a ''silver bullet,'' but reality suggests that it is treated as such.

B. In the absence of treatment, the potential benefits of needle exchange programs are marginalized for the most at-risk. The single most common explanation given for the prevalence of HIV among NEP participants was that the NEP participants were at a greater risk than non-NEP participants. Harm reduction believes that by giving addicts the means and knowledge to safely use drugs (i.e. needles), most of the negative effects of drug abuse can be alleviated. Yet this approach still requires that the addict responsibly use the needles he is given; the HIV statistics show that he does not. For an at-risk population paternal approaches which—as a last resort—can supplant irresponsible behavior will probably be more effective. With an at-risk population, without access to drug treatment, needle exchange appears to be nothing more than a facilitator for drug abuse.

C. High-purity cocaine and heroin is becoming increasingly prevalent and will pose challenges across the board. Vancouver is literally swamped with drugs. Large seizures appear to have no effect at the street level. This influx of high-purity heroin and cocaine is a major cause of both the high HIV rates in Vancouver as well as the high death rate. We should examine high-purity drugs as a separate threat, and consider a national initiative along the lines of our methamphetamine initiative.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. WYNN) who represents the immediate suburb of Washington D.C., Prince Georges County.

Mr. WYNN. Mr. Chairman, I thank the gentleman for yielding me this time. I rise in strong opposition to this amendment. It is both arrogant and misguided. It is arrogant because it attempts to impose the will of this Congress on citizens of the District of Columbia. The gentleman is from Kansas and I submit that we would never attempt to impose the will of this Congress on the citizens of Kansas and the citizens of Wichita, Kansas. We would let them spend their money the way they want to.

This amendment would say that the citizens of the District of Columbia could not spend local money the way they want to. The District of Columbia has experience with this issue. In fact, through the Whitman-Walker Clinic and using local funds, they implemented a program and the program was successful. It reduced needle sharing by two-thirds.

Mr. Chairman, that is the issue, needle sharing. Where we reduce needle sharing, we reduce the transmission of AIDS.

Now, who says this approach works? Well, the National Institute of Health says this approach works. The Center for Disease Control says this approach works. The American Medical Association says needle sharing works. The National Academy of Sciences says needle sharing works. The body of scientific evidence in America suggests this is a proper approach.

Let us not be arrogant and misguided. Let us oppose this amendment.

Mr. TIAHRT. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, I thank the distinguished gentleman from Kansas for yielding me this time and rise in strong support of this amendment.

Let me get this straight, if I just heard the previous speaker criticize the Congress for trying to set some standards against the provision of needles with which the people of the District of Columbia inject deadly substances into their veins based on the argument that the Congress would never tell the people of Kansas what it can or cannot do.

I would remind the gentleman that there are all sorts of, thousands upon thousands upon thousands of Federal regulatory mandates that tell the people of Kansas precisely what they can and cannot do. For heaven's sake, it is this Congress that just a few years ago told the people of Kansas what size toilets they can build and what size toilets they can use and where they can build homes and where they can build roads.

Very frankly, Mr. Chairman, I would much rather see the Congress of this United States step in and save lives by telling people, no, we are not going to furnish you and make it easier for you to inject deadly mind-altering substances into your veins than it would be for the Congress to continue to tell people what they might do productively with their lives.

I would also remind our colleagues of a very basic principle. If you give people the means to do something and encourage them to do it, well, for heaven's sake, no surprise, they will do it.

Now, I know people on the other side, the gentlemen from Maryland, both of them, who will be speaking on this speak very eloquently, very passionately and very sincerely about helping people in their community. But I would simply say that we think on this side that there is a better way of addressing the problem of drug use in our communities, wherever those communities might be, in the Seventh District of Georgia or the Third District of Maryland or wherever, than to give people the means to continue to inject mind-altering, dangerous substances into their veins.

I think this is a very appropriate and limited exercise, the will of the people of this country, that at least in our Nation's capital, subject in large part to the jurisdiction as the Nation's capital to the will of the American people through their representatives in the Congress that we tell the people of D.C., ''We do want to help people, but we are not going to do it by furnishing you the means to inject mind-altering substances into your veins.''

I rise in support of this amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume. I trust that the gentleman from Georgia (Mr. BARR) is aware that Georgia has a needle exchange program and we do not tell Georgia that they cannot have a needle exchange program, nor do we tell any of the other 113 cities around the country except for the District of Columbia that they cannot have such a needle exchange program.

Mr. Chairman, I yield 1 minute and 40 seconds to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I thank the gentleman from Virginia for yielding me this time, and I rise in opposition to the Tiahrt amendment which would prohibit the use of local funds for the City's needle exchange program which prevents new HIV infections in injection drug users and their partners.

I want to point out, also, this amendment had been rejected by the Committee on Appropriations. Trying to micromanage D.C. would be counterproductive for the Congress and it encroaches on the legitimate roles of the City Council and the Control Board. We in Congress have worked hard to give back local control to our communities, and these provisions would run contrary to that objective.

As has been mentioned, the District of Columbia has one of the highest HIV infection rates in the country. Intravenous drug use is the District's second highest mode of transmission and it accounts for over 37 percent of all new AIDS cases. Incidentally, AIDS is the third leading cause of death of all people in the District of Columbia. And for women, where the rate of infection is growing faster than among men, it is the highest mode of transmission.

Scientific evidence supports the fact that needle exchange programs reduce HIV infection and do not contribute to illegal drug use. And since Johns Hopkins from Maryland had been mentioned earlier, I have an article from the newspaper which says:

Maryland's only needle exchange program neither promotes crime nor encourages children to take up drugs as critics fear, two Johns Hopkins researchers said.

The Nation's scientific community is united in ruling that giving clean needles to HIV-infected addicts is good public health policy.

AMA, ABA, the pediatrics, the Mayors, Dr. Koop has been mentioned. Let us let public health experts make those decisions and vote against the amendment.

Mr. TIAHRT. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Chairman, the opponents of this issue say that everybody is united in the scientific world. That is just absolutely not true. It may be their opinion but it is not fact.

Secondly, have any of my colleagues ever gone on drug ride-alongs? You go through these houses. You would not walk in there with combat boots. There is trash, there are needles all over the place. In several of these I found mattresses where the prostitutes are asking for sex for drugs, and in one I even found a teddy bear where the prostitute had their child. The child is playing around all of these needles.

The San Diego police then took me into a park and said, ''DUKE, look at all the needles in this park.'' Would you want your child around where they dump these needles? These addicts are not responsible people. They are going to take these extra needles, they are going to put them anywhere they want.

We walked down the street. They are in the gutter. They are in the park. How would you like your child to walk along and stub one of those needles in their boot or in their sandal or in their foot? I think you would panic automatically on these things.

It is not a good thing, needle exchange, and it is actually a negative effect.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume. I would remind my friend from California that there are 19 such needle exchange programs in California, but also, most importantly, this is a needle exchange program. There are no extra needles as the gentleman referred to. You do not get a clean needle unless you give up a dirty needle. That is what this is all about, trying to get rid of these dirty needles.

Mr. Chairman, I yield 1 minute to the gentleman from Baltimore, MD (Mr. CUMMINGS) that has a particularly effective needle exchange program.

Mr. CUMMINGS. Mr. Chairman, I stand in strong opposition to this amendment.

A lot has been said about the Baltimore program, but the fact still remains that the Baltimore program lowers the rate of crime. In those areas where needle exchange takes place, it has lowered the crime rate. Second, it lowers the rate of the spread of AIDS. It has been very, very clear and it has been studied by Johns Hopkins Hospital and University, the number one university and hospital in the country.

Number three, it has reduced the use of drugs. I live in a drug-infested neighborhood. The argument that was just made does not even make sense. The fact is that in the areas where needle exchange takes place, they have discovered that there are less needles on the streets so that people can stub their toes and whatever.

This is a very, very, very bad amendment. We sat here last year and I talked about people dying. The fact is that many have died because we did not do the right thing last year, and now we have an opportunity to save some more lives. This is our opportunity. And so it is.

I beg the House to vote against this Tiahrt amendment.

Mr. TIAHRT. Mr. Chairman, I would remind the Members that nine out of 10 injection drug users in Baltimore are infected with hepatitis C. It is not a successful program.

Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Chairman, I rise in support of the Tiahrt amendment to the D.C. appropriations bill. This amendment will prohibit Federal and District funds from being spent on any program to distribute hypodermic needles for the purpose of illegal drug injection.

When we had this debate several years ago, I did take the time to read the bulk of the studies on this issue. The studies in my opinion in no way make it clear that these programs work. There are studies that show that these programs are actually bad. Each side can pull out the respective studies and quote from their studies to make these kinds of assertions.

The District of Columbia is not some hamlet in Maryland that we are talking about. We are talking about the capital of the United States of America. I consider this town to be as much the possession of every person in the United States as it is the people who live here year round, and I believe it is very, very appropriate for us to set some standards.

This is a good amendment. The needle exchange programs, I believe, encourage the use and they send a very, very bad signal to our youth. There are studies that show obviously it plays a role in the passage of infectious diseases.

I strongly encourage my colleagues on both sides of the aisle to vote in support of the Tiahrt amendment.

□ 1215

Mr. MORAN of Virginia. Mr. Chairman, I yield 30 seconds to the gentleman from Baltimore, Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Chairman, I thank the gentleman for yielding this time to me.

The Johns Hopkins University just concluded a study in which they found that neighborhoods in Baltimore with needle exchange programs had a drop in economically-motivated crimes even though those same categories of crime rose over the same 4-year period. That needle exchange program did not significantly increase the willingness of teens to use drugs and the communities with needle exchange programs did not experience any increase in the number of discarded drug vials and needles found in the streets.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) who is a physician, a family practitioner, throughout her career.

Mrs. CHRISTENSEN. Mr. Chairman, I rise in opposition to the amendment.

I have heard my colleagues on the other side of the aisle say that needle exchange sends a negative message, but needle exchange sends a good message that we will implement and support policies that save lives.

Our colleagues who support that amendment use the statistics and deliberately twist them to support a position that flies in the face of overwhelming scientific evidence and is contrary to public health policy. The needle exchange programs take place in communities where there is high drug use, so of course the statistics show high drug use. But they have been proven over and over again, that drug use is reduced in those communities where needle exchange programs exist.

Yes, I am a physician. I know from experience what HIV can do to end lives that have otherwise gotten back on track and are productive after leaving drugs behind. What we are doing here does not even give people, good people who have had the illness of drug addiction, a chance.

But do not take my word for it. My colleagues have heard of all of the other organizations that support needle exchange, and take what Dr. Koop says, that it can save lives and reduce drug abuse.

This is a terrible amendment. It jeopardizes the District's effort to address what is a serious epidemic here. Let us not write off lives, let us save them.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the Johns Hopkins School of Public Health reported, 9 out of 10 needle-using addicts have a blood-borne virus. They have had a program there for 5 years, and it has been very unsuccessful.

Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kansas (Mr. TIAHRT). If all else fails, look to the evidence in a place where such a policy has already been attempted. Let us look at the Vancouver experiment.

The Vancouver needle exchange program is one of the largest in the world, distributing 2½ million needles in the last year alone. Well, instead of decreasing the rate of HIV and AIDS in Vancouver, the HIV rate among needle

exchange participants is even higher than the rate among injecting drug users who do not participate. How can that be called successful? And we want to emulate that here?

The death rate due to illegal drugs in Vancouver has also skyrocketed since the program began, and the highest rates of poverty crime in Vancouver are within two blocks of the needle exchange.

At the very least, the available scientific studies in no way conclude that a program which enables drug users can simultaneously seek to end their destructive habit and help them to stop shooting up. In fact, it looks as though the opposite is true.

In the words of the drug czar, Barry McCaffrey, we owe our children, and that includes the children of D.C., an unambiguous no-use message, end quote. We must offer users a way out, not another crutch. In our Nation's capital, Washington, D.C., let us not send a mixed message to our Nation's youth for illegal drug use.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Chairman, other speakers have indicated that the underlying bill already bars the use of Federal funds for needle exchange programs in the District of Columbia, but the gentleman is not satisfied with that restriction. He wants to prohibit the people of the District from using their own money for this purpose, money obtained through local taxation that is widely supported by citizens of the District, programs that have proven to be effective, according to the National Institutes for Health, the Centers For Disease Control and practically every respected public health agency in America, programs, by the way, that are saving millions of taxpayers' dollars in health care costs.

The overwhelming evidence is that they prevent HIV infection, that they do not encourage or increase drug abuse, that they actually help reduce drug abuse by encouraging injection drug users to enter treatment.

It is bad enough for legislators to overrule local decision makers in matters of this kind, but it is the worst kind of irresponsibility for us to substitute our own uninformed opinions for the sound judgment of the public health community to say in effect we have already made up our minds, do not confuse us with the facts. Let us save some lives and vote no on the amendment.

Mr. Chairman, I rise in opposition to the amendment by the gentleman from Kansas.

The bill before us already bars the use of Federal funds for needle exchange programs in the District of Columbia. But the gentleman is not satisfied with this restriction. He wants to prohibit the people of the District from using their own money for this purpose—money obtained through local taxation for programs that are widely supported by the local citizenry.

This is unfair to DC residents, who find themselves subject to the whims of representatives whom they did not elect.

But it is also a terrible precedent for the country as a whole. Because despite the squeamishness of some Members of Congress at the mere sight of a needle, the truth is that these programs work. They prevent HIV infection. They do not encourage or increase drug abuse. In fact, there is overwhelming evidence that they actually help reduce drug abuse by encouraging injection drug abusers to enter treatment.

As a former prosecutor and a member of the Judiciary Committee, I take very seriously the epidemic of drug addiction in our society. But we cannot make responsible public policy based on fear and ignorance.

It is bad enough for legislators to overrule local decision makers in matters of this kind. But it is the worst kind of irresponsibility for us to substitute our own uninformed opinions for the sound judgment of the public health community. To say, in effect, "our minds are made up. Don't confuse us with facts."

I have seen what needle exchange programs have accomplished in Massachusetts, Mr. Chairman, and I know that they have saved lives.

If this amendment becomes law, more people in Washington, DC will become infected with the AIDS virus. More people will die of it. And their blood will be on our hands, Mr. Chairman.

I urge my colleagues to vote "no" on the amendment.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to remind the gentleman from Massachusetts that there is currently a needle exchange program in the District of Columbia. It is funded by private dollars. Nothing within this amendment stops that.

Mr. Chairman, I yield 2½ minutes to the gentleman from Oklahoma (Mr. ISTOOK), the chairman of the Subcommittee on the District of Columbia of the Committee on Appropriations.

Mr. ISTOOK. Mr. Chairman, what are the goals we have? To save lives, to reduce crime, to reduce illegal drug usage which helps to reduce the great amount of crime that is associated with it.

It is a real problem which this bill does great things to correct, and I want to make sure that Members and the public are aware of what this bill does without resorting to needle exchange with public money. And the question has been properly asked, why should we say not only the Federal funds, but local funds also should not be used for needle exchange program if they are taxpayer dollars?

The amendment of the gentleman from Kansas (Mr. TIAHRT) that we are voting on offers the identical language that was approved last year by the House, approved by the Senate, and signed into law by the President. I want to make sure that people know that we already have in this bill a new initiative, a huge assault against illegal drug usage and the problems it causes in the District.

The District funds drug treatment programs right now that are overcrowded because more than anything else there are so many people who are convicted felons convicted of drug offenses that are in these programs that they crowd out the ability of other people to get in.

This bill creates with Federal dollars a $25 million new program of universal drug testing for the 30,000 people in the District of Columbia that are on probation or parole, most of them for things related to drug offenses. Included within that program is some $16 million for drug treatment. That will free up the money that the District is currently spending for drug treatment on those persons so they can expand the drug treatment even further. This is going to be the largest program in the country to combat illegal drug usage. It is being funded with our Federal tax dollars. It is a war on drugs.

We are funding in the bill with Federal taxpayer dollars the most aggressive war on drugs of any community in the country, and we are doing it because this is our Nation's capital. But we do not want a mixed message. Is it too much to ask when we fund a war on drugs that the message is a war on drugs and not peaceful co-existence? I fear the needle exchange program would use public money to undercut and undermine the effort that we have undertaken in this bill to combat illegal drugs.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, some on the Republican side treat D.C. like their own conservative petri dish, and based on the results, they figure out how to impose their ideological agenda elsewhere. It makes no sense. We know that AIDS spreads through the sharing of needles by injection users. We also know that more than half, up to 75 percent, of all children with AIDS contracted HIV from mothers who are intravenous drug users or the sexual partners of intravenous drug users. Scientific evidence has shown that these programs work. Scientific evidence also makes clear that needle exchange programs do not lead to greater drug use.

In fact, do my colleagues not know that an individual that will sign up for a free, clean needle is taking their first positive step in many, many years, and this is often the beginning for their commitment to a healthier drug-free life?

I suggest, I beg my colleagues, do not vote for this amendment.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Had the gentlewoman read the study, she would have found out that they are

not effective, that the studies have large gaps. It is not good science, and the reason that babies have AIDS is because their mothers are injecting themselves with illegal drugs.

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

Mr. MORAN of Virginia. Mr. Chairman, I yield 20 seconds to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, the Vancouver study has been often cited here. Let me quote the authors of that study:

> As the authors of the Canadian study, we must point out that these officials have misinterpreted our research. The study in the Lancet, the British medical journal, found that 29 cities worldwide where the program was in place, HIV infection dropped by an average of 5.8 percent a year among drug users. In 51 cities that had no needle exchange plans, drug related infection rose by 5.9 percent a year.

Clearly these efforts can work.

Mr. TIAHRT. Mr. Chairman, I yield 1½ minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, as my colleagues know, I continue to be amazed. I do not believe there is anybody on that side of the aisle that has actually read the studies. I have read every study on drug use. I want to give my colleagues some statistics about Vancouver. We do not misinterpret them; we read the conclusions at the end of the studies. I actually have with me the Vancouver study, and I will be happy to quote their summation. But let me list for my colleagues some of the things that have been said about the Vancouver program.

The Vancouver Police Department stated there is a 24-hour drug market now because there is a study at the location of the needle exchange program.

Number two, property crime of all sorts is highest of any other place in Vancouver where the needle exchange program is located.

Number three, the elementary teachers will not let their schoolchildren go outside in this area of Vancouver because there are needles strung out all over. They are fearful that these children will be infected with one of the needles.

Absent any mandate for drug treatment, needle exchange programs will focus on what they can afford and do best, exchange needles. All interviewees associated with Vancouver stated that needle exchange program was not a silver bullet, but in reality that is what we are trying to do.

The fact is there is a 33 percent increase in those using needles in the needle exchange program of Vancouver, increase in HIV infection compared to those drug addicts who are not in a program.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute and 10 seconds to the gentleman from New York (Mr. NADLER).

□ 1230

Mr. NADLER. Mr. Chairman, the evidence is clear and convincing. Needle exchange programs save lives.

The government's top scientists, the National Academy of Sciences, the National Commission on AIDS, the National Institutes of Health, and the General Accounting Office have all concluded that needle exchange programs are effective in preventing the spread of AIDS and that they do not encourage drug use.

The numbers are shocking. Every day, 33 people become infected with AIDS, a virus as a result of intravenous drug use. The Surgeon General has stated that 40 percent of all new AIDS infections in the U.S. are either directly or indirectly the result of infection by contaminated needles. For women and children, the figure is 75 percent.

Needle exchange programs are one of the very few programs that have demonstrated that they dramatically reduce the number of new AIDS infections and save lives. To ban Federal funds for these programs in the District of Columbia will bring certain death to thousands.

Finally, Mr. Chairman, we should not prevent the District of Columbia from exercising its judgment in spending its money, not Federal money, to join the other 113 local governments in preventing the spread of AIDS through the use of a needle exchange program.

We do not have an equal interest, all of us, in the affairs of the District with the residents. They live here. We have an interest in a decent Capital. Elementary democracy says they should rule most local affairs. This bill tramples on that elementary democratic principle. Do not vote for this amendment.

Mr. Chairman, I rise today in opposition to the Tiahrt amendment which would prohibit federal funds for needle exchange distribution programs in the District of Columbia.

Mr. Chairman, the amendment we are debating today is a death sentence to many in this country. Mr. Chairman, the evidence is clear and convincing. Needle exchange programs save lives!

The federal government's top scientists, as well as the National Academy of Sciences, the National Commission on AIDS, the National Institutes of Health, and the General Accounting Office, have all concluded that needle exchange programs are effective in preventing the spread of AIDS, and that they do not encourage drug use. And yet, with this evidence in hand—with scientific proof in hand that needle exchange saves lives—some in this Congress would rather let people die and suffer than let science and medicine help those in need.

The numbers are shocking. Every day, 33 people become infected with the AIDS virus as a result of intravenous drug use. This includes not only drug users themselves, but also their partners and their children. The Surgeon General has stated that 40 percent of all new AIDS infections in the U.S. are either directly or indirectly the result of infection by contaminated needles; for women and children, that figure is 75 percent.

There is no gray area here. We know that needle exchange saves lives, and that it does not cause an increase in IV drug use. In fact, studies show that IV drug use actually declines as a result of needle exchange, because needle exchange programs encourage drug users to seek treatment.

If we have the ability and resources to help those who want and need assistance and save them from probable death, then why not help them? To remain indifferent to the lives lost is morally bankrupt. The stakes are far too high to let a few extremists stand in the way of a sensible policy that we know will save many lives.

Mr. Chairman, I do not believe that any member of this House could deny that the AIDS epidemic is a national and international problem that must be meaningfully addressed. Needle exchange programs are one of the very few programs that have demonstrated that they dramatically reduce the number of new AIDS infections and save lives. There is no real controversy surrounding this compelling data—all the experts agree it is a *fact* that needle exchange saves lives. To ban federal funds for these programs in the District of Columbia will bring certain death to thousands.

Mr. Chairman, we do not support the use of intravenous drugs. But we also have to face reality. People do use drugs. If we can reduce the incidence of the use of dirty needles, contaminated with blood borne pathogens, then we can reduce the transmissions of AIDS. Scientific study after study has shown that needle exchange does reduce the number of new AIDS infections. I would like to reiterate that six federally funded reports, conducted independently by the National Commission on AIDS in 1991, the General Accounting Office in 1993, the University of California in 1993, the Centers for Disease Control and Prevention in 1993, and the National Academy of Sciences in 1995 confirm this fact.

And, finally, Mr. Chairman, we should not prevent the District of Columbia from exercising *its* judgment, and spending its money—not Federal money—to join the other 113 local governments in preventing the spread of AIDS through use of a needle exchange program. We do not all have an equal interest in the affairs of the District of Columbia. That statement is the nub of the problem. Washington is our capital. We have an interest in its being a decent capital. But the people who live here have a much greater interest in local affairs than my constituents in N.Y. That's elementary democracy. And they should decide local questions.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas (Mr. SNYDER).

Mr. SNYDER. Mr. Chairman, what we are talking about here today is one program in the District of Columbia called Prevention Works. Yesterday, I met with their administrative staff and some of their board members, and

today I went out and visited with them as their truck and van was on the streets of the District of Columbia, about 6 minutes' drive from here.

What is the program we are talking about? It is a 1985 truck with unreliable air-conditioning staffed by two remarkable people, Alphonso and Vera, showing tough, but compassionate, care for a group of people that nobody in this place wants anything to do with.

As it turns out, my last hour visit this morning is the only time a Member of Congress has visited this truck and van and seen what they do, and that includes the proponents who are talking so knowledgeably about it today. They do, indeed, count their needles, and one can watch them do it if one would take the time to visit.

Second point. The issue is not what we in our own personal conclusions or personal thinking, what conclusions we reach. The issue is, what standards should this body apply to justify prohibiting elected officials in the District of Columbia from not using their own local funds. That is the issue.

We should vote ''no'' on this amendment and let them decide what is best for their town.

Mr. TIAHRT. Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from Madison, Wisconsin (Ms. BALDWIN).

Ms. BALDWIN. Mr. Chairman, I rise in strong opposition to this amendment to prohibit the District of Columbia from using any funds, Federal or local, for needle exchange programs.

The positive effects of needle exchange are proven. In communities all across the country, needle exchange programs have been established and are contributing to reductions in HIV transmission among drug users. But as important, these programs are beginning to have another positive impact. They are bringing drug users to treatment for their drug abuse.

In my hometown of Madison, Wisconsin, outreach workers go out into the community and out on to the streets and provide drug users with risk-reduction education and referrals to drug counseling, treatment, and other medical services. For many of these illegal drug users, the needle exchange programs represent an opportunity for an interaction with an outreach worker who is tough, yet who cares. Sometimes, not always, but sometimes, this interaction is all that is needed to bring a desperate person to the point of recognizing that they need help.

The CHAIRMAN. The Chair will advise that the gentleman from Virginia (Mr. MORAN) has 3½ minutes remaining; the gentleman from Kansas (Mr. TIAHRT) has 4 minutes remaining.

The gentleman from Virginia (Mr. MORAN), as a member of the committee, has the right to close.

PARLIAMENTARY INQUIRY

Mr. TIAHRT. Mr. Chairman, parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TIAHRT. Mr. Chairman, I am also a member of the committee. Would I not have the right to close?

The CHAIRMAN. Both Members being members of the committee, the Member who is in opposition has the right to close, so that would be the gentleman from Virginia (Mr. MORAN).

Mr. TIAHRT. I thank Mr. Chairman.

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

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Chairman, I want to thank the gentleman from Virginia for yielding me this time.

Washington, D.C. City Council's Consensus Budget, as incorporated in the appropriations budget, is sound. However, it has been incumbered by some very obnoxious amendments. I oppose these amendments to the bill, especially the Tiahrt amendment, which viciously prohibits the District of Columbia from operating a local private needle exchange program.

The residents of Washington, D.C. pay taxes. They have a right to spend the money the way they want to spend their money. We know now that the transmission of HIV from mother to child can be reduced and eliminated. Yes, I said eliminated, as demonstrated by San Francisco's needle exchange program and outreach program to pregnant women. Why would we want to place a death sentence on babies in Washington, D.C. when we know how to ensure their survival? For those who want to see drug addiction reduced, look at the data from needle exchange programs. Such programs lead addicts to the first steps toward recovery.

We are not condoning IV drug use, just the opposite. We are saying that we want babies in Washington, D.C. to be born free of HIV infection, and we want to provide a proven option to eliminate drug addiction.

Vote ''no'' on this amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield three-quarters of 1 minute to the gentleman from Brooklyn, New York (Mr. WEINER).

Mr. WEINER. Mr. Chairman, I do not think we will see a single conservative supporting this amendment. After all, I have not been here very long, but I have figured out what conservatives support. They support local initiatives, church-based initiatives, community-based organizations going out and trying to solve a community's problems and Washington staying out of their way. So there is no way anyone that calls themselves a conservative can possibly support the idea of Congress not only opposing the use of Federal funds, but even local funds, to try to solve a health problem that my colleagues on that side of the aisle have done precious little to solve.

What we are doing here is stepping all over a classic, conservative ideal which has let the District of Columbia manage its affairs the way it sees best.

Mr. MORAN of Virginia. Mr. Chairman, may I inquire as to how much time remains.

The CHAIRMAN. The gentleman from Virginia (Mr. MORAN) has 1¾ minutes remaining.

Mr. MORAN of Virginia. Mr. Chairman, I yield three-quarters of 1 minute to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, our distinguished ranking member has pointed out the sad tale about the cases of AIDS in Washington, D.C. One-half of all AIDS cases in children are a result of injection drug use by a parent.

Mr. Chairman, I ask my colleagues if they would spend 10 cents to spare the suffering of a child with HIV AIDS.

In San Francisco we have reduced to zero, as the gentlewoman from California (Ms. LEE) mentioned, the transmission rate from mother to child because of the needle exchange program and outreach to pregnant moms. In Baltimore, Dr. Beilenson has told us there are 1,000 people, because of the needle exchange program, who are off drugs now. As far as the hepatitis C argument, it does not apply in this case.

Last year, Dr. Varmus, Dr. Fauci, Dr. Satcher were among the scientists who signed a letter saying we have unanimously agreed that there is conclusive scientific evidence that needle exchange programs reduce transmission.

I urge my colleagues to have the courage to save a child's life. Vote ''no'' on the Tiahrt amendment.

One-half of all AIDS cases in children are the result of injection drug use by a parent.

Would you spend ten cents to spare a child the suffering of AIDS. In San Francisco we have reduced to zero the transmission rate from mother to child because of the needle exchange program and outreach to pregnant moms. That is our experience.

As for the science, last year, leading scientists issued a statement on needle exchange programs. The signers included Dr. Harold Varmus, Nobel Prize winner and director of the National Institutes of Health; Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Disease; and Dr. David Satcher, our Surgeon General.

They wrote:

After reviewing all of the research, we have unanimously agreed that there is conclusive scientific evidence that needle exchange programs, as part of a comprehensive HIV prevention strategy, are an effective public health intervention that reduces the transmission of HIV and does not encourage the use of illegal drugs.

The Tiahrt amendment tramples on the ability of D.C. residents to govern themselves. A vote against this amendment is not a vote for needle exchange.

Have the courage to save a child's life—vote "no" on Tiahrt.

Mr. TIAHRT. Mr. Chairman, I yield myself 1½ minutes.

Mr. Chairman, I just want to remind the body that what my amendment does is retain current law. It is law that was supported by the Drug Czar, General Barry McCaffrey; it was passed by this body, the House; it was passed by the Senate; it was signed into law by the President of the United States.

We have heard that we are trying to influence what the taxpayers want here in the District of Columbia. Mr. Chairman, I am a taxpayer in the District of Columbia. All of us here are a taxpayer in the District of Columbia. I care about these people. I care about what is going on.

There is a great deal of desperation for solutions here, and people are reaching far to say these days are successful, but they have not read the studies. It is not a successful program.

The real reason that I am trying to stop this ineffective program, at least from public funds, is because it enables people to carry on a destructive behavior. I have friends who are recovered alcoholics. They said the worst thing that they had during their time of trying to recover was someone to enable them to continue their destructive behavior. That is what we are doing for these people. It is as if we are driving nails in their coffin; we are enabling them.

We are doing a lot to combat illegal drugs in this bill. Mr. Chairman, $25 million is set aside to combat illegal drugs, and yet we are enabling the men and women of this city to take illegal drugs and inject them into their veins. I think it is wrong; I think it is destructive. It does currently go on, it is privately funded, and I think that this does nothing to stop that. If people want to waste their money on an ineffective program, so be it, just not with public funds.

Mr. Chairman, I yield the remaining time to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, how much time remains?

The CHAIRMAN. The gentleman from Kansas (Mr. TIAHRT) has 2½ minutes remaining.

Mr. COBURN. Mr. Chairman, I want to say first of all that I have admiration for those who support this program, because what they are really saying is that they care about those people who are addicted. However, I also would say, we care too.

The debate divides on how best to solve the problem, and the issue is, are we best solving the problem by reducing risk, or do we best solve the problem by avoiding risk?

I want to give my colleagues a corollary. This year, 13 million Americans are going to get infected with an STD; 45 percent of those will never get rid of that infection. Our message to our children has been, you can practice risky behavior as long as you use safe methods to do it. So our message has been, we are going to reduce the risk. And as our message of risk reduction has come about, we have the largest incidence of sexually transmitted disease of any society, and the largest growth of incurable viral diseases. HIV is nothing compared to what is going to happen in this country in terms of chlamydia, human papilloma virus, and the cancer that is going to be associated with it.

So the debate really decides, how do we care the most? The compassion exhibited by wanting to eliminate the transmission is a wonderful, compelling argument. But it is not enough compassion. We have to have enough compassion to eliminate the problem and not enable people to fail, as we are enabling our children to fail, by our message of safe sex with a condom that does not protect 50 percent of the sexually transmitted disease in this country today.

So the heart is right; the message is wrong. If we really want to help these people, then we will redouble our efforts to drug treatment centers, not enable them to continue to fail.

The final thing is, what happens to somebody when they get hepatitis C in this country? And that is the growing epidemic in this country, not HIV. It is hepatitis C. That person does one of two things: they either die or they get a liver transplant.

So if we want to enable this epidemic to continue to flourish, then we need to give all of the drug addicts in this country needles, because they are sharing the needles anyway, and that is what the studies show. We are not lessening their long-term health consequences; we are, in fact, enabling them to fail and die of diseases.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, it is not just we who are opposed to this amendment who are saying that the needle exchange program does not increase the level of drug addiction, nor increase the amount of AIDS. We are listening to the experts. The American Medical Association says this program is effective. The American Academy of Pediatrics, the American Nurses Association, the Association of State and Territorial Health Officials, the National Association of County and City Health Officials, the National Institutes of Health, the Centers for Disease Control. Every single professional organization tells us this program works.

□ 1245

We do not feel particularly comfortable with this program because we do not want to encourage drug addiction, but when we are dealing with one city that has the worst level of drug addiction and AIDS in the country, they should be able to make their own decision on what works. There are 113 cities that have been able to make that decision, major cities. They are using this program.

All we are saying in this amendment is do not use Federal funds. It passed in a bipartisan vote in the committee. We urge this body to support the Committee on Appropriations. Vote down this amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today to oppose the amendment offered by Representative TIAHRT that prohibits federal and local funds from being spent on needle exchange programs in the District of Columbia. I object to this intrusion into the funding priorities of the District. I also oppose this amendment because needle exchange has been shown to be an effective method of HIV prevention.

Needle exchange is supported by medical and health related organizations. Last year, the National Institute of Health issued a determination that needle exchange programs reduce HIV transmission and such program do not encourage the use of illegal drugs.

Thus, the health impact of this amendment would be devastating in this city. As with most major U.S. cities, D.C. faces an AIDS epidemic that must be fought on all levels. D.C. has the highest rate of new HIV infections in the country. AIDS is the third largest cause of death in this city. We must not handicap this city's ability to stem the tide of AIDS transmission.

I also believe that the residents of this city deserve to use the mechanism of democracy and its elected officials should be able to make decisions that benefit the citizens. The local government in D.C. has chosen to use its own funds to address this need.

Congress has no business in the local affairs of the District government. D.C. has chosen to implement this program to prevent the spread of AIDS. This nationally recognized program has been successful in bringing addicts into treatment. D.C. is the only jurisdiction that has a federal bar on the use of local funds.

The District of Columbia no longer receives the federal payment, thus all of these funds are from local taxpayers. I oppose this intrusion into local affairs and I believe that this amendment will severely hurt the residents of D.C. I urge my colleagues to oppose this amendment.

Ms. MILLENDER-McDONALD. Mr. Chairman, I rise today in strong opposition to the Tiahrt amendment to H.R. 2587. As a Member of this House representing a region of the country with an astronomically high rate of HIV transmission and AIDS, I cannot support this bill. I cannot support legislation that not only prohibits the use of federal funds, but also prohibits the use of local or other funds. What are we saying to the citizens of the District of Columbia when their elected representative does not support this bill?

HIV and AIDS continues to plague this Nation. Yes, we have seen some much-needed improvements in the extension of lives through better treatment and we have seen the number of deaths resulting from AIDS fall for the first time. But we have not and will not see the rate of HIV transmission fall if we continue to let politics rule the legislative process.

The needle exchange programs that have been implemented in inner-cities throughout the country are playing a crucial role in reducing HIV transmission, assisting HIV positive drug users in obtaining necessary medical care and drug treatment, and providing essential information and AIDS. This is critical for the hundreds of thousands of adults who do not know that their partners are using drugs, and for the innocent children who are born with this fatal disease.

Public health officials do not support this amendment and I encourage my colleagues to join me in voting against this amendment, which is full of politics and void of reason.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Kansas (Mr. TIAHRT).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. MORAN of Virginia. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 260, further proceedings on the amendment offered by the gentleman from Kansas (Mr. TIAHRT) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT NO. 2 OFFERED BY MS. NORTON

Ms. NORTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Ms. NORTON:

Page 54, strike lines 19 through 25 (and redesignate the succeeding provisions accordingly).

Ms. NORTON. Mr. Chairman, first I want to thank the gentlewoman from Michigan (Ms. KILPATRICK), the cosponsor of this amendment, for offering it in the Committee on Appropriations.

This amendment simply strikes gratuitous and now moot language carried over from last year in the bill that forbids the District to use its own funds on a lawsuit testing whether American citizens who live in the District are entitled to voting rights in the Congress.

Members are looking at the only Member of this body who represents taxpaying American citizens who are denied full representation in the Congress. The language in this bill adds to the basic denial of D.C. voting rights, the denial of the right to seek redress in the courts.

Does this Congress really want to pile on the sensitive issue of full democratic representation by seeking to keep the District from testing that denial in court? This provision in the bill is unworthy of this House, unless we want to cross over and join the authoritarian regimes of the world.

In the darkest days of southern segregation, no State sought to legislate black people out of court suits. That is exactly what this amendment does to D.C. residents, however. It is a self-serving attempt to maintain the status quo denial of rights, even if it means standing to bar the courthouse door.

It should be enough to defeat this amendment that the denial of court redress is patently unAmerican. It is also futile and moot. The lawsuit for D.C. voting rights recently argued before a three-judge panel in the District court is being carried pro bono by a major law firm.

The District's involvement always was minimal. The city's Corporation Counsel participated in the oral argument with permission of the court to participate pro bono. The corporation counsel has resigned. His only involvement now would be as a private citizen with no D.C. funds.

Please do not allow history to add to the litany of denials of democracy for the people of the District. Wherever they may stand on their constitutional jurisdiction over the District, this is a different case. Members surely do not want to be counted against peaceable redress of constitutional rights through the courts. No Federal funds are involved. Even District expenditures are not now being used to support this suit.

Please remove these proceedings once and for all from our appropriation bill.

Ms. KILPATRICK. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I want to support and am proud to be a cosponsor of this amendment that we offered in the Committee on Appropriations.

I agree with the delegate, the gentlewoman from Washington, D.C. (Ms. NORTON) that it is unconstitutional, it is unfair, and it is undemocratic. This entire D.C. appropriations bill is $463 million. The D.C. residents in 1996 sent over $4 billion to this Federal government. In 1997 the same, over $4 billion to this Federal government. The bill today is only $463 million.

Members have heard debate over the last hour on the needle exchange program. We are not going to get into that, but the citizens do have a right, as every citizen of the country has, to spend its local money on those things that they deem necessary for their people.

This amendment that the gentlewoman from the District of Columbia (Ms. NORTON) and I were offering would say that the residents of the District of Columbia can spend their local dollars to go to court to challenge the notion that they cannot vote in this Congress, that they do not have a voting representative in this Congress.

The District of Columbia has more population than three of America's States. All of those States have representatives in this Congress who vote. They all have two Senators in the U.S. Senate who vote. Why, then, do we deprive over 500,000 people who have chosen Washington, D.C. as their place of residence the right to have a vote in this Congress, the right to have two Senators, as all other States have, and the right to use their own local money for those programs that they deem necessary?

The Congressional Research Service goes just a little bit further. They say that the District of Columbia, which is denied the right to vote, should have a representative in Congress. District residents carry some of the same burdens of citizenship that all American citizens pay and do. They pay taxes, they serve in our wars, they die in our wars.

Still, this Congress will not allow them to use their own local funds to challenge in court, and I might add, as the delegate has mentioned, on a pro bono basis, as some have already said, yes, we support D.C., we want to go to court to fight for the right to vote. Why, then, does this Congress not allow the D.C. residents, with the backing of its mayor and its council and its delegate, permission to use their local funds that they also pay, in addition to their Federal funds, allow them the right to go to court and use those funds to defend their right for a vote in this Congress, for a vote on those referenda that they deem necessary?

Mr. Chairman, this is not right, it is not fair and it is not Democratic. As was mentioned earlier, over 500,000 people call D.C. their home. They pay Federal taxes, over $4 billion to this Federal Government. The bill before us is $463 million. Additionally, they pay local taxes.

What we are saying in our amendment, allow D.C. to use their local money to go to court should they want to, to defend their right to vote. This is a glorious country, the best country in the world. The citizens of D.C., American citizens, over 500,000 of them, deserve the right to use their local funds as they see fit.

Mr. Chairman, I urge Members to adopt this amendment.

Mr. ISTOOK. Mr. Chairman, I rise in opposition to this amendment. I very much appreciate the arguments that we have heard from the gentlewomen regarding their support of this particular amendment.

I feel obligated to point out that what they seek to strike from the bill is language that last year was approved by the House of Representatives, approved by the U.S. Senate, and signed into law by the President of the United States. Specifically, it is language that says that public funds shall not be expended for an initiative or a civil lawsuit to promote a vote in Congress for the District of Columbia.

I well understand the desire of the proponents of this amendment and many other people to have that vote in

the Congress, and I am sure that they understand also the special status which the Constitution of the United States gave to the District.

The question is not whether they have the right to pursue their lawsuit. It is being pursued. It is being pursued without taxpayers' money being used to sue the Federal Government over this issue. They wish to be able to do so. They have already filed the action. They have pointed out before that legal representation was provided pro bono, which is to say, as a public service, and without charge, to finance their side of this legal action.

It is not necessary to expend public money either to go back and pay people for work already done as a gift for free, nor is it necessary to expend the public money to enable people to have their day in court. They have their day in court. They are suing the Federal Government, challenging the Constitution of the United States. They have their right to do so. The issue here is whether taxpayers' money should be used to finance the suit.

If Members believe taxpayers' money should be used to finance the suit, then of course they should vote for the amendment that the gentlewoman from the District of Columbia has offered. If Members do not believe taxpayers' money should be used to finance the suit, Members should vote against the amendment, which is a vote in favor of the same position that this Congress passed and the President signed into law last year.

We had a vote in committee. The amendment was defeated in committee. We had a vote in the House of Representatives last year, and this same motion was defeated last year on a rollcall vote of 243 to 181.

It is not a new issue. We have not injected it as a new issue in the bill this year. This is a continuation of the restriction on public money to finance such a lawsuit or an initiative petition.

There is no need to spend taxpayers' money for people to have their day in court. They have their day in court and they are entitled to it.

Mr. FARR of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise today as a former local elected official in support of this amendment. I hope at this moment that every mayor and every council person in the United States is watching what is happening on the floor of the U.S. House of Representatives, because they are seeing a debate about the future of America, of where the attitude is in Congress of how we are going to control Federal funds.

The only Federal funds that we can specifically control are those Federal funds that go to support the city of the District of Columbia, a city that has an elected mayor and an elected city council; a city that, like every other city in the United States, sits down in open, public discussion and debates how they can be a better city.

If Members are watching the actions on the floor today, they will see that even though they have gone through that process at the local level, the heavy-handed Congress here on the floor of the House of Representatives is adopting amendments which are mean, which take away the city's ability to provide safety measures for their inhabitants with needle exchanges, to take away adoptions, to take away legal medical marijuana, even though the States that many Members represent have already passed such measures at the State level and local level.

They are taking away the ability of a city to file a lawsuit. These are amendments that are not American amendments, these are amendments that are trying to be heavyhanded. They are not about giving local control, which everybody up here talks about, to get the Federal Government off peoples' backs, allow cities to be what they can be.

These amendments ought to be defeated. This amendment ought to be adopted because it deletes one of those mean provisions. I ask my colleagues to vote against all of the amendments except for those of the gentlewoman by the District of Columbia (Ms. NORTON) who was elected by the citizens of Washington, D.C. to be here on the floor of the House of Representatives.

Mr. DAVIS of Virginia. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this particular amendment. Let me just tell my colleagues why. We have been piling on the city with some very difficult issues that I feel deeply about; as well, needle exchange programs, which I oppose. I do not believe that we ought to be giving free needles to people who are committing illegal acts.

The couples' adoptions, the limitation on the medicinal use of marijuana, this is something that in other jurisdictions, in Arizona and in Colorado and other States that have had referenda, the citizens have decided they want to do that. In the District of Columbia we did not even let them count the votes.

However people feel about those issues, and I am conflicted on these, along with a lot of my other colleagues, what we are talking about here is the right of the citizens of the District of Columbia to have a vote on the House floor and to pursue a final judicial decree that will set their rights at this point, which have been questioned in the courts.

We ask ourselves, if we cannot use city money, who is going to do this? This is city money, it is not Federal dollars. If this were a prohibition on Federal dollars going to the city, I can understand Congress might have a reason that they would want to support this, but these are city dollars. If Members do not like this, they could run for the City Council in the District and probably take a different point view, but I doubt they would be elected successfully.

What we have to remember is that the relationship between the city of Washington, D.C. and the Federal Government is unique. It is described in the Constitution. It goes back to the late 1700s, when we wanted to have a Federal enclave that would not be at the mercy of any State government. It happened when some militia who had been unpaid from the Revolutionary War fell upon the Pennsylvania militia, who were in sympathy with them, and let them chase the Continental Congress across the river from Philadelphia into New Jersey.

□ 1300

At that point, the continental Congress went ahead and said we have to have our own Federal enclave. We cannot trust any State to look after the Federal side of things and not take sides and disputes between States. As a result of this, the District of Columbia was born.

Now, a lot has changed in 200 years. The city still does not have a vote on this floor, although their residents pay taxes. They can be drafted. They have served in the military. They do the things everybody in all of our States do.

It has been likened that the District of Columbia is like a city, and we are the State. But my colleagues have to remember cities across this country have representatives in State legislatures in the State Capitols and have a vote. The District of Columbia does not.

All this amendment does is it says, because there have been some questions raised about the constitutionality of whether the city should have a vote on the floor, that they could pursue that judicial remedy in the court system with their own money collected by their own citizens through their duly-elected leaders.

With all of the other things piled on, I think the least we can do since we do not give the city a vote on the floor is to allow them to use their own money and pursue their judicial remedies the way any jurisdiction in the country can do.

For heaven's sakes, if we want democracy to work in the District of Columbia, we have to nurture it, we have to allow some decisions made to be final. We have to allow the city to make its own decisions and not have every decision they make be questioned by Congress. When we do that, they are not going to make the tough decisions because they know they are going to get overriden here, and democracy will fail.

For almost 100 years, the city had no elections, and we had, over the last few

years, actually some problems, and we set up a control board over that. But now we have a new mayor, a new council. They are working forward. Let us let them make their own decisions. Let us not second them on everything they do.

So I support the amendment of the gentlewoman from the District of Columbia, and I hope my colleagues will join me.

Mr. HOYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is unlike any of the other amendments that are pending. This amendment deals with the most fundamental right of every American, each and every American, whether they live in the District of Columbia, Maryland, the State of Georgia. Wherever they may live, this deals with the fundamentals of our democracy.

I see the gentleman from Georgia (Mr. BARR) on the floor who argued passionately to uphold the principles of the Constitution of the United States to the President of the United States. Conservatives correctly focus on the rights of minorities against what could be an oppressive government and rule by majority. Liberals correctly focus on the rights of individuals as they may be adversely affected by an oppressive majority.

Mr. Chairman, our Founding Fathers anticipated that problem because they dealt with an oppressive king against whose judgment there was no appeal. So in that most basic document of, really, world government, the Constitution of the United States, I say world government to the extent that all the world looks at it as a model, we guarantee to citizens the right to redress of their grievances through the courts of this land, not because we agree with what they seek, but because we believe it is fundamental to prevent governmental abuse and the denigration of the rights of each and every American. This deals with our most fundamental rights.

Let me say, the chairman says that this was considered last year, was included in the bill. He said that Tuesday night on the floor. But the gentleman from Oklahoma (Mr. ISTOOK) knows full well that this was in a bill of about $400 billion in appropriation, eight appropriation bills.

The President opposed this provision, but clearly could not veto that bill in the last days of our session, as we were about to leave town in October before the election. So he signed, yes, the bill, but not because he agreed with this provision. Very frankly, no Member has debated this provision.

Secondly, he says there was a vote in committee. I was shocked, saddened, chagrined to find every conservative voting with a provision that says to citizens of America, you cannot go to court and use your corporate funds to do so.

I tell my colleagues, Oklahoma City goes to court using taxpayers' funds to redress grievances against the Federal Government. I tell my colleagues that happens in Tulsa as well. It happens in Baltimore. It happens in San Francisco and L.A. and Chicago. Large and small cities, counties, and States bring suits against the Federal Government for the redress of grievances.

Is that not a fundamental American right? How can we say in this bill, corporately, the District of Columbia, through its government, not with our funds, not with Federal dollars, with their own funds, cannot redress the grievance and say our representative on the floor of the House of Representatives ought to have a vote. That is our constitutional right.

Is it our position that we will say, no, we disagree with that objective; and, therefore, they cannot go to court?

The gentleman from Oklahoma (Mr. ISTOOK) says, oh, well, we are not doing that. Shoot, they can get pro bono expenses. They can get people to donate it, or they can get private donations. They can. The gentleman is correct. So can every other State, county, and municipality in America.

Would any of my colleagues support legislation which says that Tulsa or Oklahoma City or Baltimore or Upper Marlboro could not bring suit for the redress of grievances and saying that something is either against the Constitution or against the Federal statute or against the regulation? I cannot believe my colleagues would do that. This is so fundamental to what we believe about our country.

I want to tell my colleagues, I was chairman of the Helsinki Commission until 1995, and I traveled to Sophia in Bulgaria. Bulgaria would not tell Sophia, the capital of Bulgaria, they cannot bring suit. They would under the Communist government, because one could not bring suit at all. That made us really different.

Bucharest in Romania the same thing, Warsaw in Poland, Prague in Czechoslovakia.

The CHAIRMAN. The time of the gentleman from Maryland (Mr. HOYER) has expired.

(By unanimous consent, Mr. HOYER was allowed to proceed for 2 additional minutes.)

Mr. HOYER. Mr. Chairman, this ought not to be a partisan issue. This is an issue we fought a Cold War over. We did not fight it, luckily, for the most part, with bullets. We fought it with a commitment to our ideals of freedom and individual liberty. Not collective liberty, individual. No citizen, no matter how wrong they might be, is precluded from coming to the courts and saying, everybody may disagree with me, but I think I am right.

Mr. Chairman, I hope that, on this issue, my colleagues summon up the wisdom and the courage to say we ought not to do this because it is inconsistent with what we believe about our country, what has made our country different.

Do not tell the residents of the District of Columbia that they have a grievance, but only if they get the largess of some private donor will they be able to seek constitutional relief. Do not do that to them, not because they are the District of Columbia under the Constitution as a State or a District that we have authority over, but because there are 500,000 Americans, just as I am an American, just as my colleagues are Americans, 260 million of us, not D.C. Americans, Maryland Americans, Oklahoma Americans, but Americans, protected by the best document man ever forged, the Constitution of the United States, that holds these truths to be self-evident, that all men and women are created equal, each one of us, endowed, not by the D.C. subcommittee, not by the House of Representatives, endowed by God with certain inalienable rights. Among these are life, liberty, and the pursuit of happiness. That is what they seek. Do not preclude it.

Admit mistake in this area. Support this amendment.

Mrs. MEEK of Florida. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is a very hurtful experience each year when the D.C. bill comes to the floor and there is something in the bill that, in my opinion, in some way wants to turn back the hands of time and to turn back justice and fairness to the people of this District.

The language in H.R. 2857 should be amended by the courageous gentlewoman from the District of Columbia (Ms. NORTON). She has fought a very hard fight. Each of us should understand this fight, because we seek justice and we seek freedom. It should be amended.

The language in the bill is targeted, and I say targeted because it has some very dangerous inferences. It is gloomy. It is dark. To me, it appears to point at one group of people, and that group of people live in the District of Columbia.

Who are those people? Most of the people in the District of Columbia are black like me. Most of them in there are people who have, for years, their rights have been taken away. I have sat here for 8 years and heard constantly, constantly that we beat away to try to take away their rights.

Now, whose fault is it? It is Congress' fault if we allow any diminution of the rights of the people who live in Washington, D.C. If they lived in Podunk, Idaho, I would be here saying the same thing. Regardless of their color or their creed, I would be here. But I am here to say that this particular bill has dangerous inferences. We do not want that.

First of all, the language in the bill is not only undemocratic, but it is

moot, because what the language assumes did not happen. The language says, none of the funds may be used by the D.C. Corporate Counsel, and it goes on and on, to provide for civic action which seeks to require Congress to provide for voting representation in Congress for D.C.

Their amendment repeals language in the bill. The Norton amendment repeals that language, and it should be. Because it will forbid the District from using its own funds.

Mr. Chairman, D.C. did not hire anyone that was not eligible to use this. It was done on a pro bono basis by a downtown law firm. So I think my colleagues are saying that the city's corporate counsel, which was a chief lawyer, did carry some of the argument before the three-judge panel. That may be true. But his involvement in the case was pro bono, no D.C. funding at all. He received permission from the courts to participate in this manner. Even though the language we seek to repeal in the bill this year was also included in the bill last year, I repeat, no city dollars were spent.

The man who argued the case as corporate counsel, Judge John Farren, has gone back to being a judge and would most likely handle the portion of the appeal to the Supreme Court along with the pro bono downtown law firm.

The language in the bill is, therefore, undemocratic. It is moot. It takes away representation. My colleagues would not want it to happen to them. I appeal to my colleageus, think of the facts. The residents of the District of Columbia are living, breathing people who have the same kind of finesse that my colleagues have.

They do not sit here in this Congress. They are not even represented. They do not even have a vote. But they have a very strong Representative who is here to say to us this is wrong. D.C. residents pay taxes just like my colleagues and I do. They are the only American citizens who are denied full representation in Congress. We do not want this.

This Congress has been democratic in its viewpoints on both sides of the ledger, on both sides. I appeal to the Republicans to kill this part of the bill. I appeal to my colleagues to vote for the Norton amendment, because it keeps and gives representation for people who live in the District of Columbia.

Let us not cast a shadow on the democracy which we fought so hard to maintain. Do not let this little paragraph in the bill keep us from being the upright democracy in fighting for justice as we could.

□ 1315

Also, let us allow D.C. a chance to seek redress in the courts, just as our American system indicates.

Mr. Chairman, I want to thank the members of the committee and say to them to please support the Norton amendment.

Mr. OBEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is an anti-obscenity amendment. What this bill says is that the District of Columbia cannot use its own funds to sue in the courts of this land for the right to be represented. That is what this bill says, as it presently stands. That provision is an obscenity in a democracy, and any Member of this House who votes to sustain it ought to hang their head in shame.

We all represent at least half a million Americans, and for any Member of this place to have the unmitigated gall to come in here and say that the Americans, the Americans who live in the District of Columbia cannot use their own dollars to pursue the ability to be represented is an outrage.

This amendment should not have a single opponent in this House. This House does not stand for public representation, it does not stand for democracy, it stands for taxation without representation, which we fought a revolution to overturn, if it does not support this amendment. That is all we need to know about it, that is all I need to say about it. Shame on anyone who votes against it.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from the District of Columbia (Ms. NORTON).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. ISTOOK. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 260, further proceedings on the amendment offered by the gentlewoman from the District of Columbia (Ms. NORTON) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT NO. 2 OFFERED BY MR. LARGENT

Mr. LARGENT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 printed in House Report 106–263 offered by Mr. LARGENT:

Page 65, insert after line 24 the following:

SEC. 167. None of the funds contained in this Act may be used to carry out any joint adoption of a child between individuals who are not related by blood or marriage.

The CHAIRMAN. Pursuant to House Resolution 260, the gentleman from Oklahoma (Mr. LARGENT) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Oklahoma (Mr. LARGENT).

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume, and I wish to begin the debate by reading the actual amendment. It is a short amendment and it is very explicit. It says, ''None of the funds contained in this Act may used to carry out any joint adoption of a child between individuals who are not related by blood or marriage.'' That, Mr. Chairman, very simply, is the amendment.

This amendment is going to create a lot of controversy. I know that. We have been down this road before. We have debated this amendment before, and the House approved this amendment last year. We will have some of the same controversy and some of the misrepresentations of what this amendment actually does, and I would like to address some of these things in my opening statement, Mr. Chairman.

What does it do, exactly? It prevents the District of Columbia from granting joint adoption to individuals that are not related by blood or marriage. Very simply, adoptions should be about the best interest of the child. Adoptions should not be about awarding children in some sort of culture war.

Why are we here? Because a District of Columbia appeals court made a ruling that granted adoption to two men that were unrelated by blood or marriage, the adoption of a young girl. In that decision the judge said, ''It is unclear to the court what Congress' intent is regarding joint adoptions to unrelated people.'' Thus, we are here today, Mr. Chairman, to give the courts our clear intent.

Here is the issue: What is in the best interest of the child? To throw them into an ambiguous, confused amorphous legal situation that does not establish clear lines of authority or responsibility, in my opinion, is not in the best interest of a child, and that is why we are debating this amendment today.

Mr. Chairman, we have kids who have had a rough start at the beginning of their life already. How can it be in their best interest to place them in a confused legal setting, one in which the only legal affiliation between these individuals is the address that they possibly share? For instance, Mr. Jones and Ms. Smith adopt together and are given joint custody. Well, is the child a Smith or is the child a Jones or both? What reason does the child have to feel secure about their future when the couples who adopt them have not even expressed a commitment to one another by having any sort of legally recognized relationship?

What happens if Mr. Jones or Ms. Smith part? How do the courts determine custody in such a case? Nobody knows. There is no legal precedent. What happens if more than two people unrelated seek joint custody? Why not three or four people unrelated by blood or marriage seeking joint custody of a kid? Nobody knows what happens if we go down this road. Is this really in the best interest of the child? Absolutely not.

Finally, and most importantly, Mr. Chairman, I want to say that many will distort this amendment as gay bashing, or others will say this is going to limit the ability of adoptions to go forward. Nothing could be further from the truth. Nothing in this amendment precludes any, any, individual or family related by blood or marriage from seeking adoption. Any individual, regardless of their sexual preference, can still seek legal adoption and then be related through that adoption with the child.

What this amendment will do, Mr. Chairman, is assure that these kids, who desperately need love and, most importantly, security, that they will get it by ensuring that they are placed in legally recognized families.

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

Mr. MORAN of Virginia. Mr. Chairman, I rise in opposition to the amendment, and to claim the time in opposition.

The CHAIRMAN. The gentleman from Virginia (Mr. MORAN) is recognized for 15 minutes.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Oklahoma (Mr. LARGENT) is quite right that an appeals court decided that two men could adopt a child in the District of Columbia, a little baby girl. I suspect that one of the reasons was that there are over 3,000 foster care children awaiting adoption, more than 3,000, in the District of Columbia. They do not have loving parents.

Another reason why the court saw fit to allow this is that they had ruled on the parenting ability of these two people. And, in fact, every day domestic law judges, with the advice of social workers and other professionals, make determinations on the parental suitability of people wishing to adopt children who have no parents. That is the way it is throughout the country.

This amendment is not law today, but if the gentleman from Oklahoma (Mr. LARGENT) prevails, the District of Columbia will stand alone in not allowing the court system, with the advice of professionals, to make that determination. The District of Columbia will stand alone in having that determination made by politicians in this body who have no knowledge of the suitability of those parents and no direct knowledge of the neediness of those children.

If we adopt this amendment, we are saying we would rather these children be left as orphans, without parents, than allow two people, who the court decides are suitable parents, to adopt those children. That is what this amendment is all about. We are saying we do not want to make that determination, we want professionals to make that determination. We want the domestic law judges, who are today making that determination, to be able to continue to and not be precluded by this Congress.

Mr. Chairman, in surveys that have been conducted, American citizens, by a 4-to-1 margin, say that they would prefer the court system to conduct its business without political interference. So we are not carrying out the public interest, we are not carrying out the interest of our own constituents, we are not even doing what they do in our own jurisdictions today if we pass this amendment.

Mr. Chairman, there are going to be any number of very substantive arguments raised against this amendment. I want to enable my colleagues to make those arguments, but I would very strongly urge defeat of this amendment in deference to the professionals in the court system who are able to make these decisions in every other part of the country.

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

Mr. LARGENT. Mr. Chairman, I yield myself 15 seconds to remind the body that there has never, in the history of this country, been a legislative body at any level that has approved joint adoption to people that are unrelated by blood or marriage.

Mr. Chairman, I yield 1 minute to the gentleman from Mississippi (Mr. SHOWS).

Mr. SHOWS. Mr. Chairman, I rise in support of the Largent amendment.

Adoption is the utmost expression of family values, for it allows people the opportunity to extend their homes and their hearts to people in need. But adoption should not be a selfish act. Adoption is for the child's benefit. And if we are to make adoption a meaningful life opportunity for children, they must be given the stability any child needs to grow and thrive.

People who are not married but sharing a house always remain as free to adopt as ever. But the legal relationship created by the adoption should be one between the child and the single adoptive parent, rather than between a child and multiple parents who have no legal relationships amongst each other.

If we really love our children, let us be fair to them. Let them grow up in a stable environment. The Largent amendment is about taking family relationships and raising children seriously. It is fair and reasonable.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. DELAHUNT), a member of the Committee on the Judiciary.

Mr. DELAHUNT. Mr. Chairman, it is a sad fact that not all parents are fit parents, and I know firsthand that child abuse and neglect occurs in all kinds of families. But let us be clear: usually it is among the so-called traditional two-parent families rather than families of less conventional description. As a district attorney, my office prosecuted these parents and put some of them in jail.

I also know firsthand, as a trustee of an adoption resource center, that difficult-to-adopt children are placed in adoptive homes with good parents and families that come in all shapes and sizes. Some of the most loving, responsible, and nurturing families I know would fail the litmus test of the gentleman from Oklahoma (Mr. LARGENT). And that would truly be a tragedy for the 3,300 children now languishing in the District's foster care system.

Most of these children in need of adoption are neglected or abused by their biological parents. Many of them are children with special needs, children whose chances of adoption and a chance at life are doubtful even without the restriction that the Largent amendment would impose.

So with so many kids out there who need decent homes, this is not the time for Congress to start setting criteria for those who would be permitted to adopt.

□ 1330

The only test we should apply is the one the law already uses to determine whether a child belongs in a particular family and that is in the best interest of the child; and that should be left to the courts and the professionals, as the ranking Member indicated.

This amendment will produce cruel consequences, unintended I am sure, but cruel nonetheless, cruel because it will deny some child a family and opportunities that most of us in this body were fortunate to have and, because by the luck of the draw, we were born to parents who nurtured and loved us.

Defeat this amendment and give some kid a family.

Mr. Chairman, I rise in opposition to the amendment by the gentleman from Oklahoma.

Some who oppose this amendment will emphasize its unwarranted intrusion into family matters best left to the people of the District of the Columbia.

I share that concern, Mr. Chairman. But today I wish to speak as an adoptive parent, who is concerned first and foremost with the well-being of abandoned and neglected children.

Mr. Chairman, it is a sad fact that not all parents are fit parents. Child abuse and neglect occurs in all kinds of families. Among the "birth families" no less than adoptive families. Among so-called "traditional two-parent families" no less than families of less conventional description.

But good parents and families come in all shapes and sizes, too. Some of the most loving, nurturing and supportive families I know would fail Mr. LARGENT's litmus test.

And that would be a tremendous loss for the 3,300 children languishing in the D.C. foster-care system—many of them neglected or abused by their biological parents, many of them children with special needs.

With so many kids out there who need decent homes, this is not the time for Congress to start setting criteria for who will be permitted to adopt. The only test we should apply is the one the law already uses to determine whether a child belongs in a particular family situation or not. That test is whether the placement is in the "best interests" of the child.

That evaluation requires the careful weighing of a multitude of factors by those with the requisite expertise. We should ask whether the parents have the means to feed and clothe the child and see to its education. We should ask whether they maintain a home that will offer the child a harmonious, stable and nurturing environment. We should ask whether they have the skills and the commitment it takes to be a good parent.

When we find a family that offers all this to a child in need, what kind of society would reject that family because the parents are "not related by blood or marriage?" What kind of society would say it is better for the child to be in an institution or on the street?

I believe we should embrace that family, Mr. Chairman, and be thankful that a lost child has been given a second chance in life.

I ask my colleagues to defeat the amendment.

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just remind the body once again that there is nothing in this amendment that precludes any legally recognized family from adopting.

Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I rise in support of the amendment offered by my colleague from Oklahoma (Mr. Largent).

I feel pretty strong about this. I think Members on both sides of the aisle should realize that in my home State of Florida there is a case pending challenging the State of Florida because it has a similar ban as the gentleman from Oklahoma (Mr. LARGENT) has in this amendment on such adoptions.

So in my State it is the law. The Largent amendment is trying to make it a part of the D.C. appropriations.

This particular lawsuit was developed in a full-fledged war over cultural values. And that is what we are talking about, make no mistake about it. On one side, we have the ACLU that has filed a class-action suit last month challenging the State's ban on such adoptions.

Two years ago, a lawsuit by them similar in nature was filed in which the couple won. However, our State's Supreme Court overruled it. So now the ACLU is filing again.

I would like to read from the article in the newspaper about the justification for the Supreme Court when they actually decided to rule in favor of the existing law in the State of Florida and which supports the Largent amendment.

The analysis was done by psychologist Paul Cameron. This is what he said, among other points. He said, ''The children raised in homosexual households experience more emotional problems, suffer more from unstable home lives, and struggle more with their own sexual identities later in life.''

He goes on to say, ''Children need and deserve the best environment possible in which to learn and grow. The traditional mom-and-dad family provides this, while homosexual relationships do not.''

Now, this is a clinical psychologist who has said this. And he said that this supports the Supreme Court's decision.

So I think it is clear to my colleagues that what we are talking about, the real question, is, do we want to have this appropriations allow a back-door approach to push for the legalization of same-sex marriages by allowing them to adopt children?

So I support my colleague from Oklahoma in what he is trying to do. It simply prohibits funds from being used to allow joint adoption by persons who are unrelated by either blood or marriage. That is pretty simple. I do not think there is anything in the motion to object to.

To my way of thinking, a family is not made up of unrelated individuals that just happen to be in the household who happen to be living together and then suddenly want to adopt a child. Neither Congress nor the legislature of any of the States have authorized joint adoption by unrelated individuals.

So I think his amendment is very simple. I think it should be supported by my colleagues. I hope it will pass.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from New Mexico (Mrs. WILSON) who is probably the only genuine expert we have on this issue. She was the State Secretary of Child Welfare for the State of New Mexico and knows this issue in her mind and in her heart.

Mrs. WILSON. Mr. Chairman, 99 times out of 100 my colleague from Oklahoma is right. The best thing for a child is to be in a family where the mother and the father are married to each other.

The kids that I worry about, though, are not the healthy infants. They are the foster kids that nobody else wants. They are mentally ill. They are emotionally disturbed. They are physically disabled. They are medically fragile. They are terminally ill. It is those kids who have very few options.

We have a chronic shortage of foster parents in this country and in this city. It should not be a surprise that kids are often placed in less than ''Leave it to Beaver'' families. Sometimes they are single. Sometimes they are stable, cohabiting parents. But once done, over time relationships form. And sometimes those kids want desperately to be adopted by the people whom they have come to call mom and dad.

It is irrational. It does not fit all circumstances. The gentleman from Oklahoma is right. It may be irrational. Because it is about love. It is not about law.

This should not be done by prohibiting the expenditure of funds in the District of Columbia budget. If we want to give guidelines to judges, let us do it the right way, in substantive law, and allow for these cases where a child desperately wants to be adopted by the people who he has come to identify as his parents.

At different times in our lives, Mr. Chairman, we see different things in different stories. All of us remember Peter Pan, remember the lost boys who never found their parents.

Mr. LARGENT. Mr. Chairman, may I inquire as to how much time is remaining?

The CHAIRMAN. The gentleman from Oklahoma (Mr. LARGENT) has 7 minutes remaining. The gentleman from Virginia (Mr. MORAN) has 7½ minutes remaining.

Mr. LARGENT. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, I would like to recognize that was a very moving statement. Had it been based on the facts that these kids could not be adopted, it would be relevant.

But the fact is that this amendment would not prohibit one of the children that was just described by the gentlewoman from New Mexico (Mrs. WILSON) from being adopted. And to say that is being less than straightforward.

This amendment says that even though two people might be living together who are unmarried, one of them can adopt. So it does not preclude the adoption of any group in any way from anytime adopting. It is just saying, if they are not married under the legal definition of ''marriage,'' only one of them can have that child as their child.

So one of the things we do real often is confuse the issue. What does this amendment really say? It does not say that a gay person cannot adopt a child. It does not say that anybody cannot adopt a child. What it says is, if a child is adopted in a relationship that is not recognized by law, that it can be only adopted by one of those members, not both, so that the child is not confused, so that the courts are not confused about what the legal representation of that adoption is.

So let us be sure we are straight about what this amendment does. It is a great emotional word picture to think that a child who is dying or a child that is disabled cannot be adopted. But, in fact, it is not true under this amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1¼ minutes to the gentleman from New York (Mr. WEINER).

Mr. WEINER. Mr. Chairman, I listened with great interest to the statement of the sponsor of the amendment; and there was great deal of emphasis on how, in the sponsor's opinion, this family structure with two unaffiliated folks would not be in the best interest of the child.

Well, with all due deference, why should we care what we here think is in the best interest of the child? I mean, there are court proceedings that are going to have the opportunity to discern that. There are authorities in all the 50 States, including the District of Columbia, to make that determination. Why is our judgment sitting here so very important?

The notion that somehow they would be better off with one parent, as the previous speaker seemed to imply, or in foster care, which is implicit in this entire debate, is utterly absurd.

The point has also been made that these two people who are seeking the adoption are to the affiliated. They are affiliated. They are affiliated in their love and caring for this child. That affiliation should be the overarching one. That affiliation should be the one that is most important.

Finally, this notion that there is nothing legally binding between these two folks, in fact, in the past in this very House there have been prohibitions put on the District of Columbia from establishing domestic partnership jurisdiction which would clarify this issue once and for all.

In fact, this argument should be about what is best for the child, not what we here think are values and how we here define ''family.'' That is not the issue.

I urge a ''no'' vote.

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, once again I would just remind the gentleman that just spoke that the reason we are here is the courts have said that the Congress has not declared a clear intent and that is entirely what we are doing here today.

Mr. Chairman, I yield 2 minutes to my friend, the gentleman from South Carolina (Mr. GRAHAM).

Mr. GRAHAM. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, count me into the crowd that says, I do not want to destroy the best interest of the child rule that courts use in determining what is the best place for the child to live.

But here is the point I think we are missing: Parental rights attach in a couple ways. Biological parents have parental rights because they are the biological parents.

Can they be terminated? Yes. A court can terminate the parental rights of a biological parent. But they have to have a court proceeding where they give notice to the parent and somebody comes and makes a case; and the judge, based on the best interest of the child, will make a legal determination that their parental rights are null and void.

This is a dramatic thing in the law. That happens. But it happens very rarely. But there is room in the law to terminate parental rights. The best interest of the child is always a concern by the court. But there is a legal concept in our law that I hope we never destroy, and that is that biological parents cannot lose their children without a very good reason and we are not going to form families outside the law without a very good reason.

A person who adopts a child that is a ward of the State becomes a legal parent by going through a process that is a pretty exhaustive review of that person's qualifications to see if the best interest of the child can be accommodated by placing that child, the ward of the State, into the hands of an individual.

What my colleagues are trying to prevent here, and the gentleman from Oklahoma (Mr. LARGENT) is doing a good thing in my opinion, is not to take a couple, regardless of their gender, living outside of marriage and put them in the same spot or the same status under the law as a couple who are legally recognized as a married couple.

That is a tremendously damaging concept I think to the legal structure around marriage. That does not mean single individuals cannot adopt children.

What the gentleman from Oklahoma (Mr. LARGENT) is saying is that couples that are not connected by the legal binds of marriage that has rules of the game and allow them separate property and assets, that we are not going to extend the adoption rules to these couples. And that makes a lot of sense.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I rise in strong opposition to the Largent amendment.

This legislation not only segregates nontraditional couples but also harms children who are in desperate need of loving families.

There are approximately 3,100 children in the D.C. foster care system. We all know that children of all ages deserve love and the nurturing of an adoptive couple, ''couple'' preferably. The best interest of the child and parenting skills must be the sole factor for placement in safe and loving homes and not marital status or sexual orientation.

Congress has traditionally left family decisions, law decisions, to the State and local levels. The odds for placing all 3,100 children currently in the D.C. foster care system in loving homes are slim. It would be a travesty to further jeopardize these odds and force children to languish in institutions, at great cost to taxpayers, when there are loving couples waiting to give them homes.

Mr. Chairman, I urge my colleagues to continue to leave family law decisions where they belong, at the local level. Do not lose sight of the thousands of children in foster care who would be deprived of a loving home. Vote ''no'' on the Largent amendment.

□ 1345

Mr. MORAN of Virginia. Mr. Chairman, I yield 1¾ minutes to the gentleman from Arizona (Mr. KOLBE).

Mr. KOLBE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Oklahoma.

Last month, over 1,000 children in the District of Columbia's foster care system waited for someone, anyone, to take them home. Over 1,000 children, children looking for a stable, secure home.

The sponsor of the amendment during last year's floor debate indicated that he wanted to provide a sense of stability for children, and I believe that is true, that he wants that, and we all do. I think the sponsor has also spoken about the importance of the need for two-parent families.

So which is it? This amendment would allow single parent adoptions, but it disallows joint adoptions in the District of Columbia by persons who are not related by either blood or marriage.

I do not quite understand. The sponsor of this amendment believes it is okay not to have two single people who want to be parents to adopt a child, but it is okay to have a single parent adopt a child. Is there not a bit of a double standard here?

The gentleman from Oklahoma has spoken about not wanting to put children in an ambiguous situation, but what could be more ambiguous than keeping a child in foster care? What could be more ambiguous than keeping them in limbo, never allowing them to be adopted?

We have these children in the District who are waiting to be adopted. I would love to have 1,000 lawfully-married-in-the-eyes-of-whatever-religion couples in the District of Columbia step up and adopt these children. But that is not going to happen. I would love to have 1,000 single people in the District of Columbia decide to become a parent and step up and adopt these children. But that is not going to happen, either.

This amendment would limit the options for adoption to those two scenarios. There are 1,000 children in the District waiting to be adopted, that are looking for caring, loving families. We should not adopt this amendment, we should reject it and allow them to have the option of being adopted.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1½ minutes to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, I thank the gentleman for yielding me this time. I want to clarify. The courts do not need this amendment. Gay couples adopt in the District of Columbia and that is not a matter where there is now need for clarification from Congress or anybody else. There is no chance that unsuitable parents can adopt in the District because the courts strictly regulate these adoptions.

This is a gay-bashing amendment. Yet everybody knows that gays can only get to adopt, under court proceedings, children that nobody else will adopt, the disabled children, the older children.

There are practical reasons why this is an important amendment. It guarantees that the child would have ongoing financial responsibility from both people; that the child's interest before doctors and hospitals and in day care programs would be protected; that in the event one parent died, the child could directly inherit; and that if a parent became ill or died, workmen's compensation and Social Security benefits could be offered.

Who would want to deny these to a child because of some notion that the parents do not suit the Members here today? They suit this child. These children need loving parents. There are 3,000 of them. They are desperate for homes.

Do not pass this tragic amendment.

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume. Again I just want to remind the body that there is nothing in this amendment that precludes anybody, any individual or couple related by marriage or blood from adopting any children, and that in the history of the District of Columbia there has never been one case that has shown that a child has gone unadopted because they could not be given joint adoption to people that were unrelated.

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

Mr. MORAN of Virginia. Mr. Chairman, I would inquire of the time remaining on both sides.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The gentleman from Virginia (Mr. MORAN) has 2 minutes remaining, and the gentleman from Oklahoma (Mr. LARGENT) has 2½ minutes remaining. The gentleman from Virginia has the right to close.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, for those Members who do not pay much attention to the local news, I can tell them that good news is coming out of Washington, D.C. A new mayor, a new government, a balanced budget. In fact, they gave away garbage cans last week to come clean up our city. So things are happening here.

But what I am hearing from my colleagues is, ''Let's micromanage D.C., let's micromanage the way rules are promulgated.''

I would just ask my colleagues, when we had the debate of .08, Mothers Against Drunk Drivers, we all said, ''No, it's a States rights issue. Let them deal with it.''

When it came to setting speed limits on interstate highways and on local roads, we said, ''It's a State or local issue. Let them deal with it.''

But here we are saying, ''Well, maybe we'll get involved in a little or a few items that have particular resonance with our constituencies.''

Mr. Chairman, there is no perfect world out there. But for my colleagues who are pro-life, more people will be brought into this world when there are less abortions, and with that will come a perplexing situation of how do we care for these kids and how do we find enough homes for them?

Whether it is needle exchange or anything else, let us let local government decide. Let us let them be armed with information, statistics and data to decide what is the best policy for their community.

Leave D.C. alone, avoid these amendments, and let us pass the base bill.

Mr. LARGENT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I want to close on this debate and just answer a few of the comments that have been made about the amendment once again.

First, I want to say, in response to my colleague from Florida's statement just a moment ago, we are here explicitly because a judge in the District of Columbia, an appeals judge, said, ''I need to know what Congress means in this area. I don't know. I don't understand. Their intent is unclear.''

Mr. Chairman, that is why we are here today, to state clearly what our intention is on the issue of joint adoption being granted to people that are unrelated. That is exactly what this amendment does and nothing more.

I would also like to remind my friends and colleagues in the House that this amendment would not preclude a single adoption by a single child in the District of Columbia. In fact, it may even promote more adoptions as a result, because now as opposed to adopting as a joint custody by unrelated people, you have two individuals that can adopt individually. You can still do that. That is fine. We are not making any comments about that at all. What we are trying to do is prevent children who are already coming out of a confused background and beginning in their life from being thrown into an ambiguous and amorphous and confused situation by throwing them to a couple that are unrelated, that have no contract between them, and saying, ''You both get joint custody.'' That is wrong and we should not be doing it because it clearly is not in the best interest of the child and it definitely is not in the best interest of preserving of what it means to be married in the first place.

Mr. Chairman, I want to finish this debate by commending, first of all, the chairman of the Subcommittee on the District of Columbia because for the first time, and this is really important, for the first time in the D.C. appropriations bill, he has provided $8.5 million in this bill to promote adoption in the District of Columbia, and he should be commended for that because it is the right thing to do.

The latest information I got shows that there are about 3,500 children in the District of Columbia waiting to be adopted. This $8.5 million will go a long way in helping provide for more children to be adopted as a result of this bill being passed and put in safe environments as a result of the adoption of this amendment.

Mr. Chairman, I urge the adoption of this amendment.

Mr. MORAN of Virginia. Mr. Chairman, we also want the $8.5 million for adoption funds used most effectively.

Mr. Chairman, I yield such time as she may consume to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, in the interest of safe and secure adoptions for the children of the District of Columbia, I urge a ''no'' vote on the Largent amendment.

We in Congress do not have any duty more important that protecting the welfare of children. Why, then, would we deny young people in the District of Columbia the right to have two legal guardians instead of one?

There are 3,100 children in the District foster care system, and over 1,000 of them are ready to be adopted. Each of them needs a loving and stable home. This amendment would promote adoptions that are less stable and secure by outlawing joint adoptions by individuals not related by blood or marriage.

The sponsor has made it clear that his amendment does not prohibit adoptions by gays or lesbians. Of course it should not. According to the American psychological association, studies comparing children raised by non-gay and gay parents do not identify developmental differences between these two groups of children.

But since the amendment do not prohibit these adoptions, the logic of the proposals is difficult to grasp. If gay or lesbian couples are going to be adopting children, shouldn't we want those adoptions to be as stable and secure as possible? What purpose do we serve by making these adoptions more precarious?

What is really at play here is a lack of comfort with fully affirming lesbian and gay adoptions and lesbian and gay families. And what is sad is that some members of Congress would ignore the scientific evidence and allow their own lack of comfort to stand in the way of secure family placement of children.

I ask you—in light of the evidence and the overwhelming need, do we have a right to stand in the way of making adoption placements as stable and secure as possible? Are

we acting on behalf of children, or our own prejudices?

Both the child Welfare League of America and the Children's Defense Fund oppose this dangerous amendment because they recognize that children in the District deserve the most stable homes we can find for them. I urge my colleagues to vote against the Largent amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. OLVER).

Mr. OLVER. Mr. Chairman, I rise in opposition to the amendment.

I rise in opposition to the Largent amendment which prohibits D.C. from using funds for joint adoption by people unrelated by blood or marriage.

I cannot construct or conjure up a legitimate reason for this amendment.

Under the amendment, two sisters, obviously related by blood, would have a right to jointly adopt, but two women unrelated by blood would be precluded from jointly adopting that child regardless of the relative capacity of those two families to provide a stable loving home for the child.

Under the amendment, a married couple has the legal right to jointly adopt. But a common-law couple who have been together for 20 years, have children of their own and, by every proven measure, have love to give another child or even siblings orphaned by tragedy or accident, are prohibited from joint adoption.

It is capricious to argue that two parents provide stability, legal responsibility and continuity to an adopted child, and then deliberately deny the same child the benefit of stability, legal responsibility and continuity by denying joint adoption into the common-law couple's family.

Three thousand children are presently in foster care, waiting and hoping to be adopted and have parents. One thousand of them are deemed "ready for adoption."

The underlying bill provides $8.5 million to promote adoption. We should not at the same time constrain the options for these children to find loving homes by attaching this mean-spirited amendment to the bill.

In my view, this amendment is without legitimate purpose and should be rejected.

Mr. MORAN of Virginia. Mr. Chairman, I yield the balance of my time to the gentlewoman from Wisconsin (Ms. BALDWIN).

The CHAIRMAN pro tempore. The gentlewoman from Wisconsin is recognized for 1 minute.

Ms. BALDWIN. Mr. Chairman, let me be clear: If this amendment becomes law, children who are being raised by unmarried couples will still have two parents. They will still receive love, protection and understanding from both parents. And thankfully this amendment cannot stop that.

But what the Largent amendment will do is end up not harming the parents but the children, by not allowing two legal parents to care for the child. There are so many reasons for a child to have a legal relationship with two parents. Legal rights, obligations and responsibilities flow from the recognition of parenthood. Some of them include the guarantee that both parents continue to have an ongoing financial relationship to the child. It assures legal access to and support from both parents in the event of a separation. It allows both parents to obtain health care and other employment-related benefits for the child which is especially important if one parent stays at home to raise the child. It protects the child in the event that one parent were to die without a will.

These are vital, vital legal responsibilities. This amendment would destabilize and on occasion rip families apart.

Mr. Chairman, I rise today in opposition to the Largent amendment.

Let me be clear: if this amendment becomes law, children who are raised by unmarried couples will still have two parents. They will still receive love, protection and understanding from both parents, and thankfully this amendment cannot stop that.

But what the Largent amendment will do is end up harming not the parents, but the children, by not allowing two legal parents to care for the child. There are so many reasons for a child to have a legal relationship with two parents. Let me list just some of the benefits to children to have two legally recognized parents:

It guarantees that both parents continue to have ongoing financial responsibility for the child;

It assures legal access to and support from both parents in the event of a separation;

It allows' both parents to obtain health and other employment-related benefits for the child, which is especially important if one parent does not work;

It protects the child in the event that one parent were to die without a will (the child would be entitled to inherit under the laws of intestate succession;)

It allows the children to inherit from the parent's relatives, without costly legal battles;

It allows the child to be eligible for benefits such as a worker's compensation or Social Security upon the parents unemployment, disability, or death;

It allows a parent presumptive guardianship of the child if the other parent dies, thus keeping the family unit intact. Otherwise, the child could potentially lose both parents, and may be forced to live in foster care.

One such tragedy occurred here in the District of Columbia and were it not for the courts here, recognizing the best interests of children, the children would have not have only lost one parent to a tragic death * * * they would have lost a second to a travesty of justice.

If Congress truly cares about kids we should be acting in their best interests. That a member of this body would offer an amendment that will result in destabilizing families, on occasion ripping families apart, is wrong.

Mr. NADLER. Mr. Chairman, I rise today to oppose the Largent Amendment to the D.C. Appropriations Bill. This legislation would prevent joint adoptions by individuals who are not related by blood and marriage. In effect, this amendment, under the guise of ensuring the security of children, would prevent otherwise qualified couples from adopting the tens of thousands in need of adoption.

We are all aware that this amendment would prevent gay and lesbian couples from adopting children. I find it hard to believe that there are still Members of this Congress who can believe that sexual orientation has a direct effect on a person's ability to raise a child. The American Psychological Association has conclusively decided that there is no scientific data which indicates that gay and lesbian adults are not fit parents. Research by the APA has also determined that having a homosexual parent has no effect on a child's intelligence, psychological adjustment, social adjustment, popularity with friends, development of sex-role identity and development of sexual orientation. To maintain assumptions otherwise is unfair, and scientifically unfounded.

It is my belief, and I'm sure that with a moment's consideration you will all agree, that the issue of adoption is best decided by parents and trained professionals on a case-by-case basis, based on the best interest of the child. We should not deprive children of families that are capable of raising them. How can you cheat a child out of a happy home and a caring family? How can you deny a person the right to share their love, their home, and the security they can offer a child?

Raising a child is a very personal issue, one that deserves the time and consideration of individual case-by-case evaluations. Anything else is simply discriminatory. I urge my colleagues to oppose the Largest amendment, and let each child and each potential parent have the right to an individual evaluation.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in opposition to the amendment offered by Representative LARGENT to the District of Columbia Appropriations bill. This amendment would prohibit unmarried couples from jointly adopting children. I believe that local governments should be allowed to make the proper decision concerning adoptions, based on the universally accepted standards that regards the best interest of the child.

Family law is not an area that Congress generally addresses because it is a local concern. State and local jurisdictions are better suited to address issues of domestic relations.

There is no reason to deny potential parents the right to adopt a child based on their marital status. If we do not deny single people the right to adopt, then an unmarried couple should not face such a restriction.

This amendment places the children that are currently waiting to be adopted at risk for remaining in the foster care system. That would not be in the best interest of any child. These children need consistent care and a safe home.

This amendment suggests that an unmarried couple cannot provide a child with a proper environment to develop intellectually and socially. But this amendment only makes that suggestion of the residents of D.C.

Currently, D.C. and 48 other states allow lesbian and gay couples to adopt when it is in the best interest of the child. It is clear that two loving parents, offer a child greater stability than one parent, yet we would make this

distinction if the couple is unmarried living in D.C.

I oppose this amendment because I believe that the needs of children to be in a loving environment should not hinge on the marital status of the couple that wants to adopt. We should encourage adoption and we should allow local judges to make the decisions concerning these children. I urge my Colleagues to oppose this anti-family amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Oklahoma (Mr. LARGENT).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. MORAN of Virginia. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Pursuant to House Resolution 260, further proceedings on the amendment offered by the gentleman from Oklahoma (Mr. LARGENT) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT NO. 4 OFFERED BY MR. BARR OF GEORGIA

Mr. BARR of Georgia. 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. 4 printed in House Report 106–263 offered by Mr. BARR of Georgia:

Page 65, insert after line 24 the following new section:

SEC. 167. None of the funds contained in this Act may be used to enact or carry out any law, rule, or regulation to legalize or otherwise reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substances Act (21 U.S.C. 802) or any tetrahydrocannabinols derivative.

The CHAIRMAN pro tempore. Pursuant to House Resolution 260, the gentleman from Georgia (Mr. BARR) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I know that some folks will not listen to this, but right off the bat, let me implore those who will be considering and voting on this amendment to understand as much what it does not do as what it does.

Mr. Chairman, this amendment has nothing whatsoever to do with the publication of the ballot results of the marijuana initiative held in the District of Columbia last year. The current prohibition on taking steps to count and report the results of that ballot extend only through the end of this fiscal year. The amendment that I propose here has nothing to do with the counting of that ballot.

It has everything to do with continuing to say to the people of this country that insofar as the Federal Government has concern and jurisdiction over drug usage, that no moneys contained in this act shall be used for the purpose of legalizing or reducing the penalties for any schedule I controlled substance including, but not limited to, marijuana.

If, in fact, the residents of D.C. have voted last year to legalize marijuana under the so-called medicinal use purpose, then this amendment today, if it is included in this appropriations bill, will prohibit further steps from being taken to implement that initiative. Without this amendment, if in fact the residents of the District of Columbia have voted in favor of marijuana legalization, without this amendment it will go into effect.

□ 1400

That is what this amendment addresses, that is all that it addresses, is further steps, any further steps towards the legalization of marijuana or other drugs under controlled substances, schedule 1, in the District of Columbia.

Now I also have and I am sure the folks on the other side have a letter from the Office of the Corporation Counsel for the District of Columbia worrying terribly that the Barr amendment today would prohibit the counting of the ballots of last year's drug initiative. Let me assure the Corporation Counsel that this is not the case.

I have also spoken with the subcommittee chair. He understands that this is not the case and has indicated, if it remains a problem for those on the other side who are not going to listen to this debate, then we will include language, seek to include language, in the conference report.

Now that the red herring that the Barr amendment we are discussing today would somehow prohibit the counting and the reporting of the ballots from last year's marijuana initiative, let me reiterate what this amendment does and why it is so essential. It is essential because it will stop further steps from being taken pursuant to last year's initiative or any other from legalizing or reducing the penalties for marijuana or other schedule 1 controlled substances. It will not prevent after the commencement of the next fiscal year on October 1 the counting and reporting of any ballot previously taken.

LEGALIZATION OF MARIJUANA FOR MEDICAL TREATMENT INITIATIVE OF 1998

SUMMARY STATEMENT

This initiative changes the laws of the District of Columbia to: Restore the right of seriously ill individuals to obtain and use marijuana for medical purposes when recommended by a licensed physician to aid in the treatment of HIV/AIDs, glaucoma, muscle spasm cancer, or other serious or chronic illnesses for which marijuana has demonstrated utility; protect seriously ill Washingtonians, their licensed physicians and caregivers from criminal prosecution or sanction; legalize—for medical purposes only—the possession, use, cultivation, and distribution of marijuana in the District of Columbia, and maintain the prohibition and criminal sanctions against the use of marijuana for any nonmedical purpose.

TEST

Be it enacted by the Electors of the District Of Columbia. That this act may be cited as the ''Protecting Medical patients and Providers from marijuana Prosecution Initiative of 1998''.

Sec. 2. All seriously ill individuals have the right to obtain and use marijuana for medical purposes when a licensed physician has found the use of marijuana to be medically necessary and has recommended the use of marijuana for the treatment (or to mitigate the side effects of other treatments such as chemotherapy, including the use of AZ1, protease inhibitors, etc., radiotherapy. etc.) or diseases and conditions associated with [HIV and AIDS;, glaucoma, muscle spasm, cancer and other serious or chronic illnesses for which the recommending physician reasonably believes that marijuana has demonstrated utility.

Sec. 3. Medical patients who use, and their primary caregivers who obtain for such patients, marijuana for medical purposes upon the recommendation of a licensed physician do not violate the District of Columbia Uniform Controlled Substances Act of 1981, effective August 5, 1981 (D.C. Law 4–29; D.C. Code §33 501 et seq.) (controlled Substances Act''), as amended and in so far as they comply with this act, are not subject to criminal prosecution or sanction.

Sec. 4. (a) Use of marijuana under the authority of this act shall not be a defense to any crime of violence, the crime of operating a motor vehicle while unpaired or intoxicated, or a crime involving danger to another person or to the public, nor shall such use negate the mens rea for any offense.

(b) Whoever distributes marijuana cultivated, distributed or intended to be distributed or used pursuant to this act to any person not entitled to possess or distribute marijuana under this act shall be guilty of crime and subject to the penalty set forth in section 401 (a)(2)(D) of the Controlled Substances Act (D.C. Code §33–541(a)(2)(0)).

Sec. 5. Notwithstanding any other law, no physician shall be punished, or denied any right, privilege or registration for recommending, while acting in the course of his or her professional practice, the use of marijuana for medical purposes. In any proceeding in which rights or defenses created by this act are asserted a physician called as a witness shall be permitted to testify before a judge, in camera, Such testimony, when introduced in a public proceeding, if the physician witness so requests, shall have redacted the name of the physician and the court shall maintain the name and identifying characteristics of the physician under seal.

Sec. 6. (a) Any District law prohibiting the possession of marijuana or cultivation of marijuana shall not apply to a medical patient, or to a medical patient's primary caregivers, when a medical patient or primary caregiver possesses or cultivates marijuana for the medical purposes of the patient upon the written or oral recommendation of a licensed physician. The exemption for cultivation shall apply only to marijuana specifically grown to provide a medical supply for a patient, and not to any marijuana grown for any other purpose. In determining a quantity of marijuana that constitutes a medical supply, this act shall be interpreted

to assure that any medical patient protected by the act shall have access to a sufficient quantity of marijuana to assure that they can maintain their medical supply without any interruption in their treatment or depletion of their medical supply of marijuana.

(b) The prohibition in the Controlled Substances Act against the manufacture, distribution, cultivation, or possession with intent to manufacture, distribute, or cultivate, or against possession, of marijuana shall not apply to a nonprofit corporation organized pursuant to this act.

Sec. 7. A medical patient may designate or appoint a licensed health care practitioner, parent, sibling, spouse, child or other close relative, domestic partner, case manager/worker, or best friend to serve as a primary caregiver for the purposes of the act. A designation under this act need not be in writing; however, any written designation or appointment shall be prima facie evidence that a person has been so designated. A patient may designate not more than four persons at any one time to serve as a primary caregiver for the purposes of this act. [:or the purposes of this subsection, the term ''best friend means a close Friend, who is feeding, nursing, bathing, or otherwise caring for the medical patient while the medical patient is in a weakened condition.

Sec. 8. Residents of the District of Columbia may organize and operate not-for-profit corporations for the purpose of cultivating, purchasing, and distributing marijuana exclusively for the medical use of medical patients who are authorized by this act to obtain and use marijuana for medical purposes. Such corporations shall comply with the district's nonprofit corporation laws. Fees and licenses shall be collected by the Department of Consumer and regulatory Affairs (''DCRA'') in the same manner as other not-for-profit corporations operating in the District of Columbia. The Director of DCRA shall issue such corporations exemptions from the sales tax, use tax, income tax and other taxes of the District of Columbia in the same manner as other nonprofit corporations.

Sec. 9. The exemption from prosecution for distribution of marijuana under this act shall not apply to the distribution of marijuana to any person under 18 years of age unless that person is an emancipated minor, or a parent or legal guardian of the minor has signed a written statement that such parent or legal guardian understands: (i) the medical condition of the minor, (ii) the potential benefits and the potential advese effects of the use of marijuana generally and in the case of the minor, and (iii) consents to the use of marijuana for the treatment of the minor's medical condition. Violation of this section shall be subject to the penalties of the Controlled Substances Act.

Sec. 10. (a) The Director of the Department of Health of the District of Columbia must develop a plan and submit it, within 90 days of the approval of this act to the Council of the District of Columbia to provide for the safe and affordable distribution of marijuana to all patients enrolled in Medicaid or a Ryan White CARE Act funded program who are in medical need, who desire to add marijuana to their health care regimen and whose licensed physician reasonably believes that marijuana would be beneficial to their patient.

(b) Within 30 days of the certification of the passage of this act by the people of the District of Columbia, the Mayor of the District of Columbia shall deliver a copy of this act to the President and the Congress to express the sense of the people of the District of Columbia that the Federal government must develop a system to distribute marijuana to patients who need it for medical purposes.

Sec. 11. If any provision of this measusre or the application thereof to my person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the measure which can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

Sec. 12. This act shall take effect after a 30 day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code §1–233(c)(1)).

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

Mr. MORAN of Virginia. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Georgia (Mr. BARR) and claim the time.

Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we oppose this amendment. We certainly oppose the use of drugs that would contribute to a drug culture, that would contribute to the debilitation of any individual human being, but that is not the issue we are arguing. The issue we began arguing is whether the District of Columbia can count the ballots in a referenda that inquired as to whether people would support the ability of doctors to prescribe marijuana for their patients who are terminally ill, generally of AIDS, so as to relieve their suffering. Again, my colleagues would think that that should be a professional decision made by professional medical practitioners.

Now up until now, Mr. BARR's intent was to prevent the votes being totaled. That prevented about $1.30 apparently from being spent to itemize the ballots. The gentleman from Georgia (Mr. BARR) now goes beyond that to say that under any circumstances regardless of what the outcome of that referendum might be that the citizens of the District of Columbia cannot have their doctor prescribe for patients who are suffering to be able to use marijuana to relieve their suffering.

Mr. Chairman, there are some ramifications of this amendment that go beyond what some might consider to be a relatively heartless attempt on the part of the proponent of the amendment. For example, prohibiting the reduction of penalties associated with the possession, use or distribution of marijuana or any schedule 1 substance undermines the efforts of law enforcement, the courts, and the correctional system to enter into plea bargains with criminal defendants in their war against illegal drugs. It could eliminate the option of reducing sentences of prisoners as an incentive to encourage good behavior.

The gentleman from Georgia (Mr. BARR) I know was an assistant U.S. Attorney. He understands how important it is to be able to plea bargain, to be able to have flexibility, to look for the broader objective of reducing drug use or even to use individuals who are caught to be able to turn in the people who are truly distributing drugs. There are a lot of ramifications of this amendment, all of them negative. This should be defeated.

Now at this point I am going to reserve the balance of our time, so a number of subsequent speakers can list a number of reasons for our colleagues to vote against this amendment.

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

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the sky is not falling, and the sky will not fall if this amendment is adopted; let me assure my colleagues on the other side.

The extent to which the other side and the key proponent who just spoke is opposed to this amendment either blinds his judgment or his ability to fairly read within the four corners of the amendment, or he is simply engaging in an argument that he knows not to be an accurate one, there is nothing in this language that either expressly or by the wildest interpretation of its language would reduce in any way, shape or form the ability of any prosecutor to plea bargain. This amendment is by its four corners and by any reasonable interpretation designed simply to stop efforts to legalize or reduce penalties for the possession or use of controlled substances. It has nothing to do with plea bargaining which does not reduce penalties for, it simply disposes of a particular case.

I look forward to the other statements that the other side will put forward in opposition to simply standing for the proposition that we do not want and this body should not condone efforts to legalize drug usage in the District of Columbia.

Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, I thank the gentleman from Georgia (Mr. BARR) for yielding this time to me.

This is not about health care. The word medicinal in front of this is so disgusting. Marinol, a subpart of marijuana, can be used to treat, and it is legal, and if the only way you can do it is through smoke marijuana, one can go to HHS, and there is an appeal process for those rare cases.

This is a national drug battle being funded by a few individuals, and it is a back-door way to legalize marijuana. Every year, we go through a drug certification process for other nations. When I go down to Columbia or to Mexico or to Peru and Bolivia and other countries, they always say, ''What's your standard in the United States?'' If

in our Nation's capital, we are going to relax our drug laws and allow the backdoor legalization of marijuana in our Nation's capital, a violation of federal law, then we should not be here, we should not be doing the drug surveys.

We ought to just acknowledge that we are going to allow the toleration of marijuana because that is, in fact, where we are headed here, that this is like saying that a subcomponent of arsenic can be helpful to somebody, therefore, we are going to encourage the use of arsenic or some other substance that can be fatal, that marijuana is the gateway drug along with tobacco and alcohol to the heroin, to the crack and in and of itself, as we have heard in numerous drug hearings, from abused mothers.

We had an abused mother in Arizona who told how our husband got on marijuana, mixed it with alcohol, was beating her, and she was in constant fear of her life. It is not just harder drugs, it is also the marijuana. We had multiple wrecks in the last year in my district where students who were on marijuana or those older than students were on marijuana who had automobile wrecks that terminated the lives of other people.

We cannot in our Nation's capital where the Constitution specifically says to exercise exclusive legislation in all cases whatsoever over such district especially when it is a national law. This law applies to every State. The States that went through these referendums are, in fact, being prosecuted in courts to resolve this. There is absolutely no reason to implement such a law in District of Columbia. It would be an abomination to our country.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would suggest to the gentleman from Georgia (Mr. BARR) that the source of my comments about limiting the ability of legal professionals to come up with plea bargains and to otherwise pursue justice in the court system came from the United States Justice Department and from the offender supervision division of the District of Columbia. So it was not my personal opinion, it was a professional opinion that this could do harm to their ability to reduce drug addiction and to go after drug criminals.

Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Chairman, first I want to welcome the gentleman from Georgia's belated conversion to democracy. I gather he is no longer insisting on the amendment he successfully authored last year to prevent the counting of votes, which I must say seems to me the least intellectually valid enactment of the United States Congress in its history. He has backed away from that. But what he now has is a rather poorly drafted amendment that is very different than the one its proponents defend.

In the first place, it does not just say law, it says law, rule, or regulation. If there were to be a policy in the prosecutor's office governing plea bargaining in controlled substances cases and my colleague wanted to amend that rule by which he controlled the practice of plea bargaining, it might be effective, but all the more important is the other language. It does not just say to legalize it, it says otherwise reduce penalties.

So do my colleagues know what would be illegal under this if it applies? Government Pataki of New York, the Governor of New York, has recently proposed, a good Republican, George Pataki, has just proposed to reduce some of the sentencing. They have mandatory minimums, and he said those are not working. If they were governed by this, it could not happen.

Now are we going to tell the District of Columbia that they cannot in their policy experiment with a diversion program for first offenders, with reducing mandatories?

This Congress passed a law in 1994 over the objections of many on that side, but it was passed by the Congress, which did away with mandatory minimums in some cases for some controlled substances. Had we been bound by this law, it could not have happened.

This is an outrage.

The debate about legalization and medical marijuana can move forward. I will note that this horrendous policy of supporting medical marijuana that is being decried over there has been supported by the electorates of many States, and I keep noting the extent to which the Republican party, at least as represented in the House, is falling out of love with the voters of America. Time and time again in public opinion polls or referenda the voters disappoint my friends over there.

Then we heard from one gentleman about, well, we need to do prohibition. His argument was for prohibition of alcohol, not just marijuana, but this goes far beyond legalization. This says they cannot reduce penalties, they cannot reduce mandatory minimums, they cannot experiment with diversion programs. It ought to be rejected.

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

I would remind my learned colleagues on the other side that the role of the U.S. attorney is governed very distinctly from the D.C. Appropriations Act. I would also remind my colleagues that the Department of Justice is funded in an entirely different appropriations bill. This amendment here has nothing whatsoever to do with the power of U.S. attorneys to continue to prosecute cases. The judges do continue to sentence under federal laws and the ability of Federal prosecutors in the District of Columbia to plea bargain.

Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Chairman, I probably, in committee, surprised some of my liberal friends by supporting the counting of the ballots. To me, it violated the First Amendment rights of individuals who at least expressed their opinion. I also stated that I would do everything in my power to fight against legalization of marijuana.

In California they had an initiative, and they have found such extreme abuse of using marijuana for medicinal purposes and medical because they could always find some doctor from the hippy generation of the 1960s or 1970s that would prescribe just to basically get around the law. They have had tremendous problems in California already with it, and I think it is wrong.

I think the liberalization of family values, the liberalization of our traditions and our laws are part of the problems why we end up with Columbines and those kinds of things. I think to back off on marijuana and other drugs would do the same kind of thing, and I will fight tooth, hook, and nail against the legalization of marijuana, but not the right to express one's opinion on it. I think that part is wrong.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, I thank the gentleman for yielding this time to me.

Let us face it. What is this amendment doing here?

This amendment is inspired by a medical marijuana initiative many residents may have opposed, but the outcome is unknown because of the amendment offered by the gentleman from Georgia (Mr. BARR) last year. It is outrageous enough to overturn local legislation without the consent of the governed. Mr. BARR just cannot wait. He wants to strike down a local initiative before it is enacted and even without knowing that it will be enacted. Even if a medical marijuana initiative passes, it could not move forward without legislation by the city council.

The poor wording of this amendment will lead to consequences that even the gentleman from Georgia (Mr. BARR) did not intend. The phrase: Otherwise reduce penalties associated with drug use is so overbroad it will produce challenges against what courts and prosecutors do every day. If we cannot otherwise reduce penalties, we may not be able to reduce drug sentences for routine matters like a defendant's cooperation with the prosecution or successful completion of drug rehabilitation.

□ 1415

I would never ask my colleagues to support permissive drug use, and our own constituents know us better than that.

The full Committee on Appropriations eliminated this amendment because it recognized that democracy, not drugs, was the issue. Mr. Chairman, I ask my colleagues to respect that judgment. The gentleman from Georgia and any Member of this body can repair to their remedies after the legislation is enacted. We ask, for goodness sake, that you spare us something unprecedented, even for the District of Columbia, prior restraint on democracy.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The Chair would remind the Members that the gentleman from Virginia (Mr. MORAN) has 2½ minutes remaining and the right to close; and the gentleman from Georgia (Mr. BARR) has 1 minute remaining.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I commend the gentleman for his leadership on this bill, and the gentleman from Oklahoma (Mr. ISTOOK) as well for his leadership in bringing the bill to the floor.

I rise in strong opposition to the Barr amendment for the following reasons. The findings of scientific research, the will of the voters of the District of Columbia, and compassion for people with serious illnesses all argue against this amendment.

In the spring of this year, the Institute of Medicine issued a report that had been commissioned by the Office of National Drug Control Policy. The study found that marijuana is ''Potentially effective in treating pain, nausea and anorexia of AIDS-wasting and other symptoms,'' and it called for more research on the use of marijuana in medical treatment. That is the latest science.

Finally, we must consider the need for people with cancer, AIDS, and other serious illnesses who want access to a drug which can help them deal with the symptoms of their illnesses. Of course, all of us in this body are opposed to illegal drug use, and those of us who are voting ''no'' on this amendment are strongly opposed to illegal drugs. I hope there is no question about that. We are also against the use of Federal law to make criminals of terminally ill people who are trying to use a proven remedy to seek relief.

The American Academy of Family Physicians, the American Preventative Medical Association, and the American Public Health Association all support access to marijuana for medicinal purposes.

Voters in my home State passed an initiative in November 1996 authorizing seriously ill patients to take marijuana on the recommendation of a licensed physician. Proposition 215 has authorized as many as 11,000 Californians who suffer from AIDS and many other debilitating diseases with safe and legal access to a remedy that makes life a little more bearable.

Thousands of constituents in my district struggling with AIDS and cancer will tell us that choosing the appropriate medical treatment should be a decision for public health officials, physicians and patients, not for the House of Representatives.

Mr. Chairman, I urge my colleagues to oppose the Barr amendment.

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, if anybody ever wondered what one big loophole looks like, this be it. This is a copy of the Legalization of Marijuana for Medical Treatment Initiative that is the subject matter of this debate. If one reads, and I do not know whether folks on the other side have actually read the D.C. Initiative, but if they do, they will find it is one massive loophole. It is not limited only to certain types of diseases, it applies to virtually anything. It is not limited simply to patients who say that marijuana or doctors who say that marijuana has a proven medical use. It is simply, does marijuana have a demonstrated utility, whatever in the heck that means.

It also allows not only for the patient to have this marijuana, but for any friend of theirs who might have it to give to them.

So it is just replete with loopholes. It does not even require a written prescription. It can simply be an oral recommendation of the doctor.

This is bad legislation. If we do not stop it today, it will go into effect, and we would be telling the people of this country that drug usage is okay in our Nation's Capital. We should not do that. Support the Barr amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, it is difficult to argue to make any drugs legally available. But under some circumstances, we do make drugs legally available. Certainly, morphine is customarily used when people are suffering. I know I, myself, when my mother was dying and experiencing a great deal of pain, I had to inject morphine, simply to reduce the suffering. I never would have done that, but the doctors prescribed it.

Basically, that is what we are suggesting here, that we defer to the judgment of medical professionals. If there is a way to relieve people's suffering, people that are experiencing terminal illness, we should allow this. This is a tough vote, but I do think the right vote is to vote ''no.'' Leave this to the medical community.

Mr. GILMAN. Mr. Chairman, I rise in strong support of the Barr amendment.

Mr. Chairman, I rise today in strong support of the Barr amendment to the FY 2000 District of Columbia appropriations bill. This amendment would prohibit the use of funds in the bill to legalize or reduce penalties for the possession, use, or distribution of any schedule I substance, including marijuana, under the Controlled Substances Act.

In recent years, the issue of promoting so called ''medicinal'' uses for marijuana has taken hold in several states. In 1996, both California and Arizona voters passed referendums, in defiance of federal law, which permitted the use of marijuana as a medical device, primarily pain relief.

Mr. Chairman, the number of adolescents who have used marijuana has doubled since 1993. It has been well established that marijuana is a gateway drug, whose use often leads to more serious drug consumption, such as heroin and cocaine use. These trends need to be reversed.

The proponents of a policy supporting the medicinal use of marijuana are simply using the issue as cover for the larger issue of drug legalization.

We must not be seen as sending mixed and confusing messages on illicit drug use to our young people. Illicit drugs are simply wrong, our country knows all to well that drugs are destructive, dangerous and deadly, nothing more, nothing less.

In their zeal to decriminalize the use of illicit substances, supporters of legalization fail to mention the consequences which would result from such a move.

Drug use is destructive behavior with consequences affecting far more than the individual in question. To pretend otherwise is to deny reality and embrace a seductive illusion that only leads to despair and hopelessness.

I urge my colleagues to strongly support this amendment.

Mr. NADLER. Mr. Chairman, today we are debating an amendment that has no business in this appropriations bill. the Barr amendment will continue the unprecedented assault on the democratic process. As many of my colleagues know, a provision that was inserted into last year's D.C. appropriations bill included a section that prohibited the District of Columbia from spending any funds to count and certify the results of a voter referendum, Measure 59, held last November. The voters cast their ballots on whether the local law should permit the medical use of marijuana. Those ballots sit uncounted and uncertified because the Barr amendment.

The cost of the District using its own funds to count and certify the results is literally a few dollars, but the Barr amendment has forced the Federal Government to incur substantial litigation costs defending last year's decision against letting the voters be heard on a local issue. This is absurd and this amendment should be rejected on its face. Why are some in this Congress so intent on impeding the democratic process in the District of Columbia?

Mr. Chairman, this amendment would bar the government of the District from using any federal funds to assist any medical marijuana program. That is what this amendment is

about. In addition, because the amendment would bar the District from using local funds to ''enact or carry out any law, rule or regulation'' that reduces penalties for any Schedule I substance or THC derivative, this will threaten existing programs like the availability of Marinol, a THC derivative, which is used to treat patients suffering with HIV/AIDS.

Mr. Chairman, the citizens of the District have spoken and have decided that marijuana should be used for medicinal purposes. This is another attempt by the gentleman from Georgia to interfere with District citizens, who are, after all, only exercising one of the few democratic rights that Congress has allowed them—the right to vote on initiatives and referenda.

Mr. Chairman, medical studies demonstrate that in some cases marijuana has proven effective in treating pain and discomfort for patients, especially those that are undergoing chemotherapy. The medical use of marijuana is a public health issue; it is not part of the war on drugs. Once again, marijuana has been proven to relieve the pain and suffering of seriously ill patients. It is unconscionable to deny an effective medication to those in need.

Mr. Chairman, I would like to point out for the record that former Speaker Gingrich and the distinguished chairman of our own Crime Subcommittee once agreed with medicinal use of marijuana. in 1981, Representative Newt Gingrich and Representative BILL MCCOLLUM, cosponsored H.R. 4498, a bill introduced by the late Congressman Stuart McKinney, that would have allowed the medicinal use of marijuana. In 1985, Chairman MCCOLLUM again cosponsored H.R. 2282, a bill reintroduced by Congresswoman MCKINNEY, which would have allowed the medicinal use of marijuana. I, along with many others, would be very interested to learn why our colleagues changed their minds.

Mr. Chairman, many states have held state referenda on the use of medical marijuana. Two states, California and Arizona, have successfully passed legislation to allow the prescribed use of marijuana for medicinal purposes. The voters of these states have spoken and in our democratic system they must be respected.

Mr. Chairman, although the Congress exercises oversight over the District, we should not micromanage it. We should trust the citizens of the District and their elected officials to manage and implement policies that benefit the District and its residents.

Finally, Mr. Chairman, permitting the medical use of marijuana to alleviate the pain and suffering of people with seriously ill conditions does not send the wrong message to children or anyone else. It simply states that we are compassionate and intelligent enough to respect the rights of patients and the medical community to administer what is medically appropriate care. It is time for this Congress to acknowledge that a ban on the medicinal use of marijuana is scientifically, legally, and morally wrong.

Mr. DELAHUNT. Mr. Chairman, I rise in opposition to the amendment by the gentleman from Georgia.

The amendment seeks to nullify the results of a popular local initiative by congressional fiat. So much for ''federalism'' and ''states' rights.'' So much for ''local self-determination.''

And so much for common sense. But then, whenever marijuana is involved, some of our colleagues seem to take leave of their senses altogether.

When the citizens of California and Arizona voted in 1996 to allow doctors to prescribe marijuana for medical purposes, this House responded with a resolution declaring that ''marijuana is a dangerous and addictive drug and should not be legalized for medicinal use.''

Yet we all know that many narcotics—such as morphine and even cocaine—which are highly dangerous when used without proper medical supervision, are nonetheless approved for a range of medical uses.

We do not deny narcotics to cancer patients because it could ''send a signal'' to others who might wish to use these drugs recreationally. Yet that is what this amendment would say with regard to marijuana. With all due respect, I do not believe that anyone who had watched an AIDS or cancer patient suffer uncontrollable nausea for hours at a time could make such an argument.

Proponents of the amendment are quick to point out that the scientific community is divided over the medical benefits of marijuana. They are less quick to acknowledge that both the benefits and the dangers of a large number of medical substances are subject to scientific dispute.

I submit that it is not the job of the Congress to resolve such disputes. We could argue all day about the science. But that is not our role.

It is not our role to prohibit scientists from continuing to develop sound data regarding the safety and efficacy of marijuana—as they do with any other experimental treatment.

And it is both foolish and inhumane for us to prevent licensed physicians and their patients from studying the growing literature, weighing the benefits and the risks, and deciding whether the use of such drugs is medically appropriate—especially when more conventional therapies have been found ineffective.

If we are determined to override these local decisions, and to replace sound medical judgment with our own, let's at least not be hypocritical. Let's take morphine and cocaine off the market as well. Let's explain to the patients who depend on these drugs to control their pain that they will simply have to suffer so that we can send the ''right signal'' about drug abuse. I'm sure they'll understand.

The CHAIRMAN pro tempore. All time has expired.

The question is on the amendment offered by the gentleman from Georgia (Mr. BARR).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STEARNS

Mr. STEARNS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEARNS:

Page 65, insert after line 24 the following new section:

SEC. 167. Nothing in this Act prohibits the Department of Fire and Emergency Services of the District of Columbia from using funds for automated external defibrillators.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore. The Chair will remind all persons in the gallery that they are here as guests of the House and that any manifestation of approval or disapproval of proceedings or other audible conversation is in violation of the Rules of the House.

Mr. ISTOOK. Mr. Chairman, I reserve a point of order.

The CHAIRMAN pro tempore. The gentleman from Oklahoma reserves a point of order.

Mr. STEARNS. Mr. Chairman, my amendment is very straightforward. It states that nothing in this act prohibits the Department of Fire and Emergency Medical Services of the District of Columbia from using funds for automatic external defibrillators.

This amendment, Mr. Chairman, seeks to highlight how invaluable AEDs are to use to save personal lives. This is endorsed by the American Heart Association, the American Red Cross, the American Association of Respiratory Care, the American College of Cardiology, the Citizen CPR Foundation, and the International Association of Firefighters. These are just a few people that support the idea of making AEDs available in Federal buildings.

I want to make it clear to my colleagues that this amendment in no way seeks to dictate to the District of Columbia how they should spend their money.

An AED of course is a device that is a little larger than a laptop computer. It automatically analyzes heart rhythms and delivers an electric current to the heart of a cardiac arrest victim. AED can restart a heart that has stopped beating.

Passage of this amendment simply reaffirms that the District of Columbia should have access to the most up-to-date, state-of-the-art equipment. Like AEDs, they can restore a normal heart rhythm in persons suffering from sudden cardiac arrest.

Mr. Chairman, frankly, it does not require a lot of training. Just turn it on and it tells someone what to do. It allows a great number of people to be able to respond to medical emergencies that require defibrillation. They are essential to strengthening this chain of survival for anybody that has a cardiac arrest.

The four links to this process, of course, are dialing 911 as a first step, early resuscitation, and then defibrillation, and then, of course, early and advanced life support.

While defibrillation is the most effective mechanism to revive a heart that has stopped, it is the least accessed tool we have available. So I think putting AEDs in Federal buildings is much like the argument for putting firefighting equipment in the buildings.

Studies show that 250 lives can be saved each and every day from cardiac arrest by using the AED device. Those are the kinds of statistics that no one can argue with.

No one knows when a sudden cardiac arrest might occur. According to a recent study, the top five sites where cardiac arrests do occur of course are at airports, county jails, shopping malls, sports stadiums, and of course golf courses. I believe we would all do ourselves a favor and great comfort in knowing that in any one of these Federal buildings or, for that matter, any District building, that we have in Washington, DC, that the most up-to-date equipment is available and that folks are now trained to use it to help all Americans.

They are being produced today very inexpensively. They are easy to maintain, and so I think between those two things, the state of the art is bringing costs down for the AEDs and they afford a wider range of emergency capability for trained and equipped personnel.

So I think with all of the tourists we have here in the District of Columbia each day, I think it is important that all of the Federal buildings, as well as the District of Columbia, have these available.

Mr. Chairman, I have talked to the gentlewoman who represents D.C. on this matter, and I urge my colleagues to adopt this amendment.

POINT OF ORDER

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Oklahoma (Mr. ISTOOK) on a point of order.

Mr. ISTOOK. Mr. Chairman, it is my understanding that the gentleman from Florida (Mr. STEARNS) desires to withdraw his amendment by unanimous consent and that his language be included in the report in the bill.

Mr. STEARNS. That is correct, Mr. Chairman. I have worked out the language with the gentlewoman from the District of Columbia (Ms. NORTON), and as I understand, if she would confirm this, that she accepts the report language that I have, and then, by unanimous consent, I will withdrawal my amendment.

Mr. MORAN of Virginia. Mr. Chairman, we have no objection. We would defer to the judgment of the Chairman.

Ms. NORTON. Mr. Chairman, if I could respond, I want to thank the gentleman for working with me on an issue of mutual interest so that we did not have to go into statutory language or a point of order and yet could get the agreement of the District after a call to the police department on a matter that is of considerable importance. I appreciate the gentleman drawing it to my attention, and I appreciate the way in which the gentleman has worked with me collegially to get a satisfactory solution.

Mr. STEARNS. Mr. Chairman, I appreciate the compliment and I am always glad to work with the gentlewoman.

The report language in a sense is that we should conduct a study about the need for placement of the automatic external defibrillators in the Federal buildings and District buildings, so I think it is a first step for this country to recognize that AEDs are an important survival technique, and we are taking that step this afternoon here on the House floor.

I thank the chairman of the D.C. Committee on Appropriations.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. BENTSEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, today as we consider the appropriations bill for the District of Columbia, I want to highlight a high-profile case of police incompetence that has grievously affected some of my constituents. Last year, a resident of Baytown, Texas, Ms. Chanda Smith was only 2 months away from graduating from the University of Maryland when the car she was traveling in was broadsided by another vehicle on a District street, ending her life. Deaf since the age of 2 from meningitis, Chanda was looking forward to her graduation which would have occurred in December.

The suspect, who tried to flee the scene, was quickly apprehended by District police. However, in the first of many police department missteps, none of the attending officers called the police department's mobile crime personnel unit who routinely examines skid marks and patterns of debris and take photographs and measurements of fatal accident scenes. These mistakes, while serious, were a harbinger for an even more appalling series of events.

The Smith case was assigned to Detective Milton James, whose handling of several other fatal crash scenes had been under review by the D.C. Police Department. When Detective James began his investigation into the Smith case, he failed to order a blood sample from the suspect and did not get a warrant to search the suspect's vehicle. After he allowed the car to be towed, the police property division inadvertently junked the vehicle which contained direct evidence that the car should not have been on the road that night due to poor brakes and substandard steering. Police investigators later determined that the D.C. Department of Motor Vehicles inspectors passed the vehicle just weeks before.

□ 1430

Following these grossly negligent actions and mismanagement, another investigator was assigned to the case and prosecutors assembled a grand jury in an attempt to obtain further evidence and information.

In the weeks after the accident, Chanda's parents remained in close contact with the lead detective, who assured them that the suspect would be charged with vehicular homicide and that the case would be turned over to a grand jury. Like any parents in this situation, the Smiths assumed that the case would result in a clear-cut conviction. But without the car and the measurements, the accident was impossible to reconstruct.

In its response to the lapses in the Smith case, the District's police actions were completely inadequate. The lead detective, who clearly failed to perform even the most basic functions of an accident investigator, was demoted and reassigned. His supervisors, who had allowed this detective to investigate the crash site, were reprimanded for their poor oversight of the detective.

What came to light after this case is even more shocking, that the lead detective had performed so poorly that 14 of his cases had been reassigned to other detectives because of his ineptitude in investigating accident scenes. The District police had long known this detective was not carrying out the basic functions of an accident investigator, such as interviewing key witnesses, taking blood samples, photographing crime scenes, and preserving evidence.

After learning of the Department's lapses in January 1999, Chanda's parents were contacted by an investigator with the U.S. Attorney's Office, who tried to salvage the case and bring some justice to the Smith family. The Smiths worked with an Assistant U.S. Attorney to reconstruct some of the evidence, including turning over detailed pictures of the car that the insurance company had taken following the accident.

While a grand jury was convened, there have been no indictments and the case has now been closed. The Smith family, who have suffered through a terrible, wrenching tragedy, have been denied justice for their daughters's life. Due to the original handling of this case, these parents are left searching for answers that may never be resolved.

Mr. Chairman, I appreciate the tough job that the men and women of the D.C. Police Department have to do, and I believe that the vast majority do it well. But the incompetence in handling of the Smith case should not be tolerated.

As we consider the funding levels for the District of Columbia for fiscal year 2000, I want to urge all of my colleagues and particularly the members of the committee to consider this case and the implications for our constituents who may be affected by the inaction and incompetence in this instance by the District Police Department.

I also urge Police Chief Charles Ramsey, who has acted with compassion in his response to this matter, to take every action necessary to resolve this case. The job performance of the lead detective and the supervisors in

this case were completely unacceptable. Their lack of action has caused enormous grief for a family who may never achieve even a small measure of justice for the loss of their daughter. They clearly deserve better, and so do the residents of the District of Columbia and the citizens of the United States.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). A few minutes ago the Chair noted a disturbance in the gallery, in contravention of the law and rules of the House.

The Sergeant at Arms removed those persons responsible for the disturbance and restored order to the gallery.

Mr. ISTOOK. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I appreciate the remarks of the gentleman from Texas (Mr. BENTSEN), and although I have no personal familiarity with the circumstances he relates, I certainly share his concern about the proper enforcement of laws and the proper procedures being followed by the police within the District for the protection of the citizens, whether they reside here, visit here, or work here.

I do want to point out to the gentleman that in the bill we have provided $1.2 million for the expenses of the Citizen Complaint Review Board, which is intended to deal with concerns about police procedure, whether they be activity or inactivity, actions or oversights.

I would certainly encourage the persons involved in the incident that he mentioned to utilize the services of that board, which we have sought to fund, to assist the District in resolving what we know are some long-term accumulated problems regarding the police department that I know Chief Ramsey wants to aggressively correct.

So I appreciate the gentleman's comments, and I certainly hope that the Citizen Complaint Review Board will be of assistance to him.

I also wanted to note, Mr. Chairman, on the Barr amendment, which was adopted by voice vote, there were a couple of concerns raised about whether there might be some unintended consequences. That is a conferencible item with the Senate, and we will certainly look at that to make sure that no unintended consequences occur. I know the gentleman from Georgia (Mr. BARR) feels the same way, and we will be looking at that in conference.

I also wanted to state, Mr. Chairman, we will be having the vote shortly on the Norton amendment, which regards the ability to use public funds on the voting rights litigation that persons in the District have filed against the Federal Government.

I expect, based upon past votes, that the House would reject that amendment and continue the prohibition, but I did want to note for the RECORD that I have initiated the conversation with the gentlewoman from the District of Columbia (Ms. NORTON) and the gentleman from Virginia (Mr. MORAN), the ranking member, about the possibility of addressing this in conference, where, rather than an outright prohibition, we might be able to make sure, of course, that nothing is reimbursed for past work, but that the District might consider having limited availability of local funds only for future litigation expenses in their discretion.

I intend to address that with the conferees, and we will see if that might be the end result. Certainly, of course, the amendment remains before the House to work its will, as it has previously.

Finally, Mr. Chairman, although we have devoted time today to talking about different amendments that are being offered to the bill, I think it is important that we all understand that there are some very important initiatives in this piece of legislation: the drug testing and treatment for the 30,000 offenders who are widescale violating the conditions of their freedom, that we need to get either off the streets or off of drugs, this is a major initiative; the adoption initiative; the approval of the management reforms by the District; the charter school assistance and strengthening within the District; and certainly approving the District's tax cut, which they have taken as a bold step in further improving the economic status of the District and everybody who resides here.

Regardless of the vote on the amendments, I certainly intend to support the work of this House on the final bill. Regardless of how other Members may vote on the different amendments, I do not believe that any of them should be used by anyone as a reason to oppose the final passage of this bill, which I think helps to open a very strong and good chapter in better relations between the Federal Government and D.C., and to making the District a safer, better place with better schools for people who live here and work here and visit here, to be a better Capitol for our Nation.

I commend the work of the persons who have worked together on this bill, both within this House and within the District government.

Mr. Chairman, I urge adoption of the entire bill.

Mr. MORAN of Virginia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I appreciate the remarks of my friend and colleague, the gentleman from Oklahoma (Mr. ISTOOK). I applaud him for doing a very fine job in chairing this subcommittee and putting together an appropriations bill that is worthy of this House. In the subcommittee and in the full committee, both Democrats and Republicans agreed this is a good bill. This is the bill that we want the President to sign.

It is still a good bill as it stands, unamended. If, however, it is amended on the floor of this House by changing the language that was approved by the full committee that said that no Federal funds can be used for any needle exchange program in the District of Columbia, we will have to oppose this bill. We believe that the D.C. elected council and Mayor can determine how best to combat the drug epidemic in the District which, by many accounts, is the worst in the Nation, if that language in the bill is sustained, we would certainly want to support that.

If this body agrees that there is no need for the language put in by the gentleman from Oklahoma (Mr. LARGENT) that would supersede the judgment of the domestic courts in this city with regard to who is eligible to adopt children, then we have a bill that is going to pass virtually unanimously.

But the problem, Mr. Chairman, is that there are two amendments here that, if they are approved by this House, are so egregious in terms of trampling the rights of the District of Columbia citizens, its elected representatives, and its court system that the White House has said it will veto this bill. Then we are right back at the starting point. All this excellent effort by the gentleman from Oklahoma (Mr. ISTOOK) and his colleagues on the Republican side and all the bipartisan support on the Democratic side will have been for naught.

That reason alone should be sufficient to vote down these amendments and vote up the appropriations bill before us, because these amendments do not belong in an appropriations bill. That is why we had the argument on the rule. We had to have a rule that waived the rules of this House, saying that despite the fact that they would be ruled out of order, we are going to rule them in order, allowing them to be added to the bill.

Had we stuck with an open rule, we would not have had to deal with this. We would have had a pure bill, a pure appropriations bill. We would have bipartisan support for it and it would pass overwhelmingly in this House.

That is why, Mr. Chairman, I would urge my colleagues to reject these two amendments; to support the bill, if they are rejected, and to give the White House a bill that it can sign right away and at least take this issue off the table.

Mr. Chairman, I want to thank the members of the Committee on Appropriations staff, I want to thank my assistant on the D.C. appropriations bill, Tim Aiken, who was ably assisted by Anstice Brand. I want to thank Tom Forhan particularly as the lead minority staff person for D.C. appropriations.

I want to thank the gentlewoman from the District of Columbia (Ms.

NORTON), who has been here throughout the entire bill, who has done an excellent job of representing her constituents. That is really what this is all about. We really would like to defer to her constituents, who have the right to elect their own representatives, and would seem to have the right to spend their own money.

We talk a lot about Federalism, we talk a lot about devolvement to States and localities. This is a good opportunity to show that our money is where our mouth is; that we believe in our rhetoric, we believe in the principle of self-representation, we believe that this Congress should not be overriding the normal rules of the House, imposing restrictions on the use of local and private funds within the District, imposing restrictions upon the prerogatives of the domestic courts in the District of Columbia.

That principle will be sustained if we defeat the two amendments and enable all the Members of this House to support the D.C. appropriations bill, and enable the White House to sign it.

Mr. Chairman, as I say, I urge a no vote on the amendments. If they are defeated, then we could urge a yes vote on the underlying bill.

Mr. ISTOOK. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ISTOOK. Mr. Chairman, I appreciate the comments of the ranking member.

One thing I think we need to make sure is mentioned is the D.C. tuition aid grant program, $17 million that we fund in this bill to enable young people in the District to achieve a college education. A vote against the bill, of course, would be a vote against that, as well as the other things, such as the drug treatment programs.

Mr. Chairman, I would submit, frankly, that when we have a bill that is funding $25 million for drug testing and treatment, and a bill that is funding $8.5 million to encourage adoption, it is not unreasonable to expect that we do not want mixed messages by saying, well, let us have a needle exchange program that could interfere with that, or let us not make sure that adopting parents are related by blood or marriage.

I doubt, Mr. Chairman, that the President would be so extreme as to veto this excellent bill because he did not like a couple of those provisions, especially seeing that he signed one into law last year.

□ 1445

Mr. MORAN of Virginia. Mr. Chairman, I ask unanimous consent to strike the requisite number or words.

The CHAIRMAN. Without objection, the gentleman from Virginia is recognized.

There was no objection.

Mr. ISTOOK. Mr. Chairman, will the gentleman yield?

Mr. MORAN of Virginia. I yield to the gentleman from Oklahoma.

Mr. ISTOOK. Mr. Chairman, I thought I had understood it was protocol for the chairman to have the last word. Now, if the gentleman from Virginia insists upon having the last word, certainly I will not interfere with his desire to do so.

Mr. MORAN of Virginia. Mr. Chairman, I suggest to the gentleman from Oklahoma I will speak and then yield to him to have the last word.

Mr. ISTOOK. That is fine.

Mr. MORAN of Virginia. Mr. Chairman, let me just say that, first of all, I neglected particularly to thank Mr. Americo ''Migo'' Miconi who was just superb on this bill. When I was thanking everybody, it was not sufficient to thank the members of the Committee on Appropriations staff without mentioning him particularly, specifically. He has some excellent people working with him as well, and we appreciate their fine work.

Again, not only did we not mention the $17 million for the in-State tuition program, terrific idea, the $8.5 million for adoptions, the money for charter school, the money for offender supervision, I could go on and on and on, great things, plus supporting the consensus budget.

That is why we particularly hope that these two amendments can be defeated and we can support the underlying bill.

Mr. Chairman, I yield to the gentleman from Oklahoma (Chairman ISTOOK) to conclude.

Mr. ISTOOK. Mr. Chairman, I have no further comments except my word of appreciation for the ranking member, the great people, Mr. Miconi, Mr. Albaugh, Mr. Monteiro, all the people who have worked on this bill.

The CHAIRMAN. Are there further amendments to the bill?

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 260, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 1 printed in House Report 106–263 offered by the gentleman from Kansas (Mr. TIAHRT), Amendment No. 2 printed in the CONGRESSIONAL RECORD offered by the gentlewoman from the District of Columbia (Ms. NORTON), amendment No. 2 printed in House Report 106–263 offered by the gentleman from Oklahoma (Mr. LARGENT).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 1 OFFERED BY MR. TIAHRT

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 1 printed in House Report 106–263, offered by the gentleman from Kansas (Mr. TIAHRT) 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. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 241, noes 187, not voting 6, as follows:

[Roll No. 344]

AYES—241

Aderholt	Gekas	Moore
Archer	Gibbons	Moran (KS)
Armey	Gillmor	Murtha
Bachus	Gilman	Myrick
Baker	Goode	Nethercutt
Ballenger	Goodlatte	Ney
Barcia	Goodling	Northup
Barr	Goss	Norwood
Barrett (NE)	Graham	Nussle
Bartlett	Granger	Ortiz
Barton	Green (TX)	Ose
Bass	Green (WI)	Oxley
Bateman	Gutknecht	Packard
Bereuter	Hall (OH)	Pascrell
Biggert	Hall (TX)	Paul
Bilbray	Hansen	Pease
Bilirakis	Hastert	Peterson (MN)
Bliley	Hastings (WA)	Petri
Blunt	Hayes	Phelps
Boehner	Hayworth	Pickering
Bono	Hefley	Pitts
Boswell	Herger	Pombo
Brady (TX)	Hill (IN)	Pomeroy
Bryant	Hill (MT)	Porter
Burr	Hilleary	Portman
Burton	Hobson	Pryce (OH)
Buyer	Hoekstra	Quinn
Callahan	Holden	Radanovich
Calvert	Hostettler	Ramstad
Camp	Hulshof	Regula
Canady	Hunter	Reynolds
Cannon	Hutchinson	Riley
Chabot	Hyde	Roemer
Chambliss	Isakson	Rogan
Chenoweth	Istook	Rogers
Clement	Jenkins	Rohrabacher
Coble	John	Ros-Lehtinen
Coburn	Jones (NC)	Roukema
Collins	Kasich	Royce
Combest	Kelly	Ryan (WI)
Cook	King (NY)	Ryun (KS)
Costello	Kingston	Salmon
Cox	Knollenberg	Sandlin
Cramer	Kuykendall	Sanford
Crane	LaHood	Saxton
Cubin	Largent	Scarborough
Cunningham	Latham	Schaffer
Danner	Lazio	Sensenbrenner
Davis (VA)	Leach	Sessions
Deal	Lewis (CA)	Shadegg
DeLay	Lewis (KY)	Shaw
DeMint	Linder	Sherwood
Diaz-Balart	Lipinski	Shimkus
Dickey	LoBiondo	Shows
Doolittle	Lucas (KY)	Shuster
Dreier	Lucas (OK)	Simpson
Duncan	Luther	Skeen
Dunn	Manzullo	Smith (MI)
Ehlers	Mascara	Smith (NJ)
Ehrlich	McCollum	Smith (TX)
Emerson	McCrery	Souder
English	McHugh	Spence
Etheridge	McInnis	Stearns
Everett	McIntosh	Stenholm
Ewing	McIntyre	Strickland
Fletcher	McKeon	Stump
Forbes	McNulty	Sweeney
Fossella	Metcalf	Talent
Fowler	Mica	Tancredo
Franks (NJ)	Miller, Gary	Tanner
Gallegly	Miller, George	Tauzin

Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Turner
Upton
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOES—187

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Boehlert
Bonilla
Bonior
Borski
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clyburn
Condit
Conyers
Cooksey
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Filner
Foley
Ford
Frank (MA)
Frelinghuysen
Frost
Ganske
Gejdenson
Gephardt
Gilchrest
Gonzalez
Gordon
Greenwood
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
LaFalce
Lampson
Lantos
Larson
LaTourette
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pastor
Payne
Pelosi
Pickett
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Udall (CO)
Udall (NM)
Velazquez
Vento
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOT VOTING—6

Johnson, Sam
Jones (OH)
McDermott
Peterson (PA)
Skelton
Sununu

□ 1507

Mr. TIERNEY and Mr. STUPAK changed their vote from ''aye'' to ''no.''

Messrs. DOOLITTLE, DICKEY, VISCLOSKY, GEORGE MILLER of California, BARTLETT of Maryland, and WISE changed their 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

The CHAIRMAN. Pursuant to House Resolution 260, 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 additional amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 2 OFFERED BY MS. NORTON

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 2 printed in the Congressional RECORD offered by the gentlewoman from the District of Columbia (Ms. NORTON) 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. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 214, noes 214, not voting 5, as follows:

[Roll No. 345]

AYES—214

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Cooksey
Costello
Coyne
Cramer
Crowley
Cubin
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gilchrest
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Largent
Larson
LaTourette
Lee
Levin
Lewis (GA)
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)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Scarborough
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Slaughter
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Sweeney
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Wolf
Woolsey
Wu
Wynn

NOES—214

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boucher
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Condit
Cook
Cox
Crane
Cunningham
Danner
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Latham
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stenholm
Stump
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Young (AK)
Young (FL)

NOT VOTING—5

Jones (OH) Peterson (PA) Sununu
McDermott Skelton

□ 1518

Messrs. PACKARD, SOUDER, and COBURN changed their vote from ''aye'' to ''no.''

Messrs. SWEENEY, GORDON, JOHN, and McINTYRE changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 2 OFFERED BY MR. LARGENT

The CHAIRMAN. The pending business is the demand for a recorded vote on Amendment No. 2 printed in House Report 106–263 offered by the gentleman from Oklahoma (Mr. LARGENT) 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. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 213, noes 215, not voting 5, as follows:

[Roll No. 346]

AYES—213

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bereuter
Berry
Bilirakis
Bishop
Bliley
Blunt
Boehner
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Clement
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Cramer
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Etheridge
Everett
Fletcher
Fossella
Fowler
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
King (NY)
Kingston
Knollenberg
LaHood
Largent
Latham
Lazio
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller, Gary
Moore
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Portman
Quinn
Radanovich
Ramstad
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sandlin
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Toomey
Turner
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wolf
Young (AK)
Young (FL)

NOES—215

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Bass
Becerra
Bentsen
Berkley
Berman
Biggert
Bilbray
Blagojevich
Blumenauer
Boehlert
Bonilla
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Camp
Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clyburn
Condit
Conyers
Cooksey
Coyne
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Ewing
Farr
Fattah
Filner
Foley
Forbes
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gilchrest
Gilman
Gonzalez
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
Kuykendall
LaFalce
Lampson
Lantos
Larson
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Porter
Price (NC)
Pryce (OH)
Rahall
Rangel
Regula
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Slaughter
Smith (WA)
Snyder
Stabenow
Stark
Strickland
Stupak
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Whitfield
Wilson
Wise
Woolsey
Wu
Wynn

NOT VOTING—5

Jones (OH) Peterson (PA) Sununu
McDermott Skelton

□ 1526

Mr. WISE changed his vote from ''aye'' to ''no.''

Mr. SWEENEY changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HEFLEY) having assumed the chair, Mr. BEREUTER, Chairman 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. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, pursuant to House Resolution 260, 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 SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Pursuant to clause 10 of rule XX, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 333, nays 92, not voting 9, as follows:

[Roll No. 347]

YEAS—333

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Barcia
Barrett (NE)
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Chenoweth
Clayton
Clement
Coburn
Collins
Cook
Cooksey
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal

DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dooley
Doolittle
Doyle
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Fletcher
Foley
Forbes
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Gordon
Goss
Granger
Green (WI)
Gutierrez
Gutknecht
Hall (OH)
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hill (IN)
Hilleary
Hilliard
Hinojosa
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, E.B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
Lampson
Lantos
Larson
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lowey
Lucas (KY)
Luther
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntosh
McKeon
McNulty
Meehan
Meek (FL)
Menendez
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pease
Pelosi
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roybal-Allard
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schakowsky
Scott
Serrano
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stupak
Sununu
Sweeney
Talent
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
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)

NAYS—92

Archer
Barr
Barrett (WI)
Bartlett
Blagojevich
Brown (OH)
Burton
Buyer
Campbell
Chabot
Clyburn
Coble
Combest
Condit
Conyers
Costello
Cummings
Davis (IL)
DeFazio
Dicks
Dingell
Dixon
Doggett
Duncan
Everett
Filner
Fossella
Gephardt
Goode
Goodlatte
Goodling
Green (TX)
Hall (TX)
Hayworth
Hefley
Herger
Hill (MT)
Hinchey
Jackson (IL)
Kilpatrick
Kleczka
Kucinich
LaHood
Largent
Lee
Lewis (GA)
Lipinski
Lofgren
Lucas (OK)
Maloney (CT)
McInnis
McIntyre
McKinney
Meeks (NY)
Metcalf
Mica
Millender-McDonald
Moran (KS)
Nadler
Obey
Olver
Pastor
Paul
Payne
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Riley
Roemer
Roukema
Royce
Rush
Salmon
Sanford
Schaffer
Sensenbrenner
Sessions
Sherman
Slaughter
Stearns
Stenholm
Strickland
Stump
Tancredo
Taylor (MS)
Taylor (NC)
Thompson (MS)
Towns
Waters
Watkins

NOT VOTING—9

Ballenger
Clay
Dreier
Graham
Greenwood
Jones (OH)
McDermott
Peterson (PA)
Skelton

□ 1545

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1545

PROVIDING FOR CONSIDERATION OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. DIAZ-BALART. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 263 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 263

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 of rule XXI are waived. Before consideration of any other amendment it shall be in order to consider the amendments printed in part A of the report of the Committee on Rules accompanying this resolution. Each amendment printed in part A of the report may be considered only in the order printed in the report. The amendment printed in part B of the report may be offered only at the appropriate point in the reading of the bill. Each amendment printed in the report may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the amendments printed in the report are waived. During consideration of the bill for further amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from Florida (Mr. DIAZ-BALART) is recognized for 1 hour.

Mr. DIAZ-BALART. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 263 is an open rule providing for the consideration of H.R. 2606, the foreign operations appropriations bill for fiscal year 2000. The rule provides for 1 hour of general debate, equally divided between the chairman and the ranking minority member of the Committee on Appropriations.

In addition, the rule provides the bill be open to amendment by paragraph. The rule also waives points of order against provisions in the bill for failing to comply with clause 2 of rule XXI. The rule provides that before consideration of any other amendment it shall be in order to consider the amendments printed in part A of the Committee on Rules report only in the order printed in the report.

These amendments relate to limitations on the use of international population funds. Further, the rule provides the amendment printed in part B of the report may be offered only at the appropriate point in the reading of the bill. The amendment concerns child survival funding.

In addition, the rule provides for consideration of the amendments printed in the Committee on Rules report to be offered only by a Member designated in

the report. The amendments shall be considered as read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

The rule waives points of order against the amendments which were printed in the Committee on Rules report, but also grants the chairman of the Committee of the Whole authority to postpone votes and reduce voting time to 5 minutes provided that the first vote in a series is not less than 15 minutes.

In addition, the rule provides that Members who have pre-printed their amendments in the RECORD prior to their consideration will be given priority in recognition to offer their amendments if otherwise consistent with House rules. And finally the rule provides for one motion to recommit with or without instructions.

Mr. Speaker, this bill provides a fair, a very fair, approach for the consideration of the foreign aid appropriations bill. One controversial area which always lends itself to important debate on the floor involves family planning funds and their potential use for performing or promoting abortions and the so-called Mexico City policy which prohibits U.S. assistance to foreign organizations that perform abortions, violate abortion laws, or engage in lobbying activities to change such laws.

While I personally am a strong advocate for the rights of the unborn, our committee is providing for amendments which cover both the pro-life and the pro-choice sides of the issue. I commend my colleague the gentleman from New Jersey (Mr. SMITH) who is chairman, Subcommittee on International Operations and Human Rights for his tireless work to protect the rights of the unborn. I certainly will support his amendment on this important issue.

To clarify that two amendments referred to in part A of the Committee on Rules report, one to be offered by the gentleman from New Jersey (Mr. SMITH) and the other to be offered by the gentleman from Pennsylvania (Mr. GREENWOOD) let me explain that each of these amendments has been made in order as a freestanding amendment. Although they represent different aspects of the use of population assistance funds they are not necessarily inconsistent. Should they both prevail, any inconsistencies can and will be worked out in conference.

I support the rule. I also support the underlying bill. There are many important programs which are being funded. And because there are no country earmarks, the President and the Secretary of State are afforded maximum flexibility to conduct foreign policy. I am pleased to see that this is the tenth appropriations bill to come before the House. It is within, it is even below, the committee's budget allocation. I thank and commend not only the gentleman from Florida (Mr. YOUNG) but also the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) for their hard work on this important bill, and I urge adoption of both the rule and the bill.

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

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I want to thank the gentleman from Florida (Mr. DIAZ-BALART) for yielding me the time.

This is an open rule. It will allow consideration of H.R. 2606 which is a bill that makes appropriations for foreign aid and export assistance in fiscal year 2000.

As my colleague has described, this rule provides for 1 hour of general debate to be equally divided and controlled by the chairman, ranking minority member of the Committee on Appropriations, and all Members on both sides of the aisle will have the opportunity to offer germane amendments.

In addition, the rule waives points of order against three amendments to be offered by the gentleman from New Jersey (Mr. SMITH), the gentleman from Pennsylvania (Mr. GREENWOOD), and the gentleman from Pennsylvania (Mr. PITTS). Unfortunately, the rule does not honor the requests made by the Subcommittee on Foreign Operation's ranking minority member, the gentlewoman from California (Ms. PELOSI) who asked for regular order in the amendment process. I am also disappointed that the rule denied Ms. PELOSI the opportunity to offer an amendment. Instead that amendment was made in order only if offered by the gentleman from Pennsylvania (Mr. GREENWOOD).

I want to commend the chairman of the Subcommittee on Foreign Operations, the gentleman from Alabama (Mr. CALLAHAN), and the ranking minority member, the gentlewoman from California (Ms. PELOSI) for their work in bringing this bill to the floor. I commend them both for maintaining the spirit of bipartisanship and compromise, at least during the subcommittee process.

And I appreciate the committee urging AID to provide 1.52 million for microenterprise, 1.52 million for microenterprise which represents about a 10 percent increase over last year's level. The committee expects half of these funds to go to the poorest people. Microenterprise development is a cost-effective way to reduce poverty.

The bill provides $680 million for the child survival and disease programs fund which is more than the administration's request. This includes $110 million for the United Nations children's fund, better known as UNICEF, which is also an increase above the administration's request.

And I am pleased that the bill removes restrictions on humanitarian assistance to Cambodia including assistance for basic education activities. I was in Cambodia in April, and I witnessed the enormous poverty that is the ongoing legacy of the Pol Pot regime, and removing this restriction will help raise the low level of education that is in Cambodia and improve the lives of the people there.

And finally, I thank the committee for including language in its report stating the committee's intention to increase funding for the Peace Corps if funding becomes available. I believe that the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) crafted about the best bill that they could given the low allocation for the subcommittee.

However, I must express my deep disappointment that the House chose to provide so little funds for foreign assistance. Since 1985, inflation-adjusted spending on foreign aid has decreased more than 50 percent. Assistance now represents less than 1 percent of the total federal budget. And as the richest Nation on earth, the United States has a moral obligation to help reduce the misery among the poorest people in the world.

However, as a recent editorial in the New York Times pointed out, foreign aid is also in our best interests. The New York Times article said that assistance that helps prevent foreign political conflicts or economic calamities can reduce the need for far more costly future American involvement. The editorial went on to criticize Congressional efforts to cut foreign aid as a shortsighted national shame.

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

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think we all should be very proud of the work the Committee on Appropriations has done this year, and a great measure, to a great degree the responsibility for the marvelous work that the committee has been doing and is doing lies at the office and in the office of the chairman, and I want to commend the chairman for his leadership.

Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. YOUNG), chairman of the Committee on Appropriations.

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman for yielding the time, and I rise to make just this announcement, and I would hope that we can expedite consideration of this rule and get to the bill and get the bill finished tonight.

As my colleagues know, the House is scheduled to leave Washington on next Friday for the August recess so the

Members can return to their districts and spend time with their constituents. But all the Members know that the Speaker has stated that if we have not completed our work on the appropriation bills, as scheduled, that that recess will not go forward until that work has been completed.

Now the reason that we need to expedite this rule and to finish this bill tonight is that on tomorrow it is necessary for the committee to take up the last two bills that it will take up and present to the House before the House recesses for the August recess.

So tomorrow we, the Committee on Appropriations, need all day tomorrow to deal with those last two bills. Because of this we cannot be on the floor with this bill tomorrow, and if the committee cannot report those last two bills tomorrow, there is no way to get them on to the floor next week prior to the recess taking effect.

So it is essential that we expedite and get this business done tonight if we want to go on our August recess as has been scheduled.

So, other than that, Mr. Speaker, I ask support for the rule, that we expedite that support, and I ask that we do the very best we can to expedite this bill so that we can continue the appropriation process, and, Mr. Speaker, the gentleman from Florida (Mr. DIAZ-BALART) mentioned that we passed now 10 appropriation bills. The fact is, counting the supplementals, we have passed 12 of the appropriation bills and two conference reports as well. So the Committee on Appropriations is on schedule.

□ 1600

We can keep on schedule if we expedite tonight.

I thank the gentleman for yielding me the time.

Mr. HALL of Ohio. Mr. Speaker, I yield 5 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding me this time. I thank him also for his leadership on many of the issues that are in the foreign operations bill relating to child survival and honoring the gospel of Matthew. I thank the gentleman from Ohio. I thank the gentleman from Florida (Mr. DIAZ-BALART) for his participation in bringing the rule to the floor. I have great admiration for him and for my distinguished chairman of the full committee and I reluctantly rise in opposition to the rule.

In our subcommittee, Mr. Speaker, we had tried very hard to work with our distinguished Chairman, the gentleman from Alabama (Mr. CALLAHAN) to move along the legislation, to honor the schedule that our Chairman just put forth and to not hold up the works. So we agreed to set some difficulties off to a later date. This bill is a work in progress. It is seriously underfunded.

I mention this now because I want to point out that to have the bill come in a bipartisan way to the full committee was a result of bipartisan cooperation; and cooperation, as my colleagues know, Mr. Speaker, is a two-way street. We were disappointed after that in full committee that $200 million in this already underfunded bill was taken out again. But nonetheless, in the interest of staying on schedule and moving the legislation along, I urged my colleagues to support the legislation in the hope that down the road there would be additional funding in the legislation.

This bill is nearly $1.5 billion, $1.3 million less than the administration's request and more than $700 million, less than last year's bill.

So that is why I was really quite disappointed to learn of the rule, when I, as ranking member, who had, with my fellow Democrats on the subcommittee, cooperated in bringing this bill forward and not delaying it with many of the controversies that we have had in the past. When I as ranking member went to the Committee on Rules to request a ranking member's prerogative, as I see it, to have an amendment to this bill, an amendment that would address the concerns that many of us have with the Smith amendment with the Mexico City language, but one that would be a substitute for it. I was very precise in my request, although I was not insistent that the bill be in my name, I was insistent that the amendment be in the form of a substitute. So that when we ask Members to make this very important decision, it would make a difference.

However, this rule, is something for everyone and nothing for anyone in terms of advancing the issue. I almost have to use the word cynical in describing it. I think it makes the House look silly and belittles the importance of the issue.

The rule limits debate on both amendments to 20 minutes each. This is a very important issue, as the gentleman from Florida (Mr. DIAZ-BALART) mentioned. It is an issue of importance and controversy before this body, so we have two amendments, 20 minutes each, 10 minutes on each side to debate it, eliminating the possibility of a full and serious debate on both sides.

It also allows for the consideration of the Pitts amendment. Now, I as ranking member do not get an amendment, but this allows for the Pitts amendment as the only other legislative amendment to be made in order. I am not sure what criteria the Committee on Rules uses to choose this one amendment out of all of the requests that were made for legislative amendments. My guess would be that because it once again adds additional restrictions to programs designed to help poor women and children under the guise of a population-related restriction, that somehow it takes precedence on the Republican side than the other proposed amendments.

The truth is, we should not have any of these legislative amendments in the bill. They should not be made in order. This is a repeat. We have been here before.

I have a great deal of respect for the makers of these motions. I am very pleased with the interest in this foreign operations bill.

But what I am saying to my colleagues is that if we are asked to cooperate every step of the way, in subcommittee and full committee to stay on schedule and cooperate with an underfunded bill for which the White House has issued a veto threat because of the Smith amendment and because of the low funding figure, then one would think at the very least that the ranking member would receive her due, which would be an amendment to this bill, to trump legislative language which does not belong in the appropriations bill in the first place.

So that is why I come here with a degree of sadness and disappointment that once again we have to travel down this road. When this happened before, we held up the House with rollcall votes and this or that. I am not going to do this now, because this is frankly tiresome.

What I am going to do is urge my colleagues to register their disapproval of this by voting ''no'' on the rule, for my colleagues to do just that; and again, I wish that we could have had some cooperation, but apparently, the cooperation is only supposed to come from our side and not from the Republican side on this.

So with great regret, I urge a ''no'' vote.

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume to simply say that I am extremely sorry that our distinguished colleague from California (Ms. PELOSI) will not be supporting the rule.

The Committee on Rules made a very strong effort to be fair. We believe that we have been fair, that we are fair in this rule. It is an open rule. The issue of legislation, not appropriations measures, is always a difficult one. We do not like generally in the Committee on Rules to see, and we usually do not make in order, legislative proposals for debate on appropriations bills. Within this bill, within the context of the bill, within the text of the bill that came to us, there are 58 provisions that constitute legislating, many of which, almost 30, are unauthorized.

So I am sure the members of the Committee on Appropriations also recognize the difficulty of this and they have to deal with it also on a daily basis.

What I would like to stress, Mr. Speaker, is that the rule is fair, that it

is an open rule, that as the gentleman from Florida (Mr. YOUNG) mentioned, we do need to be expediting this issue, moving it forward, and we believe on the Committee on Rules that we are doing so in a very fair way.

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

Mr. HALL of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman for yielding me this time.

I also want to reiterate my opposition to the rule for the reasons that were articulated both by the gentleman from Ohio (Mr. HALL) and by the gentlewoman from California (Ms. PELOSI). I do want to point to some underlying provisions in the legislation that I support.

I want to cite several key areas where the legislation has continued U.S. support for Armenia's economic development, while helping to jump-start the peace process in Nagorno Karabagh.

In this time of fiscal restraint, I am encouraged that the fiscal year 2000 legislation at least ensures that the same percentage of aid will be made available to the Republic of Armenia as was available in fiscal year 1999. It is important for us to maintain our support for and partnership with Armenia as this country continues to make major strides towards democracy, most recently evidenced by the May 30 parliamentary elections, as well as market reforms and increasing integration with the West. U.S. assistance also serves to offset the difficulties imposed on Armenia's people as a result of blockades maintained by Azerbaijan and Turkey, as well as helping regions of the country to rebuild from the devastating 1988 earthquake.

The legislation also seeks to ensure the delivery of humanitarian assistance to Nagorno Karabagh. In the fiscal year 1998 bill, Congress took the historic step of providing, for the first time, U.S. humanitarian assistance to Nagorno Karabagh. Unfortunately, the administration has not delivered much of this assistance and the legislation today includes language reiterating the obligation of $20 million in U.S. aid to Nagorno Karabagh.

Mr. Speaker, the Foreign Operations Appropriations bill contains language addressing the need for a negotiated settlement to the Nagorno Karabagh conflict. Noting that the important position of special negotiator for Nagorno Karabagh is currently vacant, the committee urged the Secretary of State "to move forthwith to appoint a permanent special negotiator to facilitate direct negotiations and any other contacts that will bring peace to the long suffering people of the south Caucasus."

I would point out, Mr. Speaker, that one of the most positive developments of late has been the increased and direct contacts between the leaders of Armenia and Azerbaijan. The President of the two countries recently met previously in Geneva, and the surprise announcement that came out of the meeting was a tentative agreement to have Nagorno Karabagh to participate directly in the next session of face-to-face talks.

So at this critical juncture we must get a permanent special negotiator in place without delay, and I applaud the members of this subcommittee for including this provision in the bill.

Finally, Mr. Speaker, I want to address one or more amendments that may be offered under this rule by the gentleman from Indiana (Mr. BURTON) seeking, in various ways, to limit development assistance to India. I would urge my colleagues to oppose these ill-advised amendments if they come up.

Following the imposition of Glenn amendment sanctions against India last year, the USAID program has been restructured in conformance with the law to provide only humanitarian assistance to India. If this amendment were adopted, programs to limit the spread of HIV/AIDS would have to be cut as well as basic health services to mothers and children. Thus, without achieving any positive policy goals, the amendment would only serve to punish some of India's most vulnerable people who are currently benefiting from American humanitarian assistance.

Mr. Speaker, this House has consistently rejected similar Burton amendments over the past few years. Indeed, 2 years ago a similar amendment only gained the support of 82 Members of the House, while 342 voted against it; and last year, no amendment was offered. Both Houses of Congress have been moving on a bipartisan basis to lift the Glenn amendment sanctions on India and Pakistan, and an amendment like the one proposed by the gentleman from Indiana would be way out of step with the progress being made towards greater cooperation and confidence-building between the United States and India.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I know my colleagues have heard this before, but I am not going to use the full 2 minutes. Hopefully, that will be true.

Mr. Speaker, I think the statement that was made by the gentleman from New Jersey (Mr. PALLONE) is a very interesting one in that he is talking about the provisions in the bill that relate to Armenia and Azerbaijan and Nagorno Karabagh and how that area of the world has been dealt with in the bill. I think it is indicative of the leadership of the gentleman from Alabama (Mr. CALLAHAN) in resolving some of these controversial issues that come up in this bill.

We have spent hours overnight on this bill in subcommittee, full committee, and on the floor, but in the interests of managing those issues well, we worked together, made our compromises so that the House, the full House, would be spared some of that controversy.

That is why, again, I was so disappointed when the rights of the minority were not respected, and I disagree with my distinguished colleague whom I respect enormously in his characterization of the bill of the rule as a fair one, because I do not think it is. As I say, if we had been coming into this, fighting to the finish, I could understand why the majority would want to suppress the minority, but we have tried to cooperate every step of the way, and indeed I have said I would support the legislation if the Smith amendment does not pass.

In the interests of trying to support the bill with the Greenwood amendment as a substitute for the Smith amendment, that would still enable us to support the bill; but instead, not only did they wrench the right of the minority ranking member to introduce an amendment, but also put it in the form that does not solve any problem except maybe one, to help the majority pass the rule on their side.

So if they are going to have this unfair rule, they are going to have to do it largely with Republican votes. I urge my colleagues to vote "no."

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY), the ranking minority member of the Committee on Appropriations.

Mr. OBEY. Mr. Speaker, first of all, let me say that with respect to the bill itself, I think the chairman has tried to do as much as he could under the circumstances he faces.

□ 1615

I honestly believe that before this bill goes to the President, it is going to need a significant amount of funding for the Wye Middle East peace agreement. I think we need to promote that in every way we can.

I will vote against the rule on this bill because the rule simply does not deal with the Mexico City issue in a fair way.

What the Committee on Rules has done is to allow a nongermane amendment to be offered by the gentleman from New Jersey (Mr. SMITH) on the Republican side of the aisle, and then it allows a second amendment as an alternative to that to be offered. But instead of being offered as a substitute, it allows it to be offered as a simultaneous amendment.

If both amendments were to be adopted, for instance, the adoption of the Greenwood amendment would have no meaning whatsoever, because under the way we read statutes around here,

the most limiting language is the only language that governs. So in essence, the Committee on Rules has pretended to give the House a choice between alternatives when in fact it has given no real opportunity for the Greenwood amendment to have any meaning whatsoever.

To me, that is disingenuous, it is unfair, it is biased, and it means that people think they could not win the argument if they had a fair rule. I do not think that is the way the greatest parliamentary body in the world ought to act. Therefore, I would strongly urge a vote against this rule.

Mr. HALL of Ohio. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Rules has gone the extra mile. We bring forth this measure not only with a fair rule, but an open rule. Any amendment any Member wants to come up with, as long as it is germane, can be presented. So we feel really good about our work. We ask for the support of the House on both sides of the aisle for the rule.

Reiterating that, I support this rule, and urge my colleagues to vote for it.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HEFLEY). Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. PELOSI. Mr. Speaker, 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 SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 256, nays 172, not voting 6, as follows:

[Roll No. 348]

YEAS—256

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kelly
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Mollohan
Moore
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
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Young (AK)
Young (FL)

NAYS—172

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berkley
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boucher
Boyd
Brady (PA)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Coburn
Conyers
Costello
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dingell
Dixon
Doggett
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E.B.
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Price (NC)
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wynn

NOT VOTING—6

Dicks
Jones (OH)
Martinez
McDermott
Peterson (PA)
Skelton

□ 1638

Mrs. TAUSCHER, Mr. HILL of Indiana, Mr. WAXMAN, and Mr. OWENS changed their vote from ''yea'' to ''nay.''

Messrs. DEAL of Georgia, KUCINICH, KLINK, CRAMER and KANJORSKI changed their vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. HEFLEY). Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2606.

□ 1640

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 consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am pleased to open debate on H.R. 2606, the fiscal year 2000 appropriation bill for foreign operations, export financing, and other related programs.

This bill is within the subcommittee allocation. It contains no emergency provisions, and it includes no earmarks. This bill reflects many priorities requested by Members of both parties, but it gives the President and the Secretary of State maximum flexibility to support American interests abroad.

The bill before the House totals $12.624 billion. Like the past four foreign operations bills that I have managed, it is less than the bill that was enacted into law the previous year. In this instance, if we discount the emergency funding for Kosovo and Hurricane Mitch, as well as the International Monetary Fund, the bill is still some $200 million less than the amount enacted for 1999. If we include all of these items, this bill is $21 billion less than last year, a reduction of more than 60 percent, which Mr. Chairman, I believe is a record.

This bill is almost $2 billion less than the President's request, and I understand that he may be requesting additional funds later this year. The fact is we have to live within our budget caps agreed to by the President and the Congress in 1997. Although foreign aid represents less than one-half of 1 percent of the Federal budget, $12.6 billion is the amount we have been allocated, and this bill reflects the committee's best recommendation on how to distribute that amount.

This bill marks the second year of a 10-year program to phase out economic assistance to Israel and Egypt. The committee has rejected the administration's proposal to speed up the phaseout by 25 percent. At the same time, we are increasing military aid to Israel by a smaller amount. I would note that President Clinton and Prime Minister Barak now concur with the plan undertaken by this committee and the Congress last year.

In the recent supplemental appropriation bill, Congress appropriated $431 million in emergency funds for refugees in the vicinity of Kosovo. Congress also made a generous provision in the supplemental for the reconstruction of the areas of Honduras and Nicaragua affected by Hurricane Mitch.

While this bill provides for ongoing refugee and humanitarian aid programs worldwide, it does not include any funds for the long-term reconstruction of Kosovo and Southeastern Europe. We agree with President Clinton that Europe is responsible for that task.

The gentleman from Florida (Chairman YOUNG) and I have written the President reminding him that the refugee funds were not appropriated by Congress for long-term reconstruction efforts in Kosovo.

Having funded refugees and hurricane reconstruction in the supplemental, this bill has different priorities.

□ 1645

Significant increases above last year's level are limited to child survival and a renewed effort to reduce threats from infectious diseases and international narcotics trafficking.

Further, we are proud to be leaders in the global effort to eradicate polio. Our committee, led by the gentlewoman from California (Ms. PELOSI), has led the way to eliminate the global spread of HIV/AIDS, and this is especially important to the future of Africa.

This year, our committee recommends more attention to the threat posed by drug-resistant tuberculosis, and we recommend greater focus on the needs of orphans and displaced children. Dozens of Members have written to us about both matters. And, finally, the committee rejected the President's proposal to cut the American donation to UNICEF, the International Children's Fund.

The committee report contains a number of recommendations and direction to the agencies that implement the activities funded in this bill.

House Report 106–254 encourages continued economic cooperation with Latin America, a prime market for American exports. I will include in the RECORD a table from pages 15 and 16 of the report indicating the amount of assistance the bill provides for sub-Saharan Africa, an area of interest to many, many Members of Congress. I would also direct attention to the report language directed at the management of AID and at the Inter-American Foundation.

One closing note. This is our 10th regular appropriations bill this year. In order to complete our work on time, we need to finish this bill tonight, however long it takes. I am aware of relatively few amendments to the four spending titles of the bill. Most of the known amendments are limitations that are taken up at the end of the debate. I reserve the right to seek to limit time on such amendments. The managers appreciate Members cooperating in moving this bill to completion today.

Finally, Mr. Chairman, I include for the RECORD a detailed table showing the committee's recommendation.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2000 (H.R. 2606)
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - EXPORT AND INVESTMENT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Subsidy appropriation	765,000	839,000	759,000	-6,000	-80,000
Emergency funding (by transfer)	(10,000)			(-10,000)	
(Direct loan authorization)	(1,333,000)	(1,687,000)	(1,350,000)	(+17,000)	(-337,000)
(Guaranteed loan authorization)	(12,702,000)	(13,825,000)	(10,400,000)	(-2,302,000)	(-3,425,000)
Administrative expenses	50,000	57,000	55,000	+5,000	-2,000
Y2K conversion (emergency funding)	400			-400	
Negative subsidy	-25,000	-15,000	-15,000	+10,000	
Total, Export-Import Bank of the United States	790,400	881,000	799,000	+8,600	-82,000
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Noncredit account:					
Administrative expenses	32,500	35,000	35,000	+2,500	
Y2K conversion (emergency funding)	840			-840	
Insurance fees and other offsetting collections	-260,000	-303,000	-303,000	-43,000	
Direct loans:					
Loan subsidy	4,000	14,000	10,500	+6,500	-3,500
(Loan authorization)	(136,000)	(130,000)	(85,000)	(-51,000)	(-45,000)
Guaranteed loans:					
Loan subsidy	46,000	10,000	10,000	-36,000	
(Loan authorization)	(1,750,000)	(1,000,000)	(850,000)	(-900,000)	(-150,000)
Y2K conversion (emergency funding)	1,260			-1,260	
Total, Overseas Private Investment Corporation	-175,400	-244,000	-247,500	-72,100	-3,500
TRADE AND DEVELOPMENT AGENCY					
Trade and development agency	44,000	48,000	44,000		-4,000
Total, title I, Export and investment assistance	659,000	685,000	595,500	-63,500	-89,500
(Loan authorizations)	(15,921,000)	(16,642,000)	(12,685,000)	(-3,236,000)	(-3,957,000)
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
Agency for International Development					
Child survival and disease programs fund	650,000	555,000	680,000	+30,000	+125,000
Emergency funding	50,000			-50,000	
Development assistance	1,225,000	780,440	1,201,000	-24,000	+420,560
Central America and the Caribbean Emergency Disaster Recovery Fund (Emergency Funding)	621,000			-621,000	
Emergency funding (transfer out)	(-17,000)			(+17,000)	
Development Fund for Africa		512,560			-512,560
International disaster assistance	200,000	220,000	200,880	+880	-19,120
Emergency funding	188,000			-188,000	
Micro & Small Enterprise Development program account:					
Subsidy appropriation	1,500	1,500	1,500		
(Direct loan authorization)	(1,000)			(-1,000)	
(Guaranteed loan authorization)	(40,000)	(30,000)	(30,000)	(-10,000)	
Administrative expenses	500	500	500		
Urban and environmental credit program account:					
Subsidy appropriation	1,500	3,000		-1,500	-3,000
(Guaranteed loan authorization)	(14,000)	(26,000)		(-14,000)	(-26,000)
Administrative expenses	5,000	5,000	5,000		
Development credit authority program account:					
(By transfer)		(15,000)			(-15,000)
(Guaranteed loan authorization)		(200,000)			(-200,000)
Subtotal, development assistance	2,842,500	2,078,000	2,088,880	-853,620	+10,880
Payment to the Foreign Service Retirement and Disability Fund	44,552	43,837	43,837	-715	
Operating expenses of the Agency for International Development	479,950	507,739	479,950		-27,789
Emergency funding (by transfer)	(8,000)			(-8,000)	
Y2K conversion (emergency funding)	10,200			-10,200	
Operating expenses of the Agency for International Development Office of Inspector General	30,750	25,261	25,000	-5,750	-261
Emergency funding (by transfer)	(1,500)			(-1,500)	
Total, Agency for International Development	3,507,952	2,654,837	2,637,667	-870,285	-17,170
Other Bilateral Economic Assistance					
Economic support fund	2,362,000	2,539,000	2,227,000	-135,000	-312,000
Emergency funding	211,500			-211,500	
Emergency funding (transfer out)	(-3,770)			(+3,770)	
International Fund for Ireland	19,600		19,600		+19,600
Assistance for Eastern Europe and the Baltic States	430,000	393,000	393,000	-37,000	
Emergency funding	120,000			-120,000	
Assistance for the New Independent States of the former Soviet Union	801,000	1,032,000	725,000	-76,000	-307,000
Emergency funding	46,000			-46,000	
Total, Other Bilateral Economic Assistance	3,990,100	3,964,000	3,364,600	-625,500	-599,400

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2000 (H.R. 2606)—Continued
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriation		22,300			-22,300
(By transfer)	(20,000)		(5,000)	(-15,000)	(+5,000)
Total	(20,000)	(22,300)	(5,000)	(-15,000)	(-17,300)
African Development Foundation					
Appropriation		14,400			-14,400
(By transfer)	(11,000)		(14,400)	(+3,400)	(+14,400)
Y2K conversion (emergency funding)	137			-137	
Total	(11,137)	(14,400)	(14,400)	(+3,263)	
Peace Corps					
Appropriation	240,000	270,000	240,000		-30,000
Emergency funding (by transfer)	(1,769)			(-1,769)	
Department of State					
International narcotics control and law enforcement	261,000	295,000	285,000	+24,000	-10,000
Emergency funding	255,800			-255,800	
Migration and refugee assistance	640,000	660,000	640,000		-20,000
Emergency funding	298,000			-298,000	
United States Emergency Refugee and Migration Assistance Fund	30,000	30,000	30,000		
Emergency funding	165,000			-165,000	
Nonproliferation, anti-terrorism, demining and related programs	198,000	231,000	181,630	-16,370	-49,370
Emergency funding	20,000			-20,000	
National Commission on Terrorism	840			-840	
U.S. Commission on International Religious Freedom	3,000			-3,000	
Total, Department of State	1,839,440	1,216,000	1,136,630	-702,810	-79,370
Department of the Treasury					
Debt restructuring	33,000	120,000	33,000		-87,000
Emergency funding	41,000			-41,000	
International affairs technical assistance	3,000	8,500	1,500	-1,500	-7,000
United States community adjustment and investment program	10,000	17,000		-10,000	-17,000
Subtotal, Department of the Treasury	87,000	145,500	34,500	-52,500	-111,000
Total, title II, Bilateral economic assistance	9,664,629	8,287,037	7,413,397	-2,251,232	-873,640
Appropriations	(7,675,192)	(8,287,037)	(7,413,397)	(-261,795)	(-873,640)
Emergency funding	(1,994,437)			(-1,994,437)	
Rescission	(-5,000)			(+5,000)	
(By transfer)	(10,230)	(15,000)	(19,400)	(+9,170)	(+4,400)
(By transfer) (emergency appropriations)	(11,269)			(-11,269)	
(Loan authorizations)	(55,000)	(256,000)	(30,000)	(-25,000)	(-226,000)
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training	50,000	52,000	50,000		-2,000
Foreign Military Financing Program:					
Grants	3,330,000	3,780,000	3,470,000	+140,000	-310,000
(Limitation on administrative expenses)	(29,910)	(30,000)	(30,495)	(+585)	(+495)
Direct loans:					
Subsidy appropriation	20,000			-20,000	
(Loan authorization)	(167,000)			(-167,000)	
FMF program level	(3,497,000)	(3,780,000)	(3,470,000)	(-27,000)	(-310,000)
Total, Foreign Military Financing	3,350,000	3,780,000	3,470,000	+120,000	-310,000
Emergency funding	50,000			-50,000	
Special Defense Acquisition Fund: Offsetting collections	-19,000	-6,000	-6,000	+13,000	
Peacekeeping operations	76,500	130,000	76,500		-53,500
Total, title III, Military assistance	3,507,500	3,956,000	3,590,500	+83,000	-365,500
(Limitation on administrative expenses)	(29,910)	(30,000)	(30,495)	(+585)	(+495)
(Loan authorization)	(167,000)			(-167,000)	

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2000 (H.R. 2606)—Continued
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Global Environment Facility	192,500	143,333	50,000	-142,500	-93,333
Rescission	-25,000			+25,000	
Subtotal, Global Environment Facility	167,500	143,333	50,000	-117,500	-93,333
Contribution to the International Development Association	800,000	803,430	576,600	-223,400	-226,830
Contribution to Multilateral Investment Guarantee Agency		10,000			-10,000
(Limitation on callable capital subscriptions)		(50,000)			(-50,000)
Total, World Bank Group	967,500	956,763	626,600	-340,900	-330,163
Contribution to the Inter-American Development Bank:					
Paid-in capital	25,611	25,611	25,611		
(Limitation on callable capital subscriptions)	(1,503,719)	(1,503,719)	(1,503,719)		
Fund for special operations	21,152			-21,152	
Contribution to the Inter-American Investment Corporation		25,000			-25,000
Contribution to the Enterprise for the Americas Multilateral Investment Fund	50,000	28,500		-50,000	-28,500
Total, contribution to the Inter-American Development Bank	96,763	79,111	25,611	-71,152	-53,500
Contribution to the Asian Development Bank:					
Paid-in capital	13,222	13,728	13,728	+506	
(Limitation on callable capital subscriptions)	(647,858)	(672,745)	(672,745)	(+24,887)	
Contribution to the Asian Development Fund	210,000	177,017	100,000	-110,000	-77,017
Total, contribution to the Asian Development Bank	223,222	190,745	113,728	-109,494	-77,017
Contribution to the African Development Bank:					
Paid-in capital		5,100			-5,100
(Limitation on callable capital subscriptions)		(80,000)			(-80,000)
Contribution to the African Development Fund	128,000	127,000	100,000	-28,000	-27,000
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital	35,779	35,779	35,779		
(Limitation on callable capital subscriptions)	(123,238)	(123,238)	(123,238)		
Total, International Financial Institutions	1,451,264	1,394,498	901,718	-549,546	-492,780
(Limitation on callable capital subscript)	(2,274,815)	(2,429,702)	(2,299,702)	(+24,887)	(-130,000)
International Organizations and Programs					
Appropriation	187,000	293,000	167,000	-20,000	-126,000
(By transfer)	(2,500)	(2,500)	(2,500)		
Total, title IV, Multilateral economic assistance	1,638,264	1,687,498	1,068,718	-569,546	-618,780
Appropriations	(1,863,264)	(1,887,498)	(1,068,718)	(-594,546)	(-818,780)
Rescission	(-25,000)			(+25,000)	
(By transfer)	(2,500)	(2,500)	(2,500)		
(Limitation on callable capital subscript)	(2,274,815)	(2,429,702)	(2,299,702)	(+24,887)	(-130,000)
TITLE VI					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Monetary Programs					
Loans to International Monetary Fund	3,361,000			-3,361,000	
United States Quota, International Monetary Fund	14,500,000			-14,500,000	
Total, International Monetary Programs	17,861,000			-17,861,000	
Grand total	33,330,393	14,615,535	12,668,115	-20,662,278	-1,947,420
Appropriations	(31,313,456)	(14,615,535)	(12,668,115)	(-18,645,341)	(-1,947,420)
Emergency appropriations	(2,046,937)			(-2,046,937)	
Rescission	(-30,000)			(+30,000)	
(By transfer)	(12,730)	(17,500)	(21,900)	(+9,170)	(+4,400)
(By transfer) (emergency appropriations)	(21,269)			(-21,269)	
(Limitation on administrative expenses)	(29,910)	(30,000)	(30,495)	(+585)	(+495)
(Limitation on callable capital subscript)	(2,274,815)	(2,429,702)	(2,299,702)	(+24,887)	(-130,000)
(Loan authorizations)	(16,143,000)	(16,898,000)	(12,715,000)	(-3,428,000)	(-4,183,000)
CONGRESSIONAL BUDGET RECAP					
Total mandatory and discretionary	31,246,456	14,615,535	12,668,115	-18,578,341	-1,947,420
Mandatory	44,552	43,837	43,837	-715	
Discretionary	31,201,904	14,571,698	12,624,278	-18,577,626	-1,947,420

ASSISTANCE FOR SUB-SAHARAN AFRICA

Development Assistance	$460,000,000
Child Survival and Disease Prevention	275,000,000
African Development Foundation	14,400,000
International Disaster Assistance	90,000,000
Peace Corps	54,500,000
Refugee and Migration programs	135,000,000
Debt forgiveness for Africa [1]	160,000,000
UNICEF [2]	54,000,000
African Development Fund	100,000,000
International Development Association [3]	283,000,000
Total	1,625,900,000

[1] $160,000,000 is the total amount of U.S. debt forgiven. The appropriation contained in this bill to cover the costs of debt forgiveness is $18,000,000.

[2] UNICEF dedicated approximately 49 percent of its resources to sub-Saharan Africa in 1999. UNICEF expects this percentage to continue.

[3] The IDA–12 replenishment targeted 50 percent of all IDA credits to sub-Saharan Africa countries.

Mr. CALLAHAN. Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume, and I wish to begin my remarks on the fiscal year 2000 foreign operations bill as I always do by complimenting the gentleman from Alabama (Mr. CALLAHAN) for the manner in which he has developed this bill.

Given the constraints of a low 302(b) allocation and the contentious policy issues that normally weigh this bill down, he has done an excellent job of balancing funding and policy considerations. Both the subcommittee and the full committee markups went as smoothly as could be expected for this bill, and that is a testament to his fairness and his bipartisanship.

It is also a tribute to the bipartisanship on the Democratic side of the aisle, I might add, and I commend my fellow Members on the Democratic side. It is a pleasure to work with the gentleman from Alabama (Mr. CALLAHAN) and his Republican colleagues on this bill.

Having said that, I also want to make it clear that the total level of spending in the bill of $12.625 billion is not adequate to meet our national security requirements and will, I believe, seriously impair the President's ability to carry out an effective foreign policy. That is why the administration has put out a veto threat on the bill, that is one of the reasons, the underfunding.

I have indicated my support for the bill on the basis that the chairman has been judicious in his distribution of the resources available to him. It will be necessary at a later time to provide additional resources for this bill to enable the United States to meet new challenges and maintain our leadership around the world. If that does not happen, I would have to urge my colleagues to vote ''no'' at some later date in order to sustain a presidential veto.

And another issue of contention is the Smith amendment. If the Smith amendment passes, and the Mexico City language is included in this legislation, I would then oppose the bill and urge my colleagues to do so also.

The bill now contains only $100 million of the $1.4 billion requested to support the Wye River Accords. I would expect these funds to be included at a later stage in the process also when needed to implement the accords. There is also a need to address additional resources for other needs, such as support for the peace implementation efforts in and around Kosovo, and for meeting U.S. commitments on debt restructuring to poor countries.

This is a very high priority for many of us in the Congress. The bill is, therefore, in my view, a work in progress. If additional resources are not forthcoming at a later time, I will be urging those who support this bill at this time to oppose it.

The total recommendation of $12.625 billion is almost $2 billion below the President's request and is $715 million below last year's spending level for foreign assistance. The programs in the bill that are most severely underfunded include the Independent States of the Former Soviet Union; the International Development Association, IDA, which does so much to assist the poorest of the poor in Africa and other places in the world; AID's operating expenses; Debt Restructuring; the Global Environmental facility; and the Nonproliferation, Anti-terrorism, and Demining account.

On the positive side, the bill includes $680 million for the Child Survival and Diseases Program fund, known by us affectionately within the committee as the Callahan Account, which will enable the expenditure of $145 million to combat HIV/AIDS, as well as fund increased efforts against tuberculosis and other childhood diseases, such as measles and malaria. Of course, we would like to be doing more, and that is why we want the funding levels up.

In addition, the bill includes $30 million for displaced children, orphans and blind children, which is an increase over last year, and I thank the chairman for that.

The bill also includes funding for vitamin deficiency programs, polio eradication, and basic education. Poll after poll, Mr. Chairman, shows that the American people support well-directed humanitarian aid programs that assist poor children and the poor countries with basic human needs.

While the bill does not contain a separate account for African development assistance, and I wish that it would, it does maintain last year's funding level for Africa. Maintaining last year's level is not a victory, but at least it did not get cut, as other programs have; and I would hope that as we go forward with the bill we will have an increase for Africa. The total, of all accounts, the bill provides $1.6 billion in assistance to Africa.

With respect to the Independent States of the Former Soviet Union, the bill contains $725 million. This is far too low, well below last year's level, and $307 million below the President's request. This means serious cuts in the Expanded Threat Reduction Initiative and cuts to emerging republics, such as Armenia and Georgia, and reductions in programs that support small businesses, exchanges, and regional initiatives, which are also designed to develop a new generation of pro-reform leaders and institutional partnerships.

Mr. Chairman, the cut to AID's operating expenses will scale back necessary security improvements. The cuts in the nonproliferation account will limit new initiatives for anti-terrorism, export controls, and demining.

I mention all these, Mr. Chairman, so that our colleagues will know what the impact is of the underfunding of this bill.

It provides only $50 million of the $143 million for the Global Environmental Facility. In addition, the cuts in the Development Assistance account will mean cuts to bilateral and environmental programs.

The bill includes only $33 million of the $120 million requested for debt restructuring, and prohibits funding for the trust fund for the Highly Indebted Poor Countries, HIPC. This request was made before the recent historic agreement among the G–7 in Cologne, Germany, which has broad support from governments, multilateral institutions, and religious groups. Granting generous debt restructuring to the world's poorest countries, as called for in these new agreements, will be the most significant poverty alleviation action we can take in a generation. The amounts currently in the bill do not even put us on the playing field.

I would hope that we could get it to a level where we could honor the Jubilee 2000 initiative goal of debt forgiveness in the months ahead.

Mr. Chairman, I have been pointing out some of the deficiencies and some of the pluses in the bill. In the interest of time, I will submit the rest of my statement for the RECORD and just close by saying that this House takes pride in providing ample resources to the defense bill to protect our national security. The importance of an engaged foreign policy with the resources to back it up also protects our national security.

In that interest, Mr. Chairman, I did want to just take a moment to acknowledge the tragedy of the plane that went down in Colombia and ask for just a moment of recognition for those brave young men who lost their lives. I respect their dedication to a dangerous task and would ask the House to take a moment to acknowledge their ultimate sacrifice.

Mr. Chairman, President Kennedy said in his inaugural address in 1961, and everybody in America knows this quote, President Kennedy said, ''My fellow Americans, ask not what our country can do for you, but what you can do for your country.'' But everybody does not know that the very next

sentence, the very next sentence the President said, and I was there to hear him when I was a college student in Washington, D.C., the very next sentence is, ''My fellow citizens of the world, ask not what America will do for you, but what we can do working together for the freedom of man.''

Mr. Chairman, that is what we do in this bill and, hopefully, what we do in this Congress is to reach out to help promote the freedom of man throughout the world. This embodies what the bill is about or should be about.

My colleagues, we have an obligation to move forward together to provide for a robust foreign assistance program that enhances our national security. This bill is a start and it should be supported, of course, unless the Smith amendment succeeds. However, we have a long way to go before the end of the year to finish the job.

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

Mr. CALLAHAN. Mr. Chairman, I yield myself 1 minute to respond to the gentlewoman from California regarding her opening comments, and I would just say to her that I thank her very much for her very gracious comments. If I did not know better, Mr. Chairman, I would swear she was from Alabama, she is so gracious.

The gentlewoman pointed out many of the good aspects of the bill. She noted a couple of things she did not agree with, but primarily they revolve around the fact that we cut President's Clinton's request by $2 billion. I would remind the gentlewoman from California that we have to live within budget constraints, and that President Clinton wants to bust the budget. He can send such a message up here when we finish the appropriations process, but we are trying to save Social Security, we are trying to make sure Medicare is adequately funded, and we are trying to maintain a balanced budget at the same time. And I think to come from the original $10.4 billion to the $12.6 billion, where we are today, is right in the middle of compromise, which is what this body is all about.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I appreciate the gentleman yielding to me.

I am not from Alabama, Mr. Chairman, but if I were, I know my colleague's fellow Alabamans would love to hear me say that we are not spending enough money on foreign policy, and we certainly want to prevent another Kosovo and prevent spending billions of dollars, and we want to save lives instead of spending money on defense.

This is about our national security. And, also, we do not need a tax cut.

Mr. CALLAHAN. Mr. Chairman, I yield 3¼ minutes to the gentleman from Illinois (Mr. PORTER), who is a member of the subcommittee.

Mr. PORTER. Mr. Chairman, I want to thank the gentleman from Alabama for yielding me this time and for his excellent work in developing this bill. He and his staff have worked very hard to meet the numerous concerns of many Members, including this Member.

I believe, Mr. Chairman, that this is the first time in my 19-year tenure in Congress where I have not sought to amend the foreign operations bill at any point in the process. Since the gentleman from Alabama took over the helm of the Subcommittee on Foreign Operations, Export Financing and Related Programs, he and his staff have shown great patience in addressing my concerns, and I truly appreciate this.

I am pleased with the language of this bill and report supporting the furtherance of the peace process among Armenia, Nagorno-Karabagh and Azerbaijan. I remain, however, deeply disappointed in the administration's role in furthering this peace process.

I also support the committee's recommendation of $15 million for Cyprus and the condemnation of the remarks made by the leader of the Turkish Cypriots.

I am also very pleased with the committee's continued assistance on limiting Guatemala and Indonesia to expanded IMET as well as the committee's attention and support of environmental and women's issues within the development assistance account.

□ 1700

Finally, and I will expand on each of these areas in the remarks I submit for the RECORD, I strongly support the committee's funding for aid to Israel. We are at a critical and, hopefully, promising point in the Middle East peace process. I am hopeful that we will ultimately be able to fund the Wye agreement and support Prime Minister Barak as he actively works toward implementing this agreement and making new agreements in the peace process.

However, while I support these items and others in the bill, I remain concerned about the overall funding level. The United States continues to enjoy the strongest economy ever, and yet the money we spend on foreign assistance continues to shrink. We are the strongest, most economically productive Nation on Earth; and yet we are shunning leadership in promoting and supporting the values we cherish most: democracy, human rights, and the rule of law and free markets in other parts of the world.

Continuing to reduce our support for foreign assistance activities, in my judgment, not only wastes previous U.S. investment but effectively pulls the rug out from under nongovernmental organizations that have worked for years to build trust and to promote important programs in the developing world that have saved lives and improved countless lives.

If we want to encourage others to respect human rights, protect their environment, and promote democracy, we must be engaged. Among bilateral donor countries, the U.S. provides among the least in foreign assistance in comparison to gross domestic product. This, in my judgment, is deplorable and only shows ignorance towards the increasing impact that the rest of the world has on health and productivity in the United States.

I hope that that trend can be reversed as we plan our leadership role in the world for the next century.

Again, on the whole, I support this bill and the excellent work of my colleague from Alabama (Mr. CALLAHAN). He was presented with a very difficult task and has succeeded in rising to the challenge.

Mr. Chairman, I want to thank the gentleman from Alabama for his excellent work in developing this bill. He and his staff have worked very hard to meet the numerous concerns of many Members, including this Member.

I think that this is the first time, in my nineteen-year tenure in Congress, where I have not sought to amend the Foreign Operations bill at any point in the process. Since the Gentleman from Alabama took over the helm of the Foreign Operations Subcommittee, he and his staff have shown great patience in addressing my concerns and I truly appreciate this.

In particular, I am pleased with language in this Bill and Report supporting the furtherance of the peace process among Armenia, Nagorno-Karabagh and Azerbaijan. Although it appeared that forward movement of process was at a standstill earlier in the year, limited talks have resumed among the parties and I hold out hope for a peace agreement.

I remain extremely disappointed in the Administration's role in furthering this peace process. As indicated in the Committee's Report, I am appalled that the State Department would transfer their Special Negotiator to another desk without announcing a replacement. As Presidents Kocharian and Aliyev hopefully continue discussions, I hope that the U.S. will do everything possible to facilitate a lasting peace.

I also support the Committee's recommendation of fifteen million dollars for Cyprus and condemnation of the remarks made by leader of the Turkish Cypriots. This is another serious conflict that Turkey must recognize and the U.S. should work to facilitate peace on this island.

I am also very pleased with the Committee's continued insistence on limiting Guatemala and Indonesia to expanded-IMET as well as the Committee's attention and support of environmental and women's issues within the development assistance account.

Finally, I strongly support the Committee's funding for aid to Israel. We are at a critical and hopefully promising point in the Middle East peace process. It is imperative that the U.S. continue to support the peace process

and remain solid in its support of the parties. I am hopeful that we will ultimately be able to fund the Wye Agreement and support Prime Minister Barak as he actively works towards implementing this agreement.

However, while I support these and other items in this bill, I remain very concerned about the overall funding level. The United States continues to enjoy the strongest economy ever, yet the money we spend on foreign assistance continues to shrink.

Throughout the history of our country, we have waged wars and defended other nations to protect the values we cherish: democracy, human rights, the rule of law and free markets. Now, we have arrived at the point of being the strongest, most economically productive nation on Earth—and we are shunning leadership in promoting and supporting our values in other parts of the world.

Some may argue that the U.S. has already invested enough in the developing world, especially now, after the conflict in Kosovo. That is just the point. We have already invested a great deal which should not be squandered at this critical time.

The extensive network of international and community-based non-governmental organizations that utilize funds from the U.S. Agency for International Development have finally established roots and are making great progress in improving the lives of millions.

Continuing to reduce our support for these activities will not only waste previous U.S. investment but effectively pull the rug out from under organizations that have worked for years to build trust and promote important programs in the developing world. If we want to encourage others to respect human rights, protect their environment and promote democracy, we must be engaged.

Among bilateral donor countries, the U.S. provides among the least in foreign assistance in comparison to GDP. This is deplorable and only show ignorance towards the increasing impact that the rest of the world has on the health and productivity of the United States. I hope that this trend can be reversed as we plan our leadership role in the world for the next century.

Again, on the whole, I support this bill and the excellent work for my colleague from Alabama. He was presented with a very difficult task and has succeeded in rising to the challenge.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 3 minutes to the very distinguished gentlewoman from New York (Mrs. LOWEY), the leader on the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mrs. LOWEY. Mr. Chairman, I rise in support of H.R. 2606.

I want to commend both our chairman, the gentleman from Alabama (Mr. CALLAHAN), and our ranking member, the gentlewoman from California (Ms. PELOSI), for the hard work they have put into crafting this bill. I believe they have done the best they could with a very bad situation.

Very simply, the allocation handed down to our subcommittee by the leadership was just too low. In fact, when we started this process, our allocation was only $10.3 billion, about $3.4 billion lower than last year's enacted level.

The members of our committee, Republican and Democrat alike, made very clear that a foreign aid bill with that low an allocation was just not sufficient. And today we are working with a number that is a full 20 percent higher than the original allocation. In fact, it is $100 million higher than the foreign aid bill that passed the House last year. But by no means does that make this a great bill. It is still woefully underfunded.

I just want to highlight a few of the bill's biggest problems that I hope we can address in conference. During full committee markup of this bill, the leadership pushed through a $200 million cut in IDA, the arm of the World Bank that provides loans to the poorest of the poor around the world.

IDA, which is now funded at $226 million below the administration's requested level, provides the World Bank's lending on primary health care, basic education, and microcredit, and a number of other critical development programs.

The International Organizations and Programs account, which includes funding for the United Nations Development Program, is $25 million below the administration's request. At this level, UNDP could not hope to be funded at anywhere near the $100 million it received last year.

Underfunding UNDP threatens U.S. leadership in this critical organization and hurts UNDP's efforts to address some of the world's development issues around the world.

This bill does not include the Wye River Agreement aid package. This aid package is a critical component of advancing the Middle East peace process and preventing violence in the region.

We all have such high hopes for Prime Minister Barak's ability to jump-start the peace process that it would be foolish of us to turn our backs on the commitments we made at Wye.

I think it is very clear that the bill does need some serious work. But it is important, my colleagues, to pass it today, send it to conference; and there we can fix what we believe is wrong.

I fully expect that we shall increase the level of funding for the full range of our important foreign assistance programs, and I will fight hard with my colleagues for the Wye aid package and ensure that there are no killer restrictions on our international family planning programs.

If these problems are not fixed before the final version of the bill is sent to the White House, the President will veto it; and we are very concerned that all the good things in this bill will not become a reality.

So, my colleagues, for now the right thing to do is to vote for this bill, move the process along, and let us hope that we can correct these inequities which I have mentioned in the conference and pass a really good bill.

Again, I thank the chairman and the ranking member for their work.

Mr. CALLAHAN. Mr. Chairman, I thank the gracious gentlewoman from New York (Mrs. LOWEY) for her comments.

Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. KNOLLENBERG) who is an outstanding member of our subcommittee.

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong support of H.R. 2606, the fiscal year 2000 appropriations bill for foreign operations, export financing, and related agencies.

As a member of this subcommittee, I want to commend my good friend from Alabama (Chairman CALLAHAN) for all of his hard work. Shepherding this kind of a bill, an appropriations bill at that, through this process is not easy. Yet this man has done it, I think, with diligence and impartiality. That speaks highly of the gentleman from Alabama (Chairman CALLAHAN).

I also want to extend congratulatory thanks to the gentlewoman from California (Ms. PELOSI), the ranking member, who, along with the entire subcommittee and the staff, has helped to bring about a bill that has been crafted, I think, to do the best for this country.

As members of this subcommittee, we have all worked in a bipartisan fashion to craft this foreign operations bill that reflects our Nation's international priorities while adhering to the budget constraints that we face today.

In addition to addressing the need in such areas as child survival and international narcotic control, this bill focuses funding on our most important foreign aid priorities and maintains the integrity of our vital national security needs.

This bill again highlights congressional concern over North Korea and the dangerous activities of this rogue nation. Despite the 1994 Agreed Framework and North Korea's commitment to end its nuclear program, Pyongyang remains determined to develop weapons of mass destruction and the delivery systems that threaten ourselves and our allies.

In fact, even the administration acknowledges that next month North Korea is planning to test a missile capable of reaching U.S. territory. If this test proves successful, it will be the first time in our history that a rogue nation will have the capability to deliver a warhead within U.S. borders.

The risk to the United States inherent in this capability is unacceptable, and this bill takes strong action to address it.

The 1994 Agreed Framework with North Korea, I believe, has failed, leaving Americans less secure today than they were 5 years ago. We are now forced to face the dangerous consequences of North Korea's broken commitments. Before another dime of U.S. taxpayer money is spent on this flawed agreement, North Korea must live up to its end of the bargain.

The U.S. must send a strong signal by conditioning any aid to North Korea on real and verifiable proof that it has ended its dangerous ballistic missile and nuclear programs.

The bill also maintains the U.S. commitment to the Middle East peace process, as has been noted, and our long-standing ally, Israel. It provides resources for the resettlement of former Soviet, East European and other refugees in Israel. This refugee resettlement program provides initial food, clothing, and shelter to Jewish migrants fleeing from areas of distress.

I am proud of the role that Congress has taken to provide those in need with the means to begin a new life in Israel.

In addition, while U.S. support for peace in the Middle East is reaffirmed, the bill contains a historic effort to eliminate the region's long-standing reliance on U.S. economic aid.

I would also like to highlight provisions of this bill that deal with the ongoing conflict in the Caucasus. Unfortunately, many Americans do not know the history of this small, troubled region of the former Soviet Union; but this conflict will continue to have a direct impact on the interest of both its neighboring countries and the United States.

I am proud to have worked with the subcommittee to craft a productive, positive approach that will facilitate the peace process in the Caucasus and reinforce the U.S. role as an unbiased mediator in the peace process.

Despite the lack of broad recognition, each of us has a vested interest in the outcome of the Caucasus. U.S. interest can best be served through swift and meaningful resolution to the conflicts plaguing this troubled region. And that is precisely the approach that this bill takes.

By pursuing meaningful, confidence-building measures between Armenia, Azerbaijan, and Nagorno Karabagh and also keeping the administration fully engaged in this part of the world, we may finally see this region free of bloodshed and conflict and rich with prosperity and opportunity.

The subject of foreign aid often sparks heated debate on this floor. While we all have strong opinions about a number of programs, I would ask my colleagues not to let heated discussions about details keep us from the business at hand. We need to unite behind this fair bill that will maintain U.S. leadership and strengthen our influence across the globe.

I ask for Members on both sides of the aisle to support this bill.

Again, I want to thank the chairman, the staff, the ranking member for all of the effort they have made in an extraordinary fashion.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 3 minutes to the very distinguished gentlewoman from Michigan (Ms. KILPATRICK), a member of the subcommittee.

Ms. KILPATRICK. Mr. Chairman, I want to first start off thanking the gentleman from Alabama (Chairman CALLAHAN) and his staff for working with us in a bipartisan way. And a special thanks to my ranking member, the gentlewoman from California (Ms. PELOSI), who has certainly shown her leadership and allowed me to participate in the process adequately.

This bill before us today, this foreign operations bill, I am told sometimes takes a day and a half and hours to complete. As my first year on this subcommittee, I found that working with the chairman and ranking member and working with the two sides to be quite enjoyable as well as educational.

While I support the bill and have in committee, I always said that it was underfunded. And we said that from our side of the aisle. I say to the gentleman from Alabama (Mr. CALLAHAN), although we respect his hard work, we believe it is underfunded.

The gentleman from Illinois (Chairman PORTER) in his earlier remarks stated that this country still provides less foreign aid around the world than any of the other developed GA countries in the world. We can do better.

But I want to commend our chairman and ranking member for increasing our appropriations to Africa for the first time, a continent with over 750 million people who are in dire need.

Some of the poorest of the poorest countries, as said by Mr. Wolfensohn earlier this week as we had breakfast with him, President of the World Bank, debt relief, yes, they need it. But it is not a panacea. What they need is education and health services and other kinds of attention paid to their country so that their people and their children can come up into the 21st century.

It is important that as we move this foreign operations bill forward we let everyone know that, yes, it is a good bill and it was worked on bipartisanly, but it does still need more funding.

We are very concerned about the $200 million that was cut from full appropriations from the IDA account, which again is money that goes to the poorest of the poorest nations so that those children and those nations can be educated, can have the health services that they need.

We are concerned about the Smith amendment that will be coming up this afternoon. It is unfair. We hope that it will not be attached to this wonderful bill that we have worked out to date.

HIV–AIDS, a curse as we move to the 21 century, devastating the African continent today, India tomorrow, the U.S., and countries around this world. Will we do our part as American citizens, the finest country in the world, to provide the assistance, the education, the treatment, the research that we know to get rid of this dreaded disease?

Mr. Chairman, I thank the gentleman from Alabama (Mr. CALLAHAN) for his leadership and the gentlewoman from California (Ms. PELOSI), the ranking member, for her concern and her leadership as we work in a bipartisan way.

This Congress can work on good legislation bipartisanly when we work together and commit to doing that. Thanks to the staffs. Thanks to our ranking member.

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the gracious gentlewoman from Michigan (Ms. KILPATRICK) for her comments and I tell my colleagues that it has been a pleasure working with a Member of Congress who has grasped this complicated system of legislation that we have here in the United States Congress in a very short period of time, never forsaking her principles, but at the same time understanding and working toward bipartisan agreement on every issue that she can.

Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. GILMAN) the chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise to commend the efforts of the gentleman from Alabama (Mr. CALLAHAN) the distinguished chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs for especially operations, and his staff and the members of the Subcommittee on Foreign Operations for their efforts in drawing attention to the critical economic situation affecting our friends in the Balkans.

Most of us are proud of the cooperation and joint efforts we have made to provide funding and support for the regional programs that aid those most in need. The economic challenges facing that region have only been exacerbated by recent events in Kosovo.

□ 1715

As the NATO forces continue their efforts to stabilize the peace in Kosovo, it is also imperative to look beyond the end of the conflict. We need to work to find programs that will help restore the economic foundation of these nations and, more importantly, to help restore the economic foundation that will enable the refugees to rebuild their lives.

Permit me to draw my colleagues' attention to a particular effort that has demonstrated great potential to help restore the economic foundation to these front-line Balkan states.

The Rochester Institute of Technology started a program 2 years ago called the American College of Management and Technology. Located in Dubrovnik, Croatia, this college has enjoyed great success in introducing new training and educational opportunities for the residents of the front-line states in tourism and management.

The program has been at capacity since it began. It focuses on a cooperative work experience that places students with world renowned organizations. This cooperative experience objective is to facilitate the infusion into the workforce of people who are educated in American economic values and work ethic, and through them speed the shift to contemporary entrepreneurial practices and, in turn, enhance the economic growth of the region.

Building upon the successes in their program, the ACMT has plans to expand the program to provide support to young refugees from Albania, Kosovo, Montenegro and Macedonia, thereby giving them a brighter future and the ability to help rebuild their homeland states. I would like to commend the college for its efforts in establishing that program. It truly merits Federal support.

Mr. Chairman, I would like to ask the distinguished gentleman from Alabama (Mr. CALLAHAN), chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs, to comment on this fine program.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I thank the gentleman from New York for his kind words. I would encourage USAID to review proposals to fund a Federal partnership with the college that would allow for the expansion of this program to address some of the training needs of the refugees from Kosovo, Montenegro and Macedonia.

Mr. GILMAN. I thank the gentleman for his support of this initiative. I would hope that in conference with the Senate on the fiscal year 2000 bill, we would carefully review their proposal for a $2.5 million program that would help the economic recovery of this region.

Mr. CALLAHAN. Mr. Chairman, I can assure the chairman of the Committee on International Relations that I will do the best I can to bring this proposal to the attention of AID.

Mr. GILMAN. I thank the distinguished gentleman for his assurances and support.

Mr. Chairman, I am also pleased to note in this bill that there is full funding of the administration's request for international narcotics control, and in particular the report language supporting the badly needed supply plane for the dedicated Colombian National Police antidrug unit so that they can maximize the use of the Black Hawk utility helicopters soon to be delivered to them.

I also note that the committee is critical of the intelligence service in Peru in the INL account, but it should be noted that little if any money has gone to that particular entity in their fight against drugs. It would be a mistake to overlook the fact that Peru in the last few years has reduced coca production by nearly 60 percent to end their long-held world leadership in coca production.

With regard to narcotics eradication, I note that the Senate bill has follow-on funding for the mycoherbicide drug eradication initiative that I believe holds a long-term potential to save billions of dollars and thousands of lives. I hope that in conference we will support the $10 million provided by the Senate for that program in fiscal year 2000.

Again, I want to commend the chairman and ranking member of the Subcommittee on Foreign Operations, Export Financing and Related Programs for their outstanding work on this measure.

Ms. PELOSI. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California (Mr. FARR).

Mr. FARR of California. Mr. Chairman, I thank the gentlewoman for yielding me this time.

I rise in a moment of passion, passion for the greatest aid that this country gives countries in need all over the world, and that is the passion I have for the United States Peace Corps.

Peace Corps volunteers serve at the invitation of host countries. Guess what? Countries want more Peace Corps. About 6,000 volunteers are currently serving in about 80 countries.

Last year, in this country, 150,000 U.S. citizens inquired about whether they could serve in the United States Peace Corps. For my friends on the other side of the aisle who are supply siders, this is very simple. The demand is there and the supply is there. What stands between that demand and that supply is the budget of the United States Congress and how much we will appropriate to the Peace Corps. Guess what? What we have appropriated is not enough.

I thank the chairman of the subcommittee. The gentleman from Alabama is a good listener. He is producing a good bill, it is a work in progress, and we are going to make it better. He has done a better job than our colleagues in the other house.

I just got out of a cab in D.C. I came from a Peace Corps good-bye to the director, Mark Gearan. The cab driver said, ''I'm in the United States because I had two teachers in Ethiopia, Peace Corps volunteers. The gift I'm going to give back is my son who is an American citizen who is going to serve in the Peace Corps.''

On behalf of returning Peace Corps volunteers who are now Members of Congress, the gentleman from Ohio (Mr. HALL), the gentleman from Wisconsin (Mr. PETRI), the gentleman from Connecticut (Mr. SHAYS), the gentleman from New York (Mr. WALSH) and myself, we ask that you try to add more, at least what the Peace Corps asked for and what they need.

Mr. CALLAHAN. Mr. Chairman, I would first like to commend the gentleman for his comments and for his hard work, especially in Central America, and also commend Mark Gearan who is retiring as the head of the Peace Corps. I think Director Gearan has done an outstanding job.

Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. HILL).

Mr. HILL of Montana. Mr. Chairman, I thank the gentleman for yielding me the time. Let me echo my comments on the fine work the gentleman from Alabama has done on this bill.

Mr. Chairman, I rise today to express my support for a counterdrug initiative that would be funded through the State Department Bureau of International Law Enforcement Affairs. This initiative uses naturally occurring mycoherbicides to eradicate illicit drug crops at their source. It was supported in the Senate Foreign Operations bill. I know that the gentleman from Alabama is familiar with this program.

Mr. CALLAHAN. Yes, I am.

Mr. HILL of Montana. Mycoherbicides are safe and they do not kill other crops as do the chemicals that are currently being used in countries in Latin America. I ask that the gentleman from Alabama take into account the positive impact this initiative will have on the environment as well as our war on drugs as he considers this issue in conference.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. HILL of Montana. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Yes, I am aware of the potential of this program to fight narcotics. As the gentleman knows, with my support Congress provided $10 million for this purpose in the emergency supplemental bill earlier this year. I am hopeful that the State Department will soon obligate those funds so that this important research can be undertaken expeditiously.

Mr. HILL of Montana. I thank the gentleman from Alabama.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Illinois (Mr. JACKSON), a distinguished member of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mr. JACKSON of Illinois. Mr. Chairman, I rise today to commend the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) and other members of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations for the bipartisan, collegial spirit evident during our hearings and the subcommittee markup. As a new member of the subcommittee, I feel privileged to have worked with such a fine group of members.

We all know this is a very difficult budget year and I am grateful to the gentleman from Alabama for his evenhanded approach to drafting the Foreign Operations bill. Although I would have liked to see additional funding to be provided for Africa in the bill, at the very least funding for Africa was maintained at a freeze. Many of my colleagues on both sides of the aisle will agree that for us to maintain our position as a global leader, we must continue to lead the world in assisting those countries that need the most help.

I am concerned, however, about three particular areas of this bill, the Development Fund for Africa in the Development Assistance section of the bill; the Africa Development Bank; and the Africa Development Fund. I am most disappointed that the bill does not fulfill the administration's and my request to reinstate the Development Fund for Africa as a separate line item as it was several years ago. Many nations on the continent of Africa are making unprecedented progress toward democratic rule and open markets and with the Development Fund for Africa included as a separate account, funding would be assured to remain focused on the long-term problems and development priorities of our African partners.

Although there have been numerous concerns in the past about management of the Africa Development Bank, I know that strides have been made. I feel it is unwise to completely zero out funding for the bank at this time when they are working diligently to address the management problems.

I am encouraged that the Africa Development Fund received a level allocation from last year. However, the Africa Development Fund helps the poorest of the poor countries, and I had hoped that the committee would have provided a higher number.

I cannot stress enough how much I have enjoyed working this year on this Subcommittee on Foreign Operations, Export Financing and Related Programs and I look forward to future work with my colleagues as we address the problems and concerns of the developing world.

I want to thank the gentleman from Alabama for his outstanding job and the gentlewoman from California, and I want to encourage all of my colleagues in light of these amendments to follow the gentlewoman from California on these votes.

Mr. CALLAHAN. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I rise in strong support of the bill. I thank the gentleman from Alabama and the gentlewoman from California for their diligence and their efforts on our behalf.

I have an amendment which would withhold funding for the introduction of our Armed Forces into hostile situations unless the situation represents a clear threat to our strategic national interest. This amendment reflects the foreign policy that successfully guided our Nation through the Cold War. Based on a set of six firm principles, this policy was designed by President Reagan's Secretary of Defense Caspar Weinberger. The rule today does not allow me to offer this amendment, but I will ask that it be printed in the RECORD.

Just 1 month ago, Air Force Chief of Chief General Michael Ryan explained to Congress that while the Air Force could meet our Nation's emergency needs, its short-term operations tempo had to be greatly reduced. This is one of many reports of degradation in our force's readiness that are common because of the widening gap between our Nation's global security obligations and the resources provided to meet these obligations. Every Member in this body knows that under this administration, we are increasingly asking our men and women to do more with less.

Fortunately, this Congress recognized that our forces are stretched to the limit and are on the brink of exhaustion. We recently took the much needed step of increasing our budget to address the services' long list of critical unfunded requirements. We must also review and scale down an American foreign policy which is increasingly expansive.

There is no doubt that the United States is the anchor for the world's democracies. We proudly accept this responsibility and seek to promote the American ideal of freedom in every corner of the world. Unfortunately over the past decade, fulfilling our security obligations has become confused with a policy of policing the world. It is not the responsibility of the United States and her forces, nor should it be, to extinguish every political flare-up around the globe.

This administration continues its attempts to reduce our force structure, it increases our military's operational tempo and involvement around the world. Over the past 8 years, our forces have endured a rate of deployment never before experienced in our Nation's history. Our men and women in uniform have been called to arms for ''operational events'' no less than 26 times since 1991 as compared to 10 times in the previous 30 years. The number of missions is almost countless. From Somalia to Haiti, Rwanda to Bosnia and most recently Kosovo, this administration has placed American men and women in harm's way without a defined objective. This fly-by-the-seat-of-our-pants form of diplomacy is extremely dangerous, particularly when the lives of Americans are at stake.

Secretary Weinberger wisely taught this Nation that American idealism does not always reflect our national security. While we seek to undermine political oppression and overthrow political tyranny, we cannot, in every instance, commit American force. We simply do not have the resources and, quite frankly, it is not our place. This policy is also counterproductive because it discourages our allies and others from paying their share and playing their part.

Secretary Weinberger provided us a model that would prevent seemingly reckless military deployments. I believe it should be dusted off and used again by this administration and administrations to come. The Weinberger Doctrine calls for the engagement of our forces only: In defense of our own vital interests; with a clear intention of winning; with defined objectives; with continual reassessment of the conditions and our goals; with the overwhelming support of the American people and the Congress; and as a last resort.

To many Americans this may seem elementary. In fact, most Americans believe these six premises compose the guiding principles that underscore our current foreign policy. As all of us know, this is unfortunately not the case.

Mr. Chairman, I will not offer the amendment today, but I am committed to returning the Weinberger Doctrine to American foreign policy, and I intend to offer it in the future. I encourage all of my colleagues to review this doctrine, support it, and would urge the administration to adopt it.

Mr. Chairman, I include the amendment I would have offered, as follows:

AMENDMENT TO H.R. 2606, AS REPORTED

OFFERED BY MR. HAYES OF NORTH CAROLINA

Page 116, after line 5, insert the following:

ADHERENCE TO A CONSISTENT POLICY WITH RESPECT TO THE INTRODUCTION OF UNITED STATES ARMED FORCES INTO HOSTILE SITUATIONS

SEC. ____. None of the funds appropriated or otherwise made available by this Act may be made available for the introduction of United States Armed Forces into hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances unless such introduction meets the following requirements:

(1) The introduction of Armed Forces adheres to the ''Weinberger Doctrine'', the philosophy of former Secretary of Defense Caspar Weinberger, which states—

(A) such introduction of Armed Forces should take place only if the vital national interests of the United States are in jeopardy;

(B) the commitment to introduce the Armed Forces should be framed around clearly defined political and military objectives;

(C) prior to such introduction of Armed Forces, there should exist a reasonable assurance that the President will have the support of the people of the United States and their elected representative in Congress for such introduction;

(D) such introduction of Armed Forces should be a last resort;

(E) such introduction of Armed Forces should be done wholeheartedly and in a manner by which the Armed Forces have an overwhelming superiority so that a swift victory is virtually certain; and

(F) the President should continually reassess and, if necessary, readjust the commitment to introduce the Armed Forces if conditions and objectives invariably change after such introduction; and

(2) The President, after the mission of the Armed Forces has been defined and the Armed Forces have been introduced, allows senior general officers of the Armed Forces to carry out the mission in an unhindered manner.

□ 1730

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. HOEFFEL), a new Member to Congress, but a great champion for our country.

Mr. HOEFFEL. Mr. Chairman, I thank the gentlewoman for yielding this time to me and appreciate her kind words.

Mr. Chairman, in this bill we should be supporting international family planning and opposing efforts to gag or block international family planning because those efforts will surely lead to more unintended pregnancies. Accordingly, I rise to oppose the Smith amendment and to support the Greenwood-Lowey amendment.

The amendment to be offered by the gentleman from New Jersey (Mr. SMITH) would gag foreign nongovernmental organizations in the private actions they take as private organizations to spend private money to pursue their goals. The amendment to be offered by the gentleman from New Jersey (Mr. SMITH) is unnecessary, at least as it affects United States money, which is already prohibited from these uses, as Greenwood-Lowey would continue.

It is wrong to stifle public debate in this way. It is micromanagement. The real target is family planning.

The amendment to be offered by the gentleman from New Jersey (Mr. SMITH) would make it harder to conduct family planning, to avoid unintended pregnancies. It is a mistake; it should be opposed. Greenwood-Lowey should be supported.

Ms. PELOSI. Mr. Chairman, I thank the gentleman for his important statement, and I yield 1 minute to the distinguished gentleman from Maine (Mr. BALDACCI).

Mr. BALDACCI. Mr. Chairman, I rise to take this opportunity to express my strong support for the Seeds of Peace International Camp, located in my congressional district and its related programs. This innovative program takes Arab and Israeli teenagers from the Middle East to a small camp in rural Maine to teach them communication teamwork, conflict resolution skills. Since it opened in 1993, more than a thousand young people have graduated, and 400 more will be completing the program this summer. I have been to this camp and met with these children, and I can unequivocally say that this camp deserves this body's full support. The cultural connections and friendships forged in Maine will last a lifetime.

Seeds of Peace is a small but growing force of hope amidst the hatred and despair that has for all too long mired relations between the nations of the Middle East. While the current peace process is critically important to achieving peace in the region, Seeds of Peace will create an environment that will sustain a lasting peace because it will mend differences in fostering understanding where it counts most, between individuals.

I am pleased that, year by year, this innovative and desperately needed program is gaining political and financial support. I strongly support public funding for the International camp and its other programs as they are clearly one of the best uses of our foreign aid dollars. I am pleased with the report language contained in this bill supporting this program.

I thank Chairman CALLAHAN and Ranking Member PELOSI for their support of this program which gives these future leaders the tools they need to forge a lasting peace in the Middle East. Thank you.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida (Ms. BROWN) for the purpose of engaging in colloquy with the distinguished chairman, the gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Chairman, I will yield an additional 1 minute to the gentlewoman from Florida.

The CHAIRMAN. The gentlewoman from Florida is recognized for 2 minutes.

Ms. BROWN of Florida. Mr. Chairman, I rise to engage in a colloquy with the gentleman from Alabama (Mr. CALLAHAN). I want to take a moment to raise the issue of American prisoners being held overseas.

I want to commend the chairman for including language in this report that required the Secretary of State to report on whether American citizens have not been able to receive fair trials in Ecuador as well as the evaluation of whether foreign assistance to Ecuador has an impact on the lawfulness of the Ecuador justice system.

As the gentleman is aware, Mr. Chairman, I have visited Ecuador three times in the past 2 years, and the disregard for fair or even speedy trials have become a crisis in this country. I am very disturbed that many people, especially Americans, are asked to pay bribes to ensure innocent finding. One American in particular, Mr. Jim Williams of Jacksonville Beach, has had very little chance at justice since he was imprisoned almost 3 years ago. His family have struggled to help Mr. Williams get a fair trial, but they have faced a maze of corruption in addition to unreliable policy and a justice system that does not function.

This is a very complicated problem that affects many Americans in Ecuador. However, a big part of the solution involves the United States. I hope this report will help our government understand the limitations of the Ecuador justice system as well as the far-reaching impact of our drug policy on countries like Ecuador. With limited resources and corruption in judiciary, I look forward to learning the results of this study and thank my colleague for its inclusion in this report.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. BROWN of Florida. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I thank the gentlewoman from Florida for her concern about Mr. Williams' plight in Ecuador, and I certainly share her concerns. We have expressed our discontent with the administration's handling of the Williams case. I have met with the Williams family. We need a quick, fair judicial resolve, to this issue; and I certainly will support the gentlewoman in any endeavor that we can undertake to make certain that this gentleman receives a fair trial in an expeditious manner.

Ms. BROWN of Florida. Mr. Chairman, I thank the gentleman from Alabama.

Ms. PELOSI. Mr. Chairman, will the gentlewoman yield?

Ms. BROWN of Florida. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I want to tell the gentlewoman that the gentleman from Alabama has been attentive to this issue. Indeed, we visited Ecuador and spoke to the authorities there, the U.S. counsel there, about this subject. So when the gentleman says he is looking into it, as my colleagues know, indeed he is.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. RADANOVICH).

Mr. RADANOVICH. Mr. Chairman, I would like to recognize and address the continued contributions made by the Republic of Croatia. Croatia emerged from years of oppressive Communist control in 1991 and approved a new constitution and elected a parliament. Croatia's modern parliamentary democracy is charged with guaranteeing fundamental human rights, freedom of expression and respect for private property. Croatia has also been a loyal and

valuable ally of the United States, as we have recently witnessed during the Kosovo crisis. Having a reliable partner in the strategic and volatile region of southeastern Europe can only help to prevent future crises and aggression.

Croatia deserves commendation for its clear desire to stand with the United States and the West, as evidenced by its support of U.S.-NATO policy in the Balkans including S–4 and Operation Allied Force.

People, few people, realize how helpful Croatia was during NATO's Operation Allied Force. Croatia closed its oil pipelines to Yugoslavia, which was later recognized as a key element in Milosevic's decision to surrender. Croatia opened its airspace and its ports for NATO's unrestricted use. Croatia also emerged as one of the most vocal advocates for stability in southeastern Europe during the negotiations and on the newly launched stability pact for that region.

Croatia meets all the requirements for partnership for peace especially regarding defense related cooperation, perhaps even more so than some of its current members. Croatia should be evaluated for membership in the partnership for peace at the earliest possible opportunity. I believe that the United States should work closely with Croatia to ensure that every opportunity is provided.

Ms. PELOSI. Mr. Chairman, I yield 4 minutes to the very distinguished gentleman from California (Mr. BERMAN), a member of the Committee on International Relations and a champion on human rights throughout the world.

Mr. CALLAHAN. Mr. Chairman, I yield the gentleman from California an additional minute.

The CHAIRMAN. The gentleman from California is recognized for five minutes.

Mr. BERMAN. Mr. Chairman, I thank my friend from California for yielding me this time.

First, I would like to just say that the chairman and the ranking member and the entire Subcommittee on Foreign Operations, Export Financing and Related Programs have done an incredible job of trying to put together an equitable bill under really outrageous conditions where they have been told that they have a funding limit which constitutes a $2 billion reduction over the administration's request; a $700 million reduction over this year's appropriated level; and many, many billions of dollars in reductions over what funding levels were several years ago. So, I have no argument with the bill that they have presented, given the cards that they were dealt.

I am here to urge support for the bill and an aye vote on final passage, but I do have to say that two things could make me change my mind if the bill came back from conference committee: one, with inadequate funding levels, without some relief from the conditions under which the Committee on International Relations were required to put this bill; and, secondly, were the amendment to be offered by the gentleman from New Jersey (Mr. SMITH) to be adopted.

In either one of those cases, I would think that at conference when the bill comes back from conference we should take a second look at this question, and my hope is that the administration, working with the appropriators, will deal with some of the critical shortfalls that do exist in this bill.

And at the same time I have to say the bill fully funds the Camp David countries, Israel and Egypt; it provides a partial funding for Jordan under the Wye request. It is our understanding that the Wye request and the appropriations which I consider critically important will be dealt with at the time of the conference committees, whether they come from the 150 or the 050 account; but somewhere in the context of all of this, before this Congress leaves this year, we think it is very important that that should be funded. The increase in funding for child survival programs even in the context of the severe limitations is badly needed; the same with UNICEF.

So I think there is a lot of important provisions in this bill. There are a lot of deficiencies. The gentlewoman from California has touched on a number of them. I would like to see more money in the refugee and migration assistance account, Peace Corps is underfunded, a number of other provisions; but I will not belabor that at this point.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. As my colleagues know, I think the gentleman from California is a super individual and I have expressed that to him on many occasions. But let me remind my colleague the only way we can balance the budget, the only way we can save Medicare, the only way we can save Social Security is to cut back on spending, and that also means foreign affairs, foreign aid.

So I appreciate the gentleman's philosophy.

Mr. BERMAN. Reclaiming my time, I say to the gentleman from Alabama I think he is super too, but I have to say if America is going to maintain its leadership in the world, a number of things have to happen. If we are going to continue to try and promote democracy and respect for human rights and development of human potential around the world, we have to put resources into this. I do not believe for a second that funding the foreign assistance at the level the administration has requested will in any way hurt our ability to continue to balance our budget, save Social Security, reform Medicare, and do the other things we need to do. This is small potatoes in the context of the whole budget, and let me just add one thing.

The problem is we get ourselves into a cycle. Originally, the Committee on Foreign Operations was given an incredibly low allocation of $10.4 billion. The chairman with his valiant efforts, I assume, all of a sudden that level was $12.6 billion. That is much better, but our colleagues keep lowering, dashing our expectation so much.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield for a question?

Mr. BERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I thank the gentleman. First of all we cannot resolve this issue over whether or not an additional increase in foreign aid would jeopardize Social Security and Medicare. We just want to make certain it does not. But I will be happy to sit down one evening with the gentleman for as much as 3 or 4 hours to discuss this issue as to whether or not foreign aid ought to be increased even at the expense of jeopardizing Social Security and Medicare. I think it would make an interesting conversation, and I would invite the gentleman to sit down with me one evening in the near future for several hours to discuss this issue.

Mr. BERMAN. Reclaiming my time, I appreciate the gentleman's offer. I plan to take him up on it. We can go either way in terms of this conversation.

Ms. PELOSI. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I would like to thank the gentlewoman from California (Ms. PELOSI) for her tremendous efforts on behalf of all the peoples of the world. She really does do a great job serving as ranking member on the Committee on Appropriations, and let me just say I have appreciation for everything that I have heard today about the bipartisan efforts, and I understand the limitations that my colleagues were working within.

□ 1745

However, that does not ease my pain nor satisfies my criticism of what is not happening for Africa.

This bill completely eliminates funding for the highly indebted poor countries, the initiative that provides debt relief to countries that desperately need it. The governments of heavily indebted poor countries have been forced to make drastic cuts in basic services such as health and education in order to make payments on their debts. This administration requested $120 million. This bill allocates $33 million and zero for PIP pick.

As the ranking member of the Subcommittee on Domestic and International Monetary Policy of the House Committee on Banking and Financial

Services, I am working to improve the HIPC initiative. I have introduced H.R. 2232, the Debt Relief and Development in Africa Act of 1999. This bill would relieve the debts of sub-Saharan African countries and target the savings from debt relief to HIV/AIDS treatment and prevention, health care, education and poverty reduction programs. I am also a cosponsor of H.R. 1095, the Debt Relief for Poverty Reduction Act of 1999 which would expand the HIPC initiative.

Also, the Foreign Operations Appropriations bill also cuts funding for the African Development Fund which provides low-interest loans to poor countries in Africa and completely eliminates funding for the African Development Bank, which provides market-rate loans to qualifying African countries.

Furthermore, the bill cuts refugee assistance by $266 million below this year's budget. Well, I guess if we take out the money for Kosovo, we cut it by $20 million below this year's level. There are 6 million refugees and internally displaced people in Africa today. Sadako Ogata, the United Nations High Commissioner for Refugees, is complaining.

So if I was the gentleman from California (Mr. BERMAN), I would be happy because Israel and Egypt got its funding. Africa still lags far behind, and every year I must get up and do this until Africa is treated fairly.

Ms. PELOSI. Mr. Chairman, I thank the gentlewoman for her remarks and for her leadership on the Committee on Banking and Financial Services on all of the issues relating to debt relief and AIDS.

Mr. Chairman, I yield 1 minute to the very distinguished gentleman from Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Chairman, I rise to applaud the gentlewoman from California (Ms. PELOSI) for her tireless work against the scourge of HIV/AIDS, a disease which has not only plagued and crippled American society but the global community as well. Nearly 33 million people worldwide are infected with HIV/AIDS. Ninety percent of them live in Africa, Asia, and Latin America. However, 90 percent of the resources spent on prevention and care are devoted to people in industrialized countries. The funding provided in this bill is just a drop in the bucket compared to the funding needed to address this deadly crisis developing in these countries.

I am encouraged that the committee has provided $141 million for international HIV prevention and care, a $20 million increase over last year's funding level. As such, I hope that in the future, we will make an even stronger commitment to this fight.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) has 3 minutes remaining; the gentlewoman from California (Ms. PELOSI) has 2½ minutes remaining.

Ms. PELOSI. Mr. Chairman, I yield myself the remaining time to close.

I want to thank all of the Members of the House who have spoken on this bill that we have worked so hard on. I am so pleased with the interest in the bill. Our differences are largely not partisan on this bill, and we have very few differences today, except for the funding level.

I wanted to take just a moment to talk about that because my distinguished chairman keeps bringing up the subject of Medicare and Social Security, and I want to point out to our colleagues that this bill is about, as we have heard, about $12.8 billion, $12.6.5 billion. That is about less than 1 percent of our national budget. And if we take out what we have in there for export finance and trade financing and guarantees, then it is even less than that, because that is not foreign assistance, that is assistance to the U.S. manufacturers.

So we have a very, very tiny percentage of our national budget which we use to prevent war, to prevent the spread of disease, to prevent environmental disasters. To me, it is a small price to pay. Indeed, as our Chairman has said, it is the least we can do. In fact, we should do much more.

We are the lowest of all of the industrialized countries, the lowest in relationship to our GDP in assistance, bilateral assistance to other countries. That is not what the American people want. And there is not going to be any saving of Social Security or risking of Medicare or Social Security because we spend a little bit more money preventing more disease and environmental disasters. Indeed, those are investments which will save money in the end.

Mr. Chairman, we are a great country. The world looks to us for leadership. Certainly, the developing world does. We can prevent many problems that we know are predictable. We are not making them up; we know they are preventable if we invest wisely.

Once again, I want to return to what President Kennedy said: My fellow citizens of the world, ask not what America can do for you, but what we can do working together for the freedom of men. Imagine the possibilities if we could invest in microlending and in debt forgiveness in a manner that is appropriate to our capacity and our leadership role in the world. Imagine if we could cooperate with the countries of Africa as they emerge into democracies.

Mr. Chairman, I think that this is a good investment. I think the American people want us to do it, and I point out it is less than 1 percent of our entire budget, a good investment for peace and security in the world.

I urge my colleagues to vote for the bill if it does not have the Smith amendment in it.

Mr. CALLAHAN. Mr. Chairman, I yield myself the remaining time.

I will close by saying that the basic argument that I have heard tonight is not over the contents of the bill, but for the lack of money that some think ought to be included therein.

I might say that the opponents on that argument make good points, that maybe it is not enough money. But in my opinion, it is enough money, and I do not think it is going to be detrimental to me at all to go back and explain to my constituents that I was the one who proposed a bill to cut foreign aid. I apologize to the President if he wants $2 billion more. He is not going to get it.

So yes, this vote tonight, finally, on the passage of this bill, Mr. Chairman, is a vote to cut foreign aid, if we want to cut it, well then vote ''yes.''

If one does not want to cut it and one thinks it ought to be more, then vote ''no.''

But the real question in this bill is whether or not we are going to cut the President's request, whether or not we are going to cut last year's appropriation, whether or not we are going to preserve this money to pay for Social Security needs, for Medicare needs, for other areas such as tax reduction, or even balancing the budget and paying off the debt. That is what the final passage of this bill is all about.

Mr. Chairman, I would recommend to my colleagues that they will have an easy explanation when they go back to their districts and people ask them, when SONNY CALLAHAN brought a bill to the floor of the House to cut foreign aid, how did you vote, I should think all Members of Congress would want to say, I voted for the Callahan bill.

Mr. KNOLLENBERG. Mr. Chairman, earlier this year, the National Conference of Black Mayors, and the U.S. Conference of Mayors held their annual conventions in Denver and New Orleans, respectively. At these conventions, over 100 mayors from around the country signed a petition calling on EPA to provide utility energy providers with maximum flexibility and lead time necessary to avoid higher energy costs to municipalities and local communities, including industrial and residential consumers.

Mr. Chairman, as you are aware, EPA finalized a rulemaking last year which forced states, including Michigan, to submit State Implementation Plans (SIP's) that meet mandated reductions of oxides of nitrogen (NO_X) emissions. One element of the rule would force local utilities to control NO_X emissions at unprecedented levels. The reductions are of a magnitude that will require capital intensive technology with likely significant pass-through costs to energy consumers, including citizens, municipalities, and local communities. As rural and urban communities seek investment to spur economic growth, the shadow of higher energy costs could have significant adverse

effects on brownfields redevelopment and rural/urban revitalization generally. Further, these higher costs will erode the benefits of lower energy costs realized from deregulation.

Finally, Mr. Chairman, the EPA compliance deadlines are so stringent that electric utilities could be forced to shut down generating plants to install the necessary control equipment within a very short time. This could result in temporary disruptions of electricity supply.

Mr. Chairman, the U.S. Court of Appeals, just this past month, issued a stay of the EPA NO_X SIP call pending the agency's appeal of the court's decision to strike down EPA's National Ambient Air Quality Standard (NAAQS) for fine particulate matter (PM 2.5). The future of the agency's NO_X SIP call is uncertain. Nonetheless, the mayors' petition represents a common-sense plea to EPA that, should the agency move forward, that it do so in a way that allows for compliance in the most cost-effective manner possible.

I insert the petition in its entirety, along with the names and cities of supporting mayors to be inserted in the RECORD.

PETITION—EPA OZONE TRANSPORT NO_X SIP CALL

As part of its Ozone Transport initiative, the Environmental Protection Agency (EPA) has finalized a rulemaking forcing States to submit Implementation Plans (SIPs) to meet mandated reductions of oxides of nitrogen (NO_X) emissions in the Agency's effort to control inter-state ozone transport impacts. The rule focuses on 22 mid-eastern States, with the likelihood that EPA will expand the application of the rule to several additional States.

Several States have joined in litigation challenging the EPA rule on grounds that it is contrary to congressional intent, an abuse of Agency discretion and disregards traditional Federal/State relationships. EPA has even taken the unprecedented step of threatening to impose its own Federal Implementation Plan (FIP) in the absence of acceptable State action. Several additional States are considering whether to file an amicus brief in support of the Complaint. The U.S. Court of Appeals recently stayed EPA's NO_X SIP Call pending appeal of the Court's decision setting aside EPA's new Ozone and Particulate Matter standard.

One element of the rule would force local utilities to control NO_X emissions at levels unprecedented to date. The reductions are of a magnitude that will require capital intensive technology with likely significant pass-through costs to energy consumers. The unavoidable consequence will be higher energy costs to municipalities and local communities, including industrial and residential consumers alike. As rural and urban communities seek investment to spur economic growth, the shadow of higher energy costs could have significant adverse effects on Brownfields redevelopment and rural/urban revitalization generally.

The EPA compliance deadlines are so stringent that electric utilities could be forced to shut down generating plants to install the necessary control equipment within a very short time. This could result in a temporary disruption of electricity supply.

Significant NO_X emissions reductions will continue to be realized under existing mobile and stationary control programs as the Clean Air Act continues to be implemented thus minimizing the need, if any, for such potentially disruptive requirements as called for in the EPA NO_X rule. This is especially true for local areas in the mid-east that are dealing effectively with ozone compliance challenges. Any new control programs, before being implemented, must be weighed against the potential adverse implications for local rural and urban communities.

Accordingly, by our signatures below, we collectively call on EPA to reconsider the NO_X rule in light of these concerns. In light of the Court's stay of the NO_X SIP Call, at a minimum, we urge EPA to provide maximum flexibility to and address lead-time needs of utility energy providers so as to minimize potential adverse economic consequences to local rural and urban communities. Further, we call on EPA to restore balance and cooperation between states and EPA so that States can comply with the rule while protecting their rights to determine the best methods of doing so.

Finally, we direct that copies of this Petition be provided to the President, the Vice President, Members of Congress, Governors and other local officials as are appropriate.

STATE, CITY, AND MAYOR

Alabama

Moses—Walter S. Hill

Arkansas

North Little Rock—Patrick H. Hayes
Marianna—Robert Taylor
Sunset—James Wilburn

California

Alameda—Ralph J. Appezzato
Fairfield—George Pettygrove
Fresno—Jim Patterson
Inglewood—Rosevelt F. Dorn
Modesto—Richard A. Lang
Turlock—Dr. Curt Andre
Westminster—Frank G. Fry

Florida

Eatonville—Anthony Grant
Gretna—Anthony Baker
North Lauderdale—Jack Brady
South Bay—Clarence Anthony
Tamarac—Joe Schrieber
Titusville—Larry D. Bartley

Georgia

Augusta—Bob Young
Dawson—Robert Albritten
East Point—Patsy Jo Hilliard
Savannah—Floyd Adams, Jr.
Stone Mountian—Chuck Burris

Guam

Santa Nita—Joe C. Wesky
Yigo—Robert S. Lizama

Illinois

Brooklyn—Ruby Cook
Carol Stream—Ross Ferraro
Centreville—Riley L. Owens III
DeKalb—Bessie Chronopoulos
East St. Louis—Gordon Bush
Evanston—Lorraine H. Morton
Glendale Heights—J. Ben Fajardo
Lincolnwood—Madeleine Grant
Robbins—Irene H. Brodie
Rockford—Charles E. Box
Sun River Terrace—Casey Wade, Jr.

Indiana

Carmel—Jim Brainard
Fort Wayne—Paul Helmke

Louisiana

Boyce—Julius Patrick, Jr.
Chataignier—Herman Malveaux
Cullen—Bobby R. Washington
Jeanerette—James Alexander, Sr.
Napoleonville—Darrell Jupiter, Sr.
New Orleans—Marc Morial
St. Gabriel—George L. Grace
White Castle—Maurice Brown

Maine

Lewiston—Kaileigh A. Tara

Maryland

Seat Pleasant—Eugene F. Kennedy

Massachusetts

Leominster—Dean J. Mazzarella
Taunton—Robert G. Nunes

Michigan

Detroit—Dennis Archer
Garden City—James L. Barker
Inkster—Edward Bevins
Muskegon Heights—Robert Warren
Taylor—Gregory E. Pitoniak

Minnesota

Rochester—Charles J. Canfield
Saint Paul—Nori Coleman

Mississippi

Fayette—Roger W. King
Glendora—Johnny Thomas
Laurel—Susan Boone Vincent
Marks—Dwight F. Barfield
Pace—Robert Le Flore
Shelby—Erick Holmes
Tutwiler—Robert Grayson
Winstonville—Milton Tutwiler

Missouri

Kinlock—Bernard L. Turner, Sr.

Nebraska

Omaha—Hal Daub

New Jersey

Chesilhurst—Arland Poindexter
Hope—Timothy C. McDonough
Newark—Sharpe James
Orange—Muis Herchet

New York

Hempstead—James A. Garner
Rochester—William A. Johnson, Jr.
White Plains—Joseph Delfino

North Carolina

Charlotte—Pat McCrory
Durham—Nicholas J. Tennyson
Greenevers—Alfred Dixon

North Dakota

Fargo—Bruce W. Furness

Ohio

Columbus—Greg Lashutka
Lyndhurst—Leonard M. Creary
Middleburg Heights—Gary W. Starr

Oklahoma

Muskogee—Jim Bushnell
Oklahoma City—Kirk D. Humphrey
Tatums—Cecil Jones

Oregon

Tualatin—Lou Ogden

Rhode Island

Providence—V. A. Cianci, Jr.

South Carolina

Andrews—Lovith Anderson, Sr.
Greenwood—Floyd Nicholson

Tennessee

Germantown—Sharon Goldsworthy
Knoxville—Victor Ashe

Texas

Ames—John White
Arlington—Alzie Odom
Beaumont—David Moore
Bedford—Richard D. Hurt
Euless—Mary Lib Salem
Hurst—Bill Souder
Hutchens—Mary Washington
Kendleton—Carolyn Jones
Kyle—James Adkins
North Richland Hills—Charles Scoma
Port Arthur—Oscar G. Ortiz
Waxahachee—James Beatty

Virginia

Portsmouth—Dr. James W. Holley III

Mr. SHAYS. Mr. Chairman, I want to thank Chairman CALLAHAN and Ranking Member PELOSI for their work in crafting this important appropriations bill. Given the limited resources available to them, I think they should be commended for their work in bringing this bill forward.

I will support this bill but grudgingly, because I believe the reductions it makes in foreign aid are too deep. And I believe we should be asking other parts of the federal budget to share the burden we are placing on this bill.

But instead, we are increasing spending in other areas, and asking foreign aid to pick up the slack. We are asking this budget to bend further and further, and I'm here to say: this budget can't bend any further.

Mr. Chairman, as a fiscal conservative and a senior member of the Budget Committee, my number one priority in Congress has been to get our financial house in order. In past years, I have supported reductions in our foreign aid budget because it was consistent with our overall efforts to reduce federal spending and eliminate 30 years of deficit spending. We were trying to rein in spending in every other portion of the budget, and the foreign operations bill took a hit like everything else.

But I rise today to say that we have picked on the foreign aid budget too much and for too long. I believe every area must play a part in our effort to control the growth of federal spending. But even as we increase spending on agriculture, defense, and other appropriations bills, we are once again decreasing funding for foreign aid. And, I, for one, do not understand why that is.

This year's agriculture appropriations bill increased discretionary spending from $13.69 billion to $13.94 billion. This year's defense appropriations bill increased spending from $250.5 billion to $266.1 billion. And this year's transportation appropriations bill increased spending from $47.2 to $50.7 billion. Yet, we are decreasing foreign aid spending from $13.4 billion to $12.6 billion.

As a former Peace Corps volunteer, I can attest to the difference foreign assistance makes in the lives of people around the world, and the important role it plays in enhancing international trade and helping maintain national security.

I know it is easy and most often popular to vote to cut foreign aid. But the simple fact is, this bill's $12.6 billion in foreign assistance represents just 0.7 percent of the federal budget. That is what we are debating here today.

Foreign aid is used to promote health, nutrition, agriculture, education, and other noble goals. Foreign aid is truly one of our nation's greatest international investments. It's not a handout; our aid is intended to help the poorest nations rise up and become self-sufficient, so they will no longer require our assistance.

I support this bill, but hope we end this destructive trend of reducing foreign aid budgets.

Mr. POMEROY. Mr. Chairman, I rise to thank the Chairman, Mr. CALLAHAN, for including in this legislation the report language regarding the Office of Private and Voluntary Cooperation described below.

This legislation provides $48,000,000 for the Office of Private and Voluntary Cooperation including $8,000,000 for cooperatives. This fund enables United States cooperatives and credit unions to share their self-help business approaches with developing and market transition countries. Congressman BEREUTER and I recently sent a letter to the United States Agency for International Development (USAID) supporting this important office and its funding for US cooperatives.

In addition, the Committee notes that in Central America, US cooperatives in countries hard-hit by Hurricanes George and Mitch. The Committee encourages USAID to fully utilize the expertise of U.S. and indigenous cooperatives in this region, especially in the expansion of cash crops such as coffee and sesame.

U.S. cooperatives have been working overseas for more than three decades. They are at work in the villages of Africa, Asia, and Latin America. In Central and Eastern Europe, they are helping to achieve a free market, democratic way of life—one that cooperatives and uniquely to help other achieve.

Cooperatives have the advantage of keeping economic benefits within a community. Profit is not siphoned off by outside interests, because the co-op's members are its owners, and the co-op exists to fill a need in a community that is not being met to other businesses.

Electric and telephone co-ops meet rural consumers' needs for power and telecommunications not satisfied by private businesses. Farm co-ops help in the production and marketing of commodities. Housing co-ops give low-income people the opportunity to own their own homes. Cooperative insurance protects individuals and small businesses from risk. Credit unions serve people of limited income not reached by commercial banks, and extend credit to micro entrepreneurs who otherwise might not be able to secure funding.

Cooperatives promote democracy by allowing members to jointly own their business. They share capital, elect a board of directors, and receive the benefits of ownership through better service and patronage refunds based on use. Co-ops teach people how to resolve problems democratically. Many individuals who received their education in democracy from cooperatives have gone on to become political leaders in their nations. In emerging democracies, co-ops help throw off the shackles of a non-market economy. Their members develop the skills of entrepreneurship and learn market values.

Again, Mr. Chairman, I would like to express my appreciation to Mr. CALLAHAN for including this critical language in the legislation before us.

Mr. PORTMAN. Mr. Chairman, I rise in support of H.R. 2606, the Foreign Operations, Export Financing and Related Programs Appropriations Act for FY 2000. I'd like to thank Chairman CALLAHAN and Ranking Member PELOSI of the Foreign Operations, Export Financing and Related Programs Appropriations Subcommittee for including $13 million in funding for the Tropical Forest Conservation Act of 1998.

The Tropical Forest Conservation Act expands President Bush's Enterprise for the Americas Initiative—EAI—and provides a creative market-oriented approach to protect the world's most threatened tropical forests on a sustained basis. The bill was overwhelmingly approved by the House last March by a vote of 356 to 61, passed the Senate under unanimous consent and was signed into law on July 29, 1998 as P.L. 105–214.

The Tropical Forest Conservation Act is a cost-effective way to respond to the global crisis in tropical forests, and the groups that have the most experience preserving tropical forests—including the Nature Conservancy, World Wildlife Fund, Conservation International and others—agree. The Administration is strongly in support of this effort as well. It is an excellent example of the kind of bipartisan approach we should have on environmental issues.

I commend Chairman CALLAHAN, Ranking Member PELOSI, and the members of the Subcommittee for providing the necessary funds to begin to implement this legislation that preserves and protects important tropical forests worldwide in a fiscally responsible fashion.

Ms. LEE. Mr. Chairman, I rise to speak on the debt restructuring section of the Foreign Operations appropriations bill. This is $87 million less than the President's request, and $41 million less than the FY 1999 level. This bill does not provide the proposed $50 million U.S. contribution to the Highly Indebted Poor Countries Initiative Trust Fund.

There are 41 countries in Africa, Latin America and Asia that are so heavily indebted that they can barely function. The people there suffer from malnutrition, illiteracy, and lack of health care. Many of these debts were incurred in the 70's when we encouraged them to borrow heavily. Recession in the 70's dropped the price of oil, mineral and agricultural products; interest rose. These countries will remain in a vicious, losing cycle of perennial indebtedness just paying off interest unless we essentially allow them to file for bankruptcy and to rebuild their economies. These countries desperately need debt relief.

Jubilee, an impressive coalition of churches from around the world, together with food assistance groups, have worked to call the world's attention to the extreme situation in these heavily indebted poor countries and have asked that the U.S. recognize the crippling effect that paying interest has on these countries.

Additionally, HIV/AIDS stalks Africa. Thirty million people in the world are infected with HIV/AIDS—the vast majority live in these heavily indebted countries. While nearly every region of the world has been affected by the pandemic, Sub-Saharan Africa has been ravaged by the disease, suffering 11.5 million deaths since the epidemic emerged, with a projected 22.5 million more in the next ten years. In some countries, 30% of all working adults now have AIDS or carry the virus.

Debt relief is essential. I ask my colleagues to vote against this appropriations bill.

Mr. WELLER. Mr. Chairman, I rise today to lend my strong support for the FY 2000 Foreign Operations spending package.

Mr. Chairman, everyone in this chamber knows that funding America's overseas commitments is not one of the most popular things we do in this body. With tight federal budgets, people back home often ask whey we spend this money, and many people do not realize that this appropriations package is one of the smallest this Congress will consider out of the 13 bills. That being said, I would like to praise

the work of Chairman CALLAHAN and the Foreign Operations Subcommittee for bringing to the floor a commonsense package that stretches the taxpayers money and continues the Republican Congress' commitment to slowing foreign assistance.

One of the areas I am very concerned about in this bill deals with America's strongest and most reliable ally in the Middle East, Israel. H.R. 2606 proposes $960 million in economic aid to our friend in the Middle East. Mr. Chairman this is almost $120 million less than the FY 99 level which leaves me with some concern, but nonetheless, this is important funding to help insure stability in Israel's economy, and this approach by the committee will eventually lead us down the glidepath of a phase-out of economic assistance.

H.R. 2606 also helps to provide for the security of Israel. Mr. Chairman, this bill provides for a $60 million increase over FY 99 for military assistance to a total of $1.92 billion. While I am pleased to hear that the new Israeli leadership is eager to step up efforts in the peace process, it is clear that we cannot have peace in the Middle East without a strong and secure Israel. These funds for Israel are especially important when the United States is still concerned and engaged with threats by Iraq, Libya, Syria, Iran and international terrorists in the region. Chemical and biological weapons have already been used in the region, and several enemies or terrorist groups in the region are waiting for the opportunity to disrupt the peace process or commit outright acts of aggression towards Israel. These funds will reduce that threat for our ally and for American interests in the Middle East and around the world.

Mr. Chairman, this is a responsible bill that meets our overseas commitments and ensures that America's allies are engaged as active partners in U.S. foreign policy. I thank the Chairman for his attention to the needs of our friends in Israel, and I ask that members support this measure.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

Before consideration of any other amendment, it shall be in order to consider the amendments printed in part A of House Report 106–269. Those amendments may be considered only in the order printed in the report. The amendment printed in part B of the report may be offered only at the appropriate point in the reading of the bill.

Each amendment printed in the report may be offered only by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

During consideration of the bill for further amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

It is now in order to consider amendment No. 1 printed in part A of House Report 106–269.

AMENDMENT NO. 1 OFFERED BY MR. SMITH OF NEW JERSEY

Mr. SMITH of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part A amendment No. 1 offered by Mr. SMITH of New Jersey:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON FUNDS FOR FOREIGN ORGANIZATIONS THAT PERFORM OR PROMOTE ABORTION

SEC. . (a) Section 104 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b) is amended by adding at the end the following:

''(h) RESTRICTION ON ASSISTANCE TO FOREIGN ORGANIZATIONS THAT PERFORM OR ACTIVELY PROMOTE ABORTIONS.—

''(1) PERFORMACNE OF ABORTIONS.—(A) Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available for any foreign private, nongovernmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, perform abortions in any foreign country, except where the life of the mother would be endangered if the pregnancy were carried to term or in cases of forcible rape or incest.

''(B) Subparagraph (A) may not be construed to apply to the treatment of injuries or illnesses caused by legal or illegal abortions or to assistance provided directly to the government of a country.

''(2) LOBBYING ACTIVITIES.—(A) Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available or any foreign private, non-governmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, violate the laws of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in any activity or effort to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated or prohibited.

''(B) Subparagraph (A) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

''(3) APPLICATION TO FOREIGN ORGANIZATIONS.—The prohibitions of this subsection apply to funds made available to a foreign organization either directly or as a subcontractor or subgrantee, and the certifications required by paragraphs (1) and

(2) apply to activities in which the organization engages either directly or through a subcontractor or subgrantee.''.

(b) The President may waive the provisions of section 104(h)(1) of the Foreign Assistance Act of 1961 (relating to population assistance to foreign organizations that perform abortions in foreign countries), as added by subsection (a), for any fiscal year.

The CHAIRMAN. Pursuant to House Resolution 263, the gentleman from New Jersey (Mr. SMITH) and a Member opposed each will control 10 minutes.

Does the gentlewoman from California seek to control the time in opposition?

Ms. PELOSI. Yes, I do, Mr. Chairman, and I ask unanimous consent to yield 5 minutes of that 10 minutes to the gentleman from Pennsylvania (Mr. GREENWOOD).

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GREENWOOD) will control 5 minutes of the time in opposition.

The gentleman from New Jersey (Mr. SMITH) is recognized for 10 minutes.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I offer this on behalf of myself, the gentleman from Michigan (Mr. BARCIA); the gentlewoman from North Carolina (Mrs. MYRICK); the gentlewoman from Florida (Ms. ROS-LEHTINEN); the gentleman from Mississippi (Mr. SHOWS); the gentleman from Minnesota (Mr. OBERSTAR); and the gentleman from Illinois (Mr. HYDE).

Let me begin by telling Members what this is not about. The amendment before us is not about family planning funding. The bill before us provides up to $385 million for international family planning programs. If the amendment passes, this amount will remain exactly the same, $385 million for family planning. The amendment does not cut that amount by one penny.

Second, the vote on this amendment is not about some of the cartoon illustrations that have been conjured up in some of the faxes and fliers being put out by pro-abortion organizations. This amendment already has a track record. It is substantially identical to the antilobbying provision of the Mexico City Policy, which governed all U.S. foreign family planning programs from 1984 until 1993.

During those 9 years, the antilobbying provision was interpreted according to a rule of reason. We gave population assistance to literally hundreds of organizations during those 9 years, and we never cut off funding to a single organization because an officer of the organization gave a speech. Not even once. In fact, during the whole 9 years, only 2 organizations were ever denied Federal funding under the Mexico City Policy, and it was because they themselves refused to agree not to perform or actively promote abortion except to save the mother's life or in cases of rape or incest.

That is what this vote is really all about. The question is simple: Do we want our chosen representatives in foreign countries to do family planning and only family planning, or do we want them working overtime trying to topple pro-life laws in those countries?

Mr. Chairman, in over 100 countries around the world, the lives of unborn children are still protected by law. But in country after country, we find that the biggest U.S. population grantees are also the most prominent advocates—sometimes the only prominent advocates—of legalizing abortion on demand.

Mr. Chairman, the abortion promoters never tire of reminding us that they promote abortion with what they call ''their own money,'' but this argument deliberately misses the point.

First, it ignores the fact that all money is fungible. When we pay an organization millions of dollars, we cannot help but enrich and empower all of that organization's activities, all that they do, even if the organization keeps a set of books that says it uses its money for one thing and our money for something else.

Even more important, this argument totally ignores what it means to be an agent of the United States in a foreign country. When we choose our representatives abroad, we have a right, and I would submit we have a duty, to ensure that certain minimum standards are met.

I would just point out to my colleagues that overwhelming numbers of Americans support the rights of unborn children, and we do not want our agents acting in such a way as to promote something that we find so offensive, the killing of unborn children on demand.

Mr. Chairman, if the United States decided—and I just say this as an example—to give a grant for an antismoking campaign directed at children in a developing country, it might decide not to give the grant to a tobacco company that also planned to run pro-smoking advertisements in that same country, even if the company promised to use its own money for the cigarette ads.

Mr. Chairman, it is exactly the same way with abortion and family planning. If the reason we fund family planning programs in a foreign country is really to provide contraceptives and counseling in order to reduce the number of abortions in the country, then we are well within our rights if we choose not to run the program through an organization that is also working hard to increase the availability of abortion in that same country. Everyone has a right of freedom of speech, but nobody has an absolute and unconditional right to represent the U.S. overseas or to receive multimillion dollar subsidies in exchange for that representation.

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

□ 1800

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the very distinguished gentlewoman from Connecticut (Ms. DELAURO), the assistant minority leader.

Ms. DELAURO. Mr. Chairman, I thank the gentlewoman for yielding time to me.

I rise in opposition to this amendment. It is a death sentence for thousands of women and children worldwide.

This debate is not about abortion. Under current law, not one penny of U.S. funds can be used for abortion. This debate is about improving the health of women and children and saving lives.

Each year around the world 600,000 women die in childbirth. Access to family planning in the developing world would reduce unintended pregnancies by 20 percent, thus reducing abortions, saving the lives of more than 120,000 women who would die in childbirth every year.

U.S. family planning aid saves the lives of children. It allows families to choose how many children they want and when they will have them. Improved birth spacing can improve the chances of infant and child survival by 20 percent.

If this amendment passes, millions of desperately needed funds now dedicated to family planning would be diverted. More mothers, infants, and children will die. I desperately urge my colleagues to oppose this wrongheaded amendment.

Mr. GREENWOOD. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I rise to oppose the SMITH amendment. As was just said, every day around the world 1,600 women die in post-partum hemorrhaging. They bleed to death. That is 585,000 women every year. It is a holocaust. Many of these women leave behind orphaned children. These women die because they become pregnant when they are too young, too old, too weak, or too soon after their last pregnancies.

Every day thousands more infants and children die because they are born into families who cannot afford to feed them or to provide medical care for them.

For the past 30 years the developed nations of the world have worked together to stem this awful tide of premature deaths. The program was initiated in 1969 by President Nixon.

International family planning has brought reproductive health care to poor, underdeveloped communities across the globe, and where they have, the death toll has plummeted. It is a good, wise, compassionate, and enlightened program.

But the SMITH amendment threatens that program. It threatens those women and those children. It does so because the reality is no matter how hard local agencies try to provide family planning services to women around the world, some women will become pregnant when they cannot bear another child, and they will seek abortions.

The SMITH amendment says to these medical clinics, if you provide that abortion, we will take away your contraceptive funds. That is exactly, precisely, and frankly the opposite of what is needed. Where women seek abortions, we should promote contraception, not take it away. The SMITH amendment ironically will increase, not decrease, abortions, and it will undermine our international effort to stem the tide of infant and child mortality.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. DELAY), the distinguished whip of the majority party.

Mr. DELAY. Mr. Chairman, I rise today in support of the Smith-Barcia amendment. Under no circumstances, under no circumstances should American taxpayers underwrite pro-abortion activities in foreign countries. Today an increasing number of Americans are growing weary of the abortion on demand policy in our land. There is a growing sense that this practice has hardened our hearts and torn the very moral fabric of this great Nation in two.

After almost three decades, American attitudes towards abortion are becoming less permissive. In fact, a recent survey for the Center for Gender Equality showed that 53 percent of American women believe that abortion should be illegal under all circumstances, or allowed only in cases of rape, incest, and the life of the mother. That is up 8 percent from only 2 years ago.

During this time, when American views on abortion are changing so drastically, it should not be the policy of the United States to undermine abortion laws in other countries. Over the last 6 years, the U.S. Government has provided over $3 billion of taxpayer money to population control organizations overseas. Many of these groups are the largest abortion providers and promoters in the world.

This amendment does not cut population control funding to these organizations by one cent, even though many of us would like to do so. This amendment simply prohibits American aid from going to groups that violate existing foreign abortion laws, or lobby to change the laws in approximately 100 countries that currently restrict that practice.

Mr. Chairman, in a Nation founded on freedom, we must continue to trumpet the reality that all of our rights

add up to nothing if we do not protect the most important of them all, the right to be born. While we are struggling with this truth at home, we definitely should not be undermining abortion laws abroad.

I just urge my colleagues to support the Smith-Barcia amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, I rise in strong opposition to the Smith amendment to the foreign operations bill.

Over the last 40 years, the world's population has doubled, and at the rate we are going it will double again by the year 2050. The number of people on Earth will increase by 78 million a year. It is 156 congressional districts. Think of that.

We must ask ourselves, if we continue to grow at this pace, who will be taking care of these children? What will happen to them? The answer is that they will face water shortages, famines, global warming, infant mortality, and political and economic instability. Supporting family planning services gives the children of the world a chance for the quality of life that we want for our very own children; a quality of life, by the way, that is threatened equally when the population of our globe expands to the extent that it is anticipated.

Mr. Chairman, I urge my colleagues to oppose this amendment.

Mr. GREENWOOD. Mr. Chairman, I yield 30 seconds to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong support of the Greenwood compromise and in opposition to the Smith amendment.

Mr. Chairman, the Greenwood compromise represents a new bipartisan consensus on family planning. I will note that the Greenwood amendment has a requirement that the Smith amendment lacks. The Greenwood amendment requires recipients to certify that their programs will reduce the incidence of abortion. We know from our experience in Central Asia that family planning reduces unintended pregnancies and abortion.

We all want fewer abortions and we want family planning. The Greenwood compromise is the way to get there. I urge Members to join with CARE, the American Association of University Women, and the League of Conservation Voters who have endorsed the Greenwood compromise.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 15 seconds to the distinguished gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Chairman, I thank the gentleman for yielding time to me. I intend to vote for the gentleman's amendment.

I want to point out to my colleagues that on page 8 of this bill, it says that none of the funds made available under this heading may be used to pay for the performance of abortions as a method of family planning, or to motivate or encourage any person in the practice of abortions.

I just wanted to make the bill's position clear on abortion.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the very distinguished gentlewoman from New York (Mrs. LOWEY), a member of the Subcommittee on Foreign Operations, Export Financing, and Related Programs.

Mrs. LOWEY. Mr. Chairman, I rise in opposition to the Smith amendment and in strong support of the Greenwood-Lowey compromise amendment.

The proponents of the Mexico City policy claim it simply cuts abortion funding. What they do not tell us is that abortion funding overseas has been prohibited since 1973, as our chairman has said. This amendment would cut abortion funding from its current level of zero to zero.

What this amendment will really do is destroy our international family planning programs. One of the most important forms of aid that we provide to other countries is family planning assistance. No one can deny that the need for family planning services in developing countries is urgent.

The aid we provide is both valuable and worthwhile. The Smith amendment would defund family planning organizations that perform legal abortions with their own money, and it would also impose a gag rule on nongovernmental organizations and multilateral organizations that provide U.S.-supported family planning aid overseas.

The Greenwood substitute specifically and carefully addresses my colleagues' concerns, so please vote for the Greenwood substitute.

Mr. GREENWOOD. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I thank the gentleman for yielding time to me, and for his leadership.

Mr. Chairman, I rise in opposition to the Smith amendment restricting international family planning funding.

The Smith amendment is at odds with our tradition of free speech. It would impose a gag rule with respect to a single issue. It would deny women and family planning organizations the fundamental right to lobby for redress of grievances, and it holds foreign nongovernmental organizations to a standard which we could not and hopefully would not impose on U.S. organizations or on American women.

The Smith amendment would preclude USAID from working with many organizations that provide effective voluntary family planning and women's health services, and often in places where women have few alternatives. The result would be an increase in unintended pregnancies, maternal and infant deaths, and unsafe abortions.

I repeat that family planning reduces abortions. The Greenwood-Pelosi amendment would prevent abortion funding, require adherence to the laws of the country in which the NGOs operate, and deny funding of abortion as a means of family planning. So I would ask this body strongly to vote ''no'' on Smith, ''yes'' on Greenwood.

Mr. SMITH of New Jersey. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas (Mr. RYUN).

Mr. RYUN of Kansas. Mr. Chairman, I would just like to offer my support for the Smith amendment, and ask that my colleagues vote for the Foreign Families Protection Amendment.

Mr. Chairman, until its removal in 1993 by President Clinton, the Mexico City Policy prevented foreign organizations from using American tax dollars to perform or encourage the termination of a child's life through abortion. Since 1993, over three billion American taxpayer dollars have been given to international population control groups. Many of these organizations provide and promote abortions, considering abortions a reasonable and convenient means to achieve their objective.

That is why I support the Foreign Families Protection Amendment to the Foreign Operations Appropriations bill. The amendment renews the Mexico City Policy that was in effect from 1984 to 1992. The Amendment will also prohibit funds from being given to organizations which lobby to change abortion laws in other countries.

In keeping with my responsibility to uphold the Constitution, I cannot agree to lend U.S. financial support to organizations in other countries that seek to deny others their inalienable right to life. I would urge my colleagues to search their consciences and protect the rights of unborn children who have no voice to speak for themselves.

Mr. Chairman, I ask for a ''yes'' vote on the Foreign Families Protection Amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1¾ minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Chairman, the Mexico City Smith amendment has changed drastically over the years. All it does now is it prevents subsidizing lobbying activities in foreign countries. It is called the Foreign Families Protection Amendment.

As millions of U.S. taxpayer dollars flow to developing nations for the purpose of population control, it is critical that we refrain from paternalistically injecting our own penchant for abortions into these Nations. With the degree that we in this Nation disagree on the subject of abortion, it is not, at the very least, appropriate that we refrain from providing U.S. taxpayer funds to organizations that lobby for abortions overseas.

Where are the multiculturalists now who suggest that we respect developing

cultures when their beliefs do not agree with ours? Apparently, if these beliefs are not pro-abortion, that creed holds no meaning.

Mr. Chairman, United States taxpayers who hold such conflicting views on abortion should absolutely not be forced to subsidize those lobbying activities. Support the Smith amendment.

Ms. PELOSI. Mr. Chairman, I am very, very pleased to yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY), a leader on issues of family planning throughout the world and a champion of poor women and poor families.

Mrs. MALONEY of New York. Mr. Chairman, I thank the gentlewoman from California (Ms. PELOSI) for her leadership and for yielding time to me.

Mr. Chairman, I rise in opposition to the Smith amendment, which if it should pass, would be surely vetoed by the President, as he has vetoed it in the past. It has no chance of becoming law.

If Members support additional restrictions on family planning, they should support the bipartisan Greenwood compromise, because it has the possibility of actually becoming law.

□ 1815

The Smith amendment is unnecessary because U.S. law, the Helms amendment of 1973, already prohibits the use of United States funds to either perform abortion or to lobby for or against abortion rights. The real target is and always has been family planning services and those organizations most qualified to deliver them.

The Smith amendment's ban on speech is nothing more than a gag rule that will punish foreign organizations for engaging in public policy debate, for petitioning their government, for being involved in the democratic process, rights that would be protected under the First Amendment in our country.

The Smith amendment is constitutional solely because it applies only to foreigners outside of the United States.

Instead, I ask my colleagues to join me and many others in a compromise. Instead of telling other countries what they can and cannot do, let us respect other countries' laws. In the Greenwood compromise, these countries would be disqualified, any foreign nongovernmental organization, from being eligible for U.S. population assistance if it provides abortions in violation of that country's laws.

I urge my colleagues to vote against the unnecessary, because it is already law, the anti-family planning, and the undemocratic Smith amendment, and to support the Greenwood compromise.

The CHAIRMAN. All time of the gentlewoman from California (Ms. PELOSI) has expired. The gentleman from Pennsylvania (Mr. GREENWOOD) has 1½ minutes remaining. The gentleman from New Jersey (Mr. SMITH) has 2½ minutes remaining.

PARLIAMENTARY INQUIRY

Mr. GREENWOOD. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GREENWOOD. Mr. Chairman, who is entitled to close this debate?

The CHAIRMAN. Under this circumstance, the gentleman from New Jersey (Mr. SMITH) would be entitled to close the debate.

Mr. GREENWOOD. Mr. Chairman, I yield 1½ minutes to the gentleman from California (Mr. CAMPBELL), who I think of when I think of the conscience of this House.

Mr. CAMPBELL. Mr. Chairman, I thank the gentleman from Pennsylvania for that very generous introduction.

Mr. Chairman, I ask the gentleman from New Jersey (Mr. SMITH) if he would enter into a colloquy.

Mr. Chairman, I yield to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Sure. I would be happy to, Mr. Chairman.

Mr. CAMPBELL. Mr. Chairman, to the gentleman's knowledge, does the United States give money to Israel?

Mr. SMITH of New Jersey. Yes, it does.

Mr. CAMPBELL. Does Israel permit abortion?

Mr. SMITH of New Jersey. Israel does permit abortions.

Mr. CAMPBELL. Mr. Chairman, would not the logic, then, of the amendment of the gentleman from New Jersey, is not about fungible money, mean that we should vote to cut off all aid to Israel?

Does the gentleman not believe, then, that the logic he is putting forward to this House, namely, that all money is fungible; that if we give money for some purposes which are good, but some of the recipients which receive that money use it for other purposes, including abortion; then that premise justifies cutting off all assistance, and that that premise would lead you to cut off all aid to Israel.

I am pleased to yield to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Chairman, I thank the gentleman from California for yielding to me.

Absolutely not. As a matter of fact, we faced that back in 1984 when the Mexico City policy was first crafted, that there is only one government per country, whereas there are a multitude, a myriad of NGOs to whom we could provide money. And if a certain NGO said it wanted to promote abortion and lobby to bring down the right-to-life laws, we could find another NGO that wanted only to do family planning.

Mr. CAMPBELL. Mr. Chairman, I reclaim my time to suggest that the logic of the gentleman from New Jersey puts him into this corner. I know the gentleman's amendment avoids it, but the logic that he presents to us is, if we give money and it is intended for a good purpose, but, since all money is fungible, if some of it ends up for abortion, then we should not give any money at all.

The fact is, Mr. Chairman, that there is awfully important work done by family planning. The underlying bill, the chairman's mark, does not include this language. We should not support the Smith amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 30 seconds to the distinguished gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Chairman, I thank the gentleman from New Jersey for yielding me this time, and I rise in support of the Smith amendment, and I ask my colleagues to vote for it and vote in opposition to the Greenwood amendment.

This is much clearer this year, and it is pretty straightforward. If my colleagues think taxpayer dollars should go to fund organizations that are going to try to overturn pro-life laws in foreign countries, then they do not want to vote for the Smith amendment. If my colleagues think that it is an inappropriate use of the taxpayer dollars of working Americans, vote for the Smith amendment; vote against the Greenwood amendment. It is not confusing this year. It is very straightforward.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentlewoman from North Carolina (Mrs. MYRICK) to close.

Mrs. MYRICK. Mr. Chairman, I rise in support of the Smith amendment that would protect foreign countris from U.S. taxpayer dollars being used to undermine their laws on abortion.

Congress has repeatedly banned the use of taxpayer dollars to pay for abortions within our own borders, except when the life of the mother is endangered or in cases of rape or incest. This amendment continues to guarantee that American taxpayer dollars are subject to the same test when the money is used to assist foreign countries.

Money is fungible. Any organization that is involved in international family planning efforts and performs abortions and lobbies to weaken abortion laws should not receive taxpayer dollars.

The international population control groups are active and powerful. Some of the groups are actively trying to lift restrictions on abortions in over 100 countries, including Ireland, Brazil, Mexico, and Sri Lanka. We should not be funding their lobbying efforts. But if we continue to subsidize their other programs, we will be doing exactly that.

This amendment will not decrease the amount of money available for

international family planning. It does not limit funding for organizations that perform abortions only in cases where the mother's life is endangered or in cases of forcible rape or incest.

The Smith amendment does not limit the ability of the staff of international population control groups from lobbying on their own time as individual citizens, but they would be limited from doing so as a representative of an organization that receives U.S. funds because these organizations are seen as our representatives.

Mr. Chairman, we need to protect our taxpayers' dollars. I urge a vote for the Smith amendment and against the Greenwood amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise to oppose the amendment offered by Representative SMITH that would prohibit U.S. population assistance funds from being made available to foreign organizations that perform abortions. This amendment also prohibits these funds from being used to change the abortion laws of foreign countries and for any activities that violate the abortion laws of foreign countries. I believe that this amendment is tantamount to a global gag rule on abortion.

This amendment prohibits overseas nongovernment organizations ("NGOs") that receive government funds from providing education or even engaging in discussion about abortion services. The NGOs are also prohibited from lobbying the foreign government or encouraging the citizens to lobby their government with respect to abortion law and policy.

We value freedom in this country, and freedom of speech is one that we hold dear. We also value the freedom to petition our government when we disagree with certain policies. In other countries, we advocate the cause of democracy, and freedom of speech is an important component of a democratic government.

When NGOs travel to other countries with the purpose of advocating certain programs, such as family planning information, we should not support a gag rule that limits the ability of that organization from providing that information.

Family planning and reproductive health information is crucial to women in developing countries. Without this information, many women, are at risk for death due to pregnancy and childbirth. Information about abortion service simply provides these women with the option of exercising a choice for their reproductive health.

This global gag rule also prevents these organizations from providing abortion services when necessary. These organizations often use their own funds and this restriction impinges on the free speech rights of these organizations. It is unconstitutional to treat a U.S. organization in this manner.

I strongly oppose any form of a global gag rule and I urge my colleagues to oppose this amendment. We must support efforts to increase family planning around the globe, and this amendment simply imposes a restriction on the rights of women to choose.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. SMITH).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SMITH of New Jersey. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 228, noes 200, not voting 6, as follows:

[Roll No. 349]

AYES—228

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bereuter
Berry
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bonior
Bono
Borski
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Cooksey
Costello
Cox
Crane
Crowley
Cubin
Cunningham
Danner
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, E.B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kasich
Kildee
King (NY)
Kingston
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
LaTourette
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moakley
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Quinn
Radanovich
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—200

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Becerra
Bentsen
Berkley
Berman
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Coyne
Cramer
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gilchrest
Gilman
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Kelly
Kennedy
Kilpatrick
Kind (WI)
Kleczka
Kolbe
Kuykendall
Lampson
Lantos
Larson
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Wise
Woolsey
Wu
Wynn

NOT VOTING—6

Chenoweth
Jones (OH)
McDermott
Peterson (PA)
Rahall
Skelton

□ 1842

Messrs. RODRIGUEZ, STRICKLAND and ENGEL changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think at this point it is my understanding, and the Chairman of the Committee of the Whole may be able to confirm this, that the procedure is going to be that we are going to now bring up the Greenwood amendment, which has a total of 20 minutes

debate, at which time we will then vote on the Greenwood amendment.

After the vote on the Greenwood amendment, we will then roll votes for at least 2 hours in order that Members will have the opportunity to go and have dinner, or to do what other business they need to do, and then return and vote on the rolled votes at approximately 9 or 9:15 p.m.

Is that the Chairman's understanding as well?

The CHAIRMAN. The gentleman is correct.

It is now in order to consider amendment No. 2, printed in Part A of House Report 106–269.

AMENDMENT NO. 2 OFFERED BY MR. GREENWOOD

Mr. GREENWOOD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part A amendment No. 2 printed in House Report 106–269 offered by Mr. GREENWOOD:

At the end of this bill, insert after the last section (preceding the short title) the following:

RESTRICTION ON POPULATION PLANNING ACTIVITIES OR OTHER POPULATION ASSISTANCE

SEC. _____. (a) None of the funds appropriated or otherwise made available for population planning activities or other population assistance under title II of this Act may be made available to a foreign nongovernmental organization unless the organization certifies that—

(1) it will not use such funds to promote abortion as a method of family planning or to lobby for or against abortion;

(2) it will use such funds that are made available for family planning services to reduce the incidence of abortion as a method of family planning;

(3) it will not violate the laws or policies of the foreign government relating to the circumstances under which abortion is permitted, regulated, or prohibited; and

(4) it will not engage in any activity or effort in violation of applicable laws or policies of the foreign government to alter the laws or policies of such foreign government relating to the circumstances under which abortion is permitted, regulated, or prohibited, except with respect to activities in opposition to coercive abortion or involuntary sterilization.

(b) The limitation on availability of funds to a foreign nongovernmental organization under subsection (a) shall apply—

(1) to funds made available to an organization either directly or indirectly as a subcontractor or subgrantee; and

(2) to activities in which the organization engages either directly or indirectly through a subcontractor or subgrantee.

The CHAIRMAN. Pursuant to House Resolution 263, the gentleman from Pennsylvania (Mr. GREENWOOD) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GREENWOOD).

□ 1845

The CHAIRMAN. Does the gentleman from New Jersey (Mr. SMITH) seek to control the time in opposition?

Mr. SMITH of New Jersey. Yes, Mr. Chairman, I do.

Mr. GREENWOOD. Mr. Chairman, I ask unanimous consent that I may yield 5 of those 10 minutes to the gentlewoman from California (Ms. PELOSI) for her to control.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GREENWOOD. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, this amendment, the Greenwood-Pelosi amendment, is one that all of us on both sides of the aisle can easily vote for.

Under current law, let me just reiterate, no U.S. funds are used to perform abortion. I want to repeat that. No U.S. funds can be used to perform abortion under current law or to lobby for or against abortion. We already know that.

I want to point out that the Greenwood-Pelosi amendment reiterates the ban on the use of U.S. funds to lobby on abortion and, in addition, it adds that no U.S. funds may be used to promote abortion as a method of family planning.

The Greenwood-Pelosi amendment makes clear that organizations receiving U.S. funds for family planning services must be committed to using those funds to reduce the incidence of abortion.

We all know that it has been very clear, looking at Russia and other states of the former Soviet Union, that abortion was relied on previously as a primary method of birth control. And now with the advent of contraception, the abortion rate has plummeted 25 percent. The number has dropped by 800,000.

So I ask this body to vote for the Greenwood-Pelosi amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina (Mr. DEMINT).

Mr. DEMINT. Mr. Chairman, I rise in opposition to the Greenwood amendment.

Sometimes in Congress it is hard to tell one bill from another. We just passed the Smith–Barcia foreign families protection bill. The Greenwood amendment looks very much like it.

As we wade into this, we need to recognize that this is not just another prochoice, prolife debate. Because that is really not the issue. And the issue is not cutting funding for family planning abroad, because we certainly support family assistance abroad. The bill we have passed does not cut that.

The main issue here today is will we force American taxpayers to undermine the values of families and other countries and to try to change their laws.

Approximately 100 countries already have laws restricting abortions. These are countries like Ireland, Brazil, and Mexico.

Now, we can debate and argue about whether or not we like the way they restrict abortion. But, hopefully, all of us would agree that we should not ask American taxpayers to fund an organization that is working to change those laws when here at home we have not agreed about that issue.

That is really the crux of the issue. Because while we talk about funding, we need to understand how the Greenwood amendment would fund these activities.

The Greenwood amendment would allow our taxpayer money to go to organizations that lobby to change or undermine laws restricting abortions. The way the amendment is written, it says these funds cannot be used for those purposes. That is kind of like giving soft money to a political party and telling them not to use that to support candidates.

We are supporting the lobbying to undermine organizations abroad if we vote for the Greenwood amendment.

I have got the wording here. And so, if we need to debate it, it is constantly use funds to promote abortion while it would allow organizations to receive this funding who promote abortion and lobby against the laws.

There is a clear distinction here if we read it. And I ask my colleagues on both sides of the prolife, pro-choice issue to vote against the Greenwood amendment and allow the Smith–Barcia foreign families protection amendment to stand.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to just acknowledge the statement of the gentleman that giving this amendment to the groups is like giving soft money to a candidate.

Does that mean that he then is opposed to soft money in campaigns? I hope it does.

Mr. Chairman, I yield 1 minute to the gentlewoman from New York (Mrs. LOWEY) a distinguished leader and a member of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mrs. LOWEY. Mr. Chairman, I thank my friend from California for yielding me the time.

Mr. Chairman, I would like to address my colleague. Because the Greenwood substitute specifically and carefully addresses the concerns of my colleague about abortion without destroying our international family planning programs.

It says explicitly, no U.S. funds may be used to lobby on abortion, for or against, that no U.S. funds may be used to promote abortion as a method of family planning; and it prohibits any recipients of U.S. international family

planning assistance from using U.S. or private funds to violate abortion and advocacy laws in the countries in which they operate.

In other words, if abortion is illegal in a country, an organization cannot use its own money to perform abortions. And if a country prohibits advocacy on abortion, an organization cannot use its own money to advocate on the issue. If an organization violates either of these requirements, it loses its U.S. assistance, period.

This substitute is very clear that the U.S. respects the laws of the nations in which we have family planning programs and respects the ability of those nations to enforce their laws.

I urge my colleagues to support the Greenwood substitute.

Mr. GREENWOOD. Mr. Chairman, I yield 1 minute to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Chairman, it is not the same old debate.

First of all, remember, the Smith language has never ever become law. The Greenwood language this time includes a new requirement that the Smith language does not include. The Greenwood language requires that an organization certify that the funds will be used to reduce abortion.

I think every prolife Member of this body ought to be voting for Greenwood. It requires certification that the money will be used to reduce the incidence of abortion.

How can he do that? Well, in Central Asia, where abortion was the only method of family planning under Soviet rule, once women were given access to family planning, abortion rates plummeted, plummeted. So under this bill, if they receive this money, they will have to be willing to certify that they are going to go after those populations that have essentially no choice in family planning but abortion.

Support the Greenwood amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1½ minutes to my good friend, the gentleman from Michigan (Mr. BARCIA).

Mr. BARCIA. Mr. Chairman, we should not spend American dollars for activities that we cannot similarly spend within our own borders.

We have, as a Nation, established a policy in which we prohibit the use of Federal dollars to pay for abortions because of the value that we place on each human life. We should and must demand that any international organization receiving our dollars follow the same limitations that we impose upon ourselves.

The Smith-Barcia amendment, which this House has already passed, uses precise language to prevent taxpayer funding of organizations that engage in any activity or effort to alter the laws or governmental policies of any foreign country concerning abortion.

This amendment now before us would only serve to dilute and confuse this pro-child, pro-family statement. We should not hide behind any ''shades of meaning'' interpretations. Instead, we must be explicit about our goals.

The Smith-Barcia amendment retains the amount of funding available for international population assistance but we ensure that the money goes only to those organizations who do not perform abortion.

We know that there are some organizations which claim that they are assisting in only family planning activities, not abortions, even though the end result of what they are promoting is in fact an abortion. Therefore, I urge my colleagues to vote ''no'' on the Greenwood amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from Colorado (Ms. DEGETTE).

Ms. DEGETTE. Mr. Chairman, the Greenwood amendment ensures that organizations receiving U.S. assistance do not use those funds to perform abortions, promote abortions, or to lobby for or against abortions.

I am baffled why my colleagues on the other side of the aisle would oppose this amendment and oppose programs which have increased childhood survival rates, reduced maternal death rates, and improved women's reproductive health in the developing world.

It is estimated there are 75 million unwanted pregnancies worldwide, mostly in developing countries. The reproductive health services we need to preserve will dramatically reduce these unwanted pregnancies by providing family planning services and will, therefore, reduce unwanted abortions.

If my colleagues really support reducing abortions and reducing unwanted pregnancies, vote ''yes'' on this amendment. If they want to eliminate family planning altogether, say so.

Do not mask it in some other argument. Just tell us that, and then we can debate on those grounds.

□ 1900

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 30 seconds just to respond briefly.

Mr. Chairman, in the previous amendment we made very clear to all our colleagues—all of the sponsors of the amendment, and there were several—that we were not reducing family planning by one penny. Our amendment says we have got to get out of the promotion of abortion overseas. Regrettably, many of the so-called family planning organizations in some countries are the primary engine trying to topple right-to-life laws. That is cultural imperialism. It certainly puts the unborn and their mothers at risk. And as Planned Parenthood has said, and I can give Members the quote, ''When abortion laws are liberalized, the number of abortions skyrocket.'' That is their word, skyrocket. So if we want more abortions, liberalize the laws.

The CHAIRMAN. The Chair would inform the Committee that the gentleman from Pennsylvania (Mr. GREENWOOD) has 3 minutes remaining, the gentleman from New Jersey (Mr. SMITH) has 5 minutes remaining, and the gentlewoman from California (Ms. PELOSI) has 3 minutes remaining.

PARLIAMENTARY INQUIRY

Mr. GREENWOOD. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREENWOOD. Mr. Chairman, do I have the right, the entitlement to close this debate?

The CHAIRMAN. The gentleman is correct.

Mr. GREENWOOD. Mr. Chairman, I reserve the balance of my time.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, my friend from Pennsylvania is one of the great Members here to try to work out different compromises. I commend him for that, and in many pieces of legislation we can. When we get to the issue of abortion, it is very difficult to divide a baby, particularly if you believe, as I do, that it is a human life and it is either going to be alive or dead.

For many of us, this is a very deeply held position. We believe, as my colleagues heard in the earlier debate, that this is directly fungible money, that these organizations have hidden goals to them, and while I respect very much my friend from Pennsylvania's attempt to come up with compromise language, there are just too many loopholes in this language, it is too duplicative in other parts, and I believe that it would not in fact stop international abortion funding. I do not believe in the end that we can split a baby.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-MCDONALD. Mr. Chairman, I rise in strong opposition to the Smith amendment and in support of the Greenwood-Pelosi amendment. The Greenwood-Pelosi amendment ensures that U.S. funds for family planning will continue to be made available to foreign countries and the U.S. will not interfere with the laws of those foreign countries. These provisions embrace our Nation's attempts to create healthy and prosperous communities around the world.

Family planning is a necessity, Mr. Chairman, within our country and around the world. Providing education on methodologies which may harm a woman's pregnancy, ways to avoid needing an abortion, prenatal care, and how to care for babies are all necessary components of family planning.

I thank the gentleman from Pennsylvania, the gentlewoman from California and all of my colleagues who are here today to stand up for responsible foreign policy and making sure that the essentials of family planning are available to the women and families that need it throughout the world. I encourage my colleagues to join me in supporting the Greenwood-Pelosi amendment and defeating the Smith amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, I rise in support of this amendment, because this amendment respects the laws of other countries and it respects the women of other countries.

Now that we have passed the Smith amendment, we have three choices before us: We can either outlaw sex, which is probably not going to be particularly successful, it certainly has not in the countries that we are talking about; or we can turn our back on illegal abortions and we can accept the women of Third World countries being consigned to the poverty, the desperation, the suffering, the exploitation that overpopulation entails; or we can do what the Greenwood amendment does, which is to say there is an alternative to abortion, and, that is, responsible family planning.

That is what our country has done. That is why we are successful. That is why we are a first world country, because we have been able to control overpopulation because we have been able to empower women to control their lives.

Vote for the Greenwood amendment. It is the responsible thing to do. It is the only responsible thing to do.

Ms. PELOSI. Mr. Chairman, I yield myself the balance of my time.

I rise in support of the Greenwood amendment. I do so for the following reasons:

Listening to the debate, I think that it is important to make a couple of points. One of our colleagues said that we should have the same limitations on the organizations overseas that we have in the United States. Indeed, if we tried to put this gag rule on any organizations in the United States, it would be unconstitutional. I think we should treat the international organizations the same way as we treat those in the United States, and, that is, with the freedom of speech.

Secondly, I am very baffled, I will join my colleague from Colorado in using the word ''baffled,'' by the comments of some of our colleagues. If indeed our colleagues agree that abortion should be permitted in case of rape, incest and life of the mother, why then would we say that there should be no conversation about this subject in case of rape, incest and life of the mother for women who need to terminate a pregnancy overseas and organizations who are striving to reduce abortions with family planning?

Mr. Chairman, if we want to reduce abortions, we know the best way is to fund family planning. The gentleman from Pennsylvania offers a fine alternative. I urge my colleagues to support it.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, the House has just made a very strong statement in favor of women and children around the world by passing the pro-life Foreign Families Protection Act offered by the gentleman from Michigan (Mr. BARCIA), the gentlewoman from North Carolina (Mrs. MYRICK), the gentlewoman from Florida (Ms. ROS-LEHTINEN), the gentleman from Mississippi (Mr. SHOWS), the gentleman from Minnesota (Mr. OBERSTAR), the gentleman from Illinois (Mr. HYDE), and myself. I believe if we stand firm now, we have a chance not only to make a statement but also to make a difference. Even though the Greenwood amendment, the pending amendment, does not alter our amendment one iota—the two would lay side by side, I do urge my colleagues not to dilute the pro-life, pro-family, pro-child message by passing the amendment now pending.

Mr. Chairman, the Greenwood amendment is an empty shell. I say that with all due respect to my friend and colleague from Pennsylvania. It has a tremendous amount of surface appeal, but that is all it has. Its supporters try to portray it somehow as a pro-life amendment.

Look at it. I have had Members come up and say, ''What's wrong with this? It looks like a right-to-life amendment.'' But I would say again with all due respect that they, the Members offering this amendment today, are the leadership of the abortion rights movement here in this Congress. They are certainly entitled to their deeply held opinions, and we can respect those opinions. But I think we should be skeptical about whether their amendment is really a pro-life amendment.

Mr. Chairman, if I ever stand up on this floor and suggest to Members that I am offering a pro-abortion amendment, I hope that my colleagues would be equally skeptical, and I hope that they would look at the fine print. I make the same strong recommendation in this case. When the leadership of the abortion rights movement say they are offering an amendment with all kinds of seemingly pro-life language in the amendment, we need to read the fine print.

The fire print says this, Mr. Chairman: There is nothing whatever in the Greenwood amendment that would alter current policy, which today provides millions of dollars to foreign nongovernmental organizations that are aggressively working to overturn the laws of other countries on abortion.

If we go back and look at history, the reason for the Mexico City policy—and we have only offered half of that policy in the previous vote, the President has a waiver for the performance part but not on the promotion part—was that the current policy was found to be so infirm. It was not doing the job. Foreign nongovernmental organizations were setting up shop in one country's capital after another and then they would network and begin trying to topple the right-to-life law. I believe that is cultural imperialism, especially when we are the major donor in many cases to those various nongovernmental organizations.

Under the Greenwood language, U.S. taxpayers would still subsidize foreign pro-abortion organizations. You just have to flip on and go through the Internet. Bring up the Irish Times. There was a piece just the other day about how the Irish Family Planning Association is going to be spearheading a big effort to undermine the pro-life laws in the Republic of Ireland. That is happening all over the world.

The gentlewoman from Connecticut pointed out earlier that this has never been law, but it was the policy under the Reagan and Bush years. We provided a maximum amount of money for family planning, we were the major donors during those years, but we had a fire wall between family planning (contraception) and abortion, believing that the latter destroys the life of an unborn child.

The language in the amendment of my good friend from Pennsylvania is actually weaker than current law, because he restricts lobbying only when it is a ''method of family planning.'' Planned Parenthood has said in their statements that there is no such thing as a birth control abortion. They would say it is a health abortion. Roe v. Wade says ''health,'' includes emotional and mental health. So we have a situation where virtually any abortion would be permitted and no lobbying would be precluded under my friend's amendment.

Again, I think it tries to look like a pro-life amendment. I looked at it and had to look at it very carefully. I do hope we will vote it down and I hope that in conference the real McCoy, not the counterfeit, will be accepted.

Mr. GREENWOOD. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 3 minutes.

Mr. GREENWOOD. Mr. Chairman, my good friend, and he is my good friend the gentleman from New Jersey (Mr. SMITH), said that he hopes that his language remains in the conference committee report. It is a false hope. It

is an ardent hope, but it is a false hope. It will not and it has not, year after year, this year being no exception. It received 228 votes, but it will not remain in the conference committee and it will not become law.

So the question before us now is what will remain in the conference committee? If we adopt the Greenwood amendment, we will have some restrictions that we should all support. What are those provisions? The organizations that receive these funds have to certify, as my language does, that they will not use funds to promote abortion as a method of family planning or to lobby for or against abortion. We all support that. Every Member of this House supports that notion. It says that they will use these funds that are made available for family planning services to reduce the incidence of abortion as a method of family planning. We all, 435 of us, stand for that premise. It says that these organizations must certify that they will not engage in an activity or effort in violation of applicable laws or policies of the foreign government, or alter the laws or policies of such where pregnancy was carried to term. In the case of rape or incest, it is with that exception. And it says, the funds appropriated for family population planning activities must only be made to organizations that agree not to violate the laws of any foreign country. So why would all 435 of us not vote for something that all 435 of us believe in?

The gentleman from New Jersey said his legislation makes a statement and it does. He said it will make a difference and it will not. It will not become law. So if you want to make a difference, then you vote for what is left. It is a compromise. It is wise, it is fair, it is something in which we all believe.

And so the only reason, Mr. Chairman, to vote against this amendment is to make the statement that we are so divided by our ideology that we cannot work together and stand together on the basis of our shared intentions. That is what is left to fight about.

The gentleman from New Jersey said this language looks like it is pro-life language. It is pro-life language in the way that most Americans think of. This supports the notion that we care about the 585,000 women, mothers, sisters, daughters who hemorrhage to death because they do not have the availability of family planning. It supports the life of the tens and hundreds of thousands of children who die of starvation and for lack of medical care. That is the pro-life it is for. That is why we should all vote for it.

I urge my colleagues to get together and do the right thing.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in reluctant support of the Greenwood Amendment that prohibits U.S. funds from being used to promote abortion as a method of family planning. This amendment also prohibits the use of U.S. funds to lobby for or against abortions in countries where abortion is illegal. I support this amendment because it continues to support the notion of international family planning.

This amendment requires that non-governmental organizations respect the laws of foreign countries where abortion is illegal. But unlike the Smith amendment, it does not prohibit these organizations from performing abortion services when necessary.

This amendment does provide restrictions on abortion services in other countries, but the restrictions refer to governmental activities that would undermine the sovereignty of a nation to determine what laws should govern its citizens.

This amendment does not encourage a global gag rule that restricts all discussion of abortion. The funds given to these NGOs must be used to reduce the incidence of abortion as it encourages other methods of family planning.

This amendment does not discourage these organizations from using their own funds to promote education, but simply places a restriction on the use of U.S. funds.

I support this amendment because I understand that many Members are uncomfortable with the U.S. government funding abortions overseas. This amendment offers a compromise that would allow these private NGOs to use their own funds. I urge my colleagues to support this amendment.

Mr. PORTER. Mr. Chairman, I rise in strong support of the Greenwood/Lowey amendment. For 19 years, I have come to the floor in support of international voluntary family planning.

During this time, in spite of Congressional intransigence, international family planning programs have evolved, and in return, countless infants and mothers have been saved and their lives and the lives of their families are healthier and more productive. Family planning is not simply about providing women in the developing world with health options. It is about empowering women to take charge of their lives and in return improve the lives of their families.

I find it ironic that some Members who oppose international family planning seek to increase funding for child survival programs. If babies do not survive birth, they will never benefit from child survival programs. Further, if these children that we seek to help, are not born to healthy mothers and into a healthy family, their chances for survival are greatly reduced.

Family planning services are a standard part of other health services in the developing world because some of the greatest health crises facing these populations unfortunately, originate with the transmission of infectious diseases. HIV/AIDS infection continues to increase.

Earlier this year, AIDS became the number one killer in Africa, only eighteen years after it was first recognized.

In the past six months, HIV/AIDS has reached epidemic proportions in Russia, In Moscow, there has been a twelvefold increase of reported cases in comparison to last year. Maternal deaths attributed to AIDS has left 8.2 million orphans across the world. 8.2 million orphans!

If people are truly interested in helping children in the developing world, they would support international voluntary family planning. Because there is no vaccine for HIV/AIDS, the only way to try to slow the spread of HIV/AIDS is through education and the distribution of contraceptives, and these services are part of family planning programs.

Providing extensive child health programs without providing reproductive health services would be like building a house without the foundation. If children in the developing world never reach the point of being able to benefit from child health programs, these programs are useless.

This amendment is basically a compromise. Send this amendment to conference. Let the conferees decide whether this amendment will lead to adoption of the conference report on this bill. I have confidence they will be where the American people are—overwhelmingly in support of family planning services for all women.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GREENWOOD).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GREENWOOD. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 221, noes 208, not voting 4, as follows:

[Roll No. 350]

AYES—221

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cooksey
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dixon
Doggett
Dooley
Dunn
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Foley
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E. B.
Jones (OH)
Kaptur
Kelly
Kennedy
Kilpatrick
Kind (WI)
Kleczka
Kolbe
Kuykendall
Lampson
Lantos
Larson
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern

McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Nethercutt
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Sisisky
Skeen
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Sweeney
Tanner
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Toomey
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Wilson
Wise
Woolsey
Wu
Wynn

NOES—208

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Berry
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dingell
Doolittle
Doyle
Dreier
Duncan
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Forbes
Fossella
Gallegly
Ganske
Gekas
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kildee
King (NY)
Kingston
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
LaTourette
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller, Gary
Mollohan
Moran (KS)
Murtha
Myrick
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Quinn
Radanovich
Rahall
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shows
Shuster
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Traficant
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOT VOTING—4

Chenoweth
McDermott
Peterson (PA)
Skelton

□ 1930

Mrs. NORTHUP changed her vote from ''aye'' to ''no.''

Ms. DUNN and Messrs. SANDLIN, BISHOP, and NETHERCUTT changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. GILLMOR) having assumed the chair, Mr. THORNBERRY, Chairman 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. 2606), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF CONCURRENT RESOLUTION WAIVING SECTION 132 OF THE LEGISLATIVE REORGANIZATION ACT OF 1946

Mr. DREIER, from the Committee on Rules, submitted a privileged report (Rept. No. 106–274) on the resolution (H.Res. 266) providing for consideration of a concurrent resolution waiving the requirement in section 32 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999, which was referred to the House Calendar and ordered to be printed.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore (Mr. GILLMOR). Pursuant to House Resolution 263 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. 2606.

□ 1937

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. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. Thornberry in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, Amendment No. 2 printed in part A of House report 106–269 by the gentleman from Pennsylvania (Mr. GREENWOOD) had been disposed of.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2000, and for other purposes, namely:

TITLE I—EXPORT AND INVESTMENT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: *Provided*, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act that has detonated a nuclear explosive after the date of enactment of this Act.

SUBSIDY APPROPRIATION

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, $759,000,000 to remain available until September 30, 2003: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall remain available until September 30, 2018 for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years 2000, 2001, 2002, and 2003: *Provided further*, That none of the funds appropriated by this Act or any prior Act appropriating funds for foreign operations, export financing, or related programs for tied-aid credits or grants may be used for any other purpose except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated by this paragraph are made available notwithstanding section 2(b)(2) of the Export Import Bank Act of 1945, in connection with the purchase or lease of any product by any East European country, any Baltic State or any agency or national thereof.

ADMINISTRATIVE EXPENSES

For administrative expenses to carry out the direct and guaranteed loan and insurance programs (to be computed on an accrual basis), including hire of passenger motor vehicles and services as authorized by 5 U.S.C.

3109, and not to exceed $25,000 for official reception and representation expenses for members of the Board of Directors, $55,000,000: *Provided*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Export-Import Bank, repossession or sale of pledged collateral or other assets acquired by the Export-Import Bank in satisfaction of moneys owed the Export-Import Bank, or the investigation or appraisal of any property, or the evaluation of the legal or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, shall be considered nonadministrative expenses for the purposes of this heading: *Provided further*, That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until October 1, 2000.

OVERSEAS PRIVATE INVESTMENT CORPORATION

NONCREDIT ACCOUNT

The Overseas Private Investment Corporation is authorized to make, without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, such expenditures and commitments within the limits of funds available to it and in accordance with law as may be necessary: *Provided*, That the amount available for administrative expenses to carry out the credit and insurance programs (including an amount for official reception and representation expenses which shall not exceed $35,000) shall not exceed $35,000,000: *Provided further*, That project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with services provided to specific investors or potential investors pursuant to section 234 of the Foreign Assistance Act of 1961, shall not be considered administrative expenses for the purposes of this heading.

AMENDMENT OFFERED BY MR. SMITH OF NEW JERSEY

Mr. SMITH of New Jersey. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of New Jersey:

Page 3, line 25, after the dollar amount insert ''(reduced by $10,000,000)''.

Page 4, line 25, after the dollar amount insert ''(reduced by $10,000,000)''.

Page 23, line 5, after the dollar amount insert ''(increased by $20,000,000)''.

Mr. SMITH of New Jersey (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SMITH of New Jersey. Mr. Chairman, I am offering this amendment to try to increase the amount of money in the refugee account. As I think my colleagues know, I chair the Subcommittee on International Operations and Human Rights. Just a few days ago we passed legislation that significantly enhanced the money provided for refugee protection, some $750 million. My amendment today, regrettably, does not even come close to realizing that.

I understand that the gentleman from Alabama (Mr. CALLAHAN), my good friend and colleague, has an enormous difficulty with the budget constraints in providing the necessary funds. But this amendment—and I will be withdrawing it, but reluctantly—has the support of all of the major refugee organizations, including the Catholic Conference, the Council on Jewish Federations, Church World Services, U.S. Committee for Refugees, and others. But my hope is, and I would ask the distinguished chairman if he could at least try, when conference does occur, to try to restore this $20 million to the migration and refugee account. I do have every confidence he will make every effort.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, we will be happy to look at it in conference to see if we cannot increase the assistance to refugees.

Mr. SMITH of New Jersey. Mr. Chairman, I thank the distinguished chairman.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PROGRAM ACCOUNT

For the cost of direct and guaranteed loans, $20,500,000, as authorized by section 234 of the Foreign Assistance Act of 1961 to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall be available for direct loan obligations and loan guaranty commitments incurred or made during fiscal years 2000 and 2001: *Provided further*, That such sums shall remain available through fiscal year 2008 for the disbursement of direct and guaranteed loans obligated in fiscal year 2000, and through fiscal year 2009 for the disbursement of direct and guaranteed loans obligated in fiscal year 2001: *Provided further*, That in addition, such sums as may be necessary for administrative expenses to carry out the credit program may be derived from amounts available for administrative expenses to carry out the credit and insurance programs in the Overseas Private Investment Corporation Noncredit Account and merged with said account: *Provided further*, That funds made available under this heading or in prior appropriations Acts that are available for the cost of financing under section 234 of the Foreign Assistance Act of 1961, shall be available for purposes of section 234(g) of such Act, to remain available until expended.

FUNDS APPROPRIATED TO THE PRESIDENT

TRADE AND DEVELOPMENT AGENCY

For necessary expenses to carry out the provisions of section 661 of the Foreign Assistance Act of 1961, $44,000,000, to remain available until September 30, 2001: *Provided*, That the Trade and Development Agency may receive reimbursements from corporations and other entities for the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection to this account and to be available for obligation until September 30, 2001, for necessary expenses under this paragraph: *Provided further*, That such reimbursements shall not cover, or be allocated against, direct or indirect administrative costs of the agency.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

For expenses necessary to enable the President to carry out the provisions of the Foreign Assistance Act of 1961, and for other purposes, to remain available until September 30, 2000, unless otherwise specified herein, as follows:

AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

For necessary expenses to carry out the provisions of chapters 1 and 10 of part I of the Foreign Assistance Act of 1961, for child survival, basic education, assistance to combat tropical and other diseases, and related activities, in addition to funds otherwise available for such purposes, $680,000,000, to remain available until expended: *Provided*, That this amount shall be made available for such activities as: (1) immunization programs; (2) oral rehydration programs; (3) health and nutrition programs, and related education programs, which address the needs of mothers and children; (4) water and sanitation programs; (5) assistance for displaced and orphaned children; (6) programs for the prevention, treatment, and control of, and research on, tuberculosis, HIV/AIDS, polio, malaria and other diseases; and (7) up to $98,000,000 for basic education programs for children: *Provided further*, That none of the funds appropriated under this heading may be made available for nonproject assistance for health and child survival programs, except that funds may be made available for such assistance for ongoing health programs.

AMENDMENT OFFERED BY MR. BROWN OF OHIO

Mr. BROWN of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Ohio:

Page 7, line 10, after the dollar amount, insert the following: ''(increased by $5,000,000)''.

Page 27, line 6, after the first dollar amount, insert the following: ''(reduced by $5,000,000)''.

Mr. BROWN of Ohio. Mr. Chairman, I ask for my colleagues' support for this amendment which I introduced with my distinguished colleague from Maryland (Mrs. MORELLA). I also especially want to thank both the gentleman from Alabama (Mr. CALLAHAN), the chairman of the subcommittee, and the gentlewoman from California (Ms. PELOSI), the ranking member, for their untiring devotion on this issue this evening and consistently over their careers to eradicating infectious diseases and alleviating global poverty.

Mr. Chairman, even though tuberculosis is an easily preventable and curable disease, it is one of the leading infectious killers in the world. The World Health Organization estimates that if left unchecked, TB could kill more than 70 million people around the

world in the next 2 decades, while simultaneously infecting nearly 1 billion more.

Mr. Chairman, TB is already the leading killer of HIV positive individuals. It kills more women than any other cause of maternal mortality. TB remains a vicious killer, despite the fact that this disease is both preventable and curable. In fact, TB will kill more people this year than any other year in history.

This amendment is simple and straightforward. It would reduce fiscal year 2000 funding for the International Military Education and Training Program from $50 million to $45 million, and increase fiscal year 2000 Child Survival and Disease funding from $680 to $685 million.

Mr. Chairman, it is our intent that this $5 million will be added to TB prevention and treatment programs, which are woefully underfunded at $30 million, $20 million less than the government plans to spend on training foreign military officials in the United States.

The WHO has warned that poorly managed TB treatment programs, caused by a lack of sufficient funding, are causing drug-resistant strains of tuberculosis to emerge which, in all likelihood, would render TB incurable.

Inadequate funding for TB programs in many countries, because the proper series of boosters are not administered, is creating a super strain of the virus that does not respond to treatment.

□ 1945

Already 50 million people are estimated to be infected with multi-drug-resistant TB. It can be spread just by coughing, and with international travel, none of us is safe from it.

Even in the U.S. and other industrialized nations, this super strain of tuberculosis kills half of the people infected. That is a national security concern. We can predict a coming plague, and are doing, for all intents and purposes, almost nothing to stop it.

Internationally, TB is a huge economic and social drain on economies. It kills 2 to 3 million adults. It plunges families into poverty and orphans millions of children.

Gro Brundtland, the Director General of the WHO, has said, ''Our greatest challenges in controlling tuberculosis are political rather than medical.''

The World Health Organization has further stated that we are at ''a crossroads in TB control.'' It can be a future of expanded use of effective treatment and the reversal of this epidemic, or it can be a future in which multi-drug-resistent TB increases, millions more die, and millions become ill.

Mr. Chairman, this amendment is an important step in our efforts to once and for all consign tuberculosis to the same trash heap as other eradicated diseases, like smallpox. While this bill contains $30 million to fight TB in the coming year, thanks in large part to the leadership of the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI), this amount is not enough to control one of our planet's greatest killers.

The Brown-Morella amendment will boost tuberculosis prevention funding and treatment funding by nearly 17 percent, and sends a message to the most desperate people in the world that we hear their plight and we will come to their assistance.

I urge its adoption.

Mrs. MORELLA. Mr. Chairman, I rise in support of the modified Brown-Morella amendment to increase funding for combatting tuberculosis. I want to particularly thank the gentleman from Ohio (Mr. BROWN) for initiating this amendment, and I am very honored to join with him in presenting it.

I also want to comment on the fact that the gentleman from Alabama (Chairman CALLAHAN) and the ranking member, the gentlewoman from California (Ms. PELOSI), have worked very hard in this area, on this particular bill.

I do not know how many of us are aware that even though tuberculosis is an easily preventable and 100 percent curable disease, that it has become the leading infectious killer in the world, accounting for more than 3 million deaths per year. More than one-third of the world's population is infected with TB.

It is the leading killer of women, surpassing all causes of maternal mortality and creating more orphaned children than any other infectious disease. TB is the leading killer of HIV-positive individuals, causing over 30 percent of AIDS deaths. TB already kills more people than AIDS, malaria, and tropical disease combined, and it will kill more people this year than any year in history.

While TB is a particularly serious threat abroad, it is also a major public health concern at home. Perhaps no infectious disease is as extensive and as devastating as TB. Every year, in addition to the deaths from TB of 3 million people, 8 million become sick and at least 30 million become infected globally. TB is the leading infectious killer of youth and adults in the world, and it devastates the incomes and the futures of millions of families at the same time.

As the number of TB cases has increased, a multi-drug-resistant form has emerged that poses a major public health threat in the United States and around the world. In fact, if this development is allowed to go unchecked, it threatens to make TB incurable again.

Here in the United States, 15 million people carry TB bacteria, although these people are not ill. TB is highly contagious, and with the increase in global travel and migration, it is not possible to eliminate TB in the United States if it is allowed to spread unchecked in other parts of the world.

The funding increase which we propose will strengthen our efforts to combat the spread of this deadly disease. I certainly want to thank the chairman, the gentleman from Alabama (Mr. CALLAHAN), and the ranking member, the gentlewoman from California (Ms. PELOSI), for considering this amendment.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, as the vice chairman of the Committee on International Relations, I rise in very strong opposition to the amendment offered by the gentleman from Ohio (Mr. BROWN) and the gentlewoman from Maryland (Mrs. MORELLA). These are people that I truly respect and appreciate, and nothing could detract from the value of what they are trying to do, except from where they are taking the money.

Not one word was said about the reduction of the $10 million, now $5 million, in the IMET fund. I am surprised, actually, at my colleague, the gentleman from Ohio (Mr. BROWN) on the Committee on International Relations, because I know that he understands how important this money is.

I would say that this is the best money that the Defense Department spends when it comes to foreign policy, and it probably ranks up there on the top of what we spend in any department for impacting foreign policy favorable to the United States of America. I really hate to see the money taken from this account.

Mr. Chairman, the bill before us actually freezes the IMET account at last year's level of $50 million, which of course in real dollars represents a cut. The administration had requested a $2 million increase.

Secretary Perry, our former Secretary, felt so strongly about the impact of IMET he came up to the Hill and devoted an entire breakfast speech before Members of the House supporting additional funds for IMET, and certainly Secretary Cohen feels the same way about it. I just think this is a very, very unfortunate place to take the money. As I said, not one word is mentioned where the money is being taken from for a very valuable purpose that our colleagues are suggesting.

IMET encourages mutually beneficial relations and increases the understanding between the United States and foreign countries in furtherance of the goals of peace and security. Furthermore, IMET increases the awareness of nationals of foreign countries through courses that foster greater respect for and understanding of the principles of civilian control of the military, and contributes to improved military justice systems and procedures in accordance with internationally recognized human rights.

Indeed, we are fortunate that so many formerly authoritarian countries are transitioning to democracies. As a result, there is an even greater need for IMET type programs which help support and accelerate positive military forms. Unfortunately, due to our own budgetary constraints, we cannot expand IMET to meet the demand. We certainly should not cut it further. IMET programs are modest.

For example, the United States provided $425,000 in IMET funding to Mongolia last year. Mongolia is an often overlooked success story. Less than a decade ago it was a closed Soviet satellite with its military directly linked to Soviet command structure. Today Mongolia is a successful democracy and partner of the United States.

However, just as the Mongolian political system has undergone radical positive changes in its transformation from a Communist Soviet satellite, so, too, must Mongolia's military. IMET is a very modest but successful program that, for example, aids the Mongolian military in this challenging transition.

The effectiveness of this program would be severely undercut if it were to incur the kinds of cuts, even small by some people's indication, but it is one-tenth of the money that is proposed by the Brown-Morella amendment.

Mr. Chairman, this Member is sympathetic, of course, to the concerns and the places where they would spend the money. However, given the budget allocations for the bill, the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations has done a very responsible and commendable job of carefully balancing the allocation of scarce funds.

Given the needs and successes of the IMET program, this Member is opposed to any further cuts like this one, especially this 10 percent cut, and supports the careful balance of the bill. I urge rejection of the Brown-Morella amendment.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we accept the amendment.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we concur with the acceptance of our distinguished chairman, and commend the gentleman from Ohio (Mr. BROWN) and the gentlewoman from Maryland (Mrs. MORELLA) for their leadership on this amendment.

Mr. OLVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not use anywhere close to the 5 minutes, because clearly everybody is ready to move on. But I want to rise in support of the Brown-Morella amendment, and commend the gentleman from Ohio (Mr. BROWN) and the gentlewoman from Maryland (Mrs. MORELLA) for bringing this amendment forward.

We should strengthen efforts to fight worldwide diseases wherever it is possible, and TB is one which we thought had been eradicated. Practically, it had been eradicated within this country until suddenly it came on the rise, in particular in relation to the HIV–AIDS crisis.

Of course, in other parts of the world TB had not been anywhere close to eradicated. Now it is raging, as HIV–AIDS becomes more prominent in other places. Around the world, TB does kill some 3 million people per year, but it is particularly a major factor in AIDS deaths, in its association with AIDS, where the degraded immune systems that are caused by the HIV–AIDS virus end up leaving the individual particularly vulnerable to TB. It is a particular danger to children everywhere.

In the committee report it says, ''The committee notes the threat to the United States from this disease due to international travel and immigration.'' So I concur in moving $10 million to the TB control as representing a right policy for this country and for this Congress. It will help the U.S. to stop TB from killing people around the world.

Mr. FARR of California. Mr. Chairman, I rise with reluctance to speak, not so much against the intent of my good friend Mr. BROWN's amendment, but to make sure my colleagues know that this offset is from another worthy program.

Ths $5 million that Mr. BROWN would designate for tuberculosis activities comes at the expense of a highly successful democracy building program. I am familiar with this program through the Center for Civil-Military Relations, located in my district, that helps new democracies strengthen civilian control of their military forces.

This program, with a proven record of successful democracy building, helps emerging democracies lean from U.S. civilian and military teachers why civilian leadership of their militaries will further their democratic objectives.

The courses the Center for Civil-Military Relations teaches are congressionally mandated: Democratic Civilian Control of Military Forces; Human Rights; and Defense Resources Management.

The investment is modest—only sightly more than $1 million a year.

The impact is far-reaching—18 seminars a year, with approximately 50 students in each week-long seminar, teaching democratic principles to an average of 1,000 students a year—students who are leaders in their country, both military and civilian.

Some of the successful examples, of programs the Center taught in Fiscal Year 1999 include:

South Africa—the military leaders of South Africa asked the Center for assistance in integrating their Department of Defense, not along racial lines, but along civil-military lines.

Russia—the Center assisted the Russians in developing an All-Volunteer Force concept.

Guatemala—after 3 programs involving Center staff, Guatemala has developed Master's-level university courses on democratic civilian control and civil-military relations.

Argentina—this country requested the Center to conduct a seminar on democratic civilian control of military intelligence. This year the Center will continue the dialogue by presenting a seminar on relations between the military and the legislature.

The Center, both formally and informally, has facilitated the entry of the Czech Republic, Poland and Hungary into NATO and continues to facilitate the ''intellectual interoperability'' of other NATO aspirants.

The vote before us is about tough choices.

The account designated in Mr. BROWN's amendment has already received an increase in this year's budget.

I am asking my colleagues to make a tough choice—preserve one of the most cost-effective foreign assistance programs in the federal budget. Oppose the Brown amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. BROWN).

The amendment was agreed to.

Mr. MCCOLLUM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to bring to the attention of the Committee and particularly to our chairman, the gentleman from Alabama (Mr. CALLAHAN), a matter of importance to many American citizens. That is property claims in Nicaragua.

As I know the gentleman from Alabama (Mr. CALLAHAN) well knows and I know many members of the committee do, Nicaragua has been the focus of much attention recently. Last year it, along with Honduras, was hit with Hurricane Mitch, and the United States responded with humanitarian aid. Before that it was hit with revolution and civil war.

The United States responded positively to its turn towards democracy earlier this decade. As a democratic nation, we ask Nicaragua to heal the wounds of its civil war, revive its economy, and provide justice to those victimized by the repressive policies of the 1980s, including justice for those who had their homes, businesses, and livelihoods taken.

In many areas, Nicaragua has made positive strides. This we applaud. There is one area, however, in which we need to do more, and most importantly, Nicaragua needs to do more.

That is the resolution of the property claims of American citizens. Some of these citizens have endured lengthy legal battles to regain what was taken from them.

Nicaragua needs investment and economic development, but more than natural disasters have hindered Nicaragua's development. Man-made decisions have been that country's greatest impediment to economic growth; namely, the failure of the Nicaraguan government to take the necessary steps to provide economic security and return wrongfully taken properties to their rightful owners.

Each year the President must determine that Nicaragua is making progress in resolving property claims if it is to continue receiving bilateral U.S. aid, and each year since 1994 Nicaragua has been determined to meet the standards of U.S. law.

I raise this because existing U.S. law has not helped the claimants, who cannot occupy their properties, or those American citizens struggling with the obstructionism of the Nicaraguan state entity, which has the specific responsibility to privatize state-owned properties and enterprises. Nor does existing U.S. law help a third class of claimants, those who have struggled through Nicaragua's court system and won judgments against the government for its illegal property takings.

In two cases involving 28 American claimants, the Supreme Court of Nicaragua has ruled against the government and in favor of the Americans. The Nicaraguan government acknowledges that it owes these Americans. But has yet to either compensate them, as ordered by the court, or to negotiate seriously with them on a compensation schedule.

Mr. Chairman, I would request that if the Nicaraguan government does not resolve these cases by the time the chairman's committee considers funding for next year, that we consider conditioning the aid to Nicaragua on progress in resolving these claims.

Joining me in this is the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. MCCOLLUM. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I thank the gentleman for yielding to me.

I would just like to say to the chairman that for the past several years there have been commitments by the government of Nicaragua that they would try to make restitution for what the Sandinistas took away from people down there during the Sandinista regime. They have kind of reneged on that. President Aleman and his administration recently has told some of the people who have had their property stolen that the only way they are going to get restitution was to go to court.

I know of one case where they did go to court. It was carried all the way to the Nicaraguan Supreme Court, not once but twice. Even though the Supreme Court agreed there should be a settlement made and gave a monetary settlement figure, the government still would not pay these people who had a legitimate claim, and the Supreme Court agreed with them. They tried to convince some Members of Congress who are interested in this that there was corruption at the Supreme Court in order to try to sidestep their responsibility.

So I join my colleague, the gentleman from Florida, in saying that I hope that he as chairman will send a very strong message to President Aleman and the government of Nicaragua that they should make proper restitution to these people, and adhere to their own Supreme Court's decisions.

Mr. MCCOLLUM. If they do not, if I may reclaim my time, I would hope that the chairman would consider next year making some conditions in the next appropriations cycle if they do not pay these claims.

□ 2000

Mr. CALLAHAN. Mr. Chairman, I share the concerns of the gentleman from Florida (Mr. MCCOLLUM), and I certainly want to do that. I imagine next year or the year after next President Aleman will certainly recognize that, if something is not done, that then Senator MCCOLLUM will force it upon him. I think he will recognize the political danger he has in denying American investors their due rights.

So we certainly will work with the gentleman from Indiana to continue to insist that the Nicaraguan government acts more promptly to ensure that these American investors are compensated accordingly.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman from Florida yield?

Mr. MCCOLLUM. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I would like to say to the gentleman I really appreciate that, and I hope that President Aleman and his finance minister heard what the chairman said tonight; and that is, if they do not start doing what they have said they would do, that the chairman would take this into consideration next year when the appropriations process takes place.

Mr. MCCOLLUM. Mr. Chairman, reclaiming my time, I echo that. I want to thank the gentleman from Alabama (Chairman CALLAHAN) for his words to encourage that right action by the government in Nicaragua. It has been long overdue. We really do need something to move here. There is something wrong. It should have happened long before now.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. JACKSON-LEE of Texas:

Page 7, line 10, after the dollar amount insert ''(increased by $10,000,000)''.

Page 7, line 25, add at the end before the period the following: '': *Provided further*, That of the funds appropriated under this heading, $25,000,000 shall be made available for assistance for prevention and treatment of HIV/AIDS in sub-Saharan Africa''.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

Ms. JACKSON-LEE of Texas. Mr. Chairman, first of all, I want to acknowledge the chairman and ranking member of the committee for their leadership and for their perseverance on an issue that has been with us for a long time but has risen to the level of immense devastation in sub-Saharan Africa, and as we have learned over the past months and years, moving to India and China as the next locations of this devastation of HIV/AIDS.

I also recognize that we are constrained by the limits of the appropriations process. I think it is disappointing that we are in this very large Nation relegated to allocating 1 percent of our budget to foreign aid, in particular when the American people would be willing to give more.

But I rise to offer this amendment to H.R. 2606, to increase funding by $25 million and direct this funding to address the issue of HIV/AIDS in sub-Saharan Africa. With 33 million infected people in the world, 22.5 million in sub-Saharan Africa, it is clear that we must dedicate money directly to sub-Saharan Africa although we have identified and appropriated monies for global prevention and reduction programs.

Of the 5.8 million adults and children newly infected with HIV during 1998, 4 million live in sub-Saharan Africa. AIDS in sub-Saharan Africa is a growing disaster. UNAIDS has declared HIV/AIDS in Africa an epidemic out of control. Each and every day, Mr. Chairman, more than 16,000 additional people become HIV positive; and most live in sub-Saharan Africa where, in South Africa alone, 1,500 people become HIV positive each day.

Among children under 15, the proportion is 9 out of 10, and the amendment would speak to dealing with children's diseases. To date, 83 percent of all AIDS deaths have been in the region; and at least 95 percent of all AIDS orphans have been in Africa. It is estimated that, by the year 2010, AIDS will orphan more than 40 million children, with 95 percent in sub-Saharan Africa.

I have seen firsthand the impact of the HIV/AIDS pandemic in Africa. My

participation as part of the Presidential Mission solidified my position that our foreign policy with Africa must include the realization that Africa is struggling with the AIDS devastation and must provide additional AIDS prevention funding as well as funds to deal with the large numbers of children whose family members have died from this merciless killer. As we move into the 21st Century, we must realize that AIDS will have a tremendous impact on the continent of Africa, as well as the world.

I am gratified this House passed the African Growth and Opportunities Act. In that trade bill, there was acknowledgment of the impact of AIDS on the economy of Africa. The AIDS epidemic quickly transcends simply a health issue. It is quickly becoming a detriment to economic growth.

According to the Economist, a recent study in Namibia estimated that AIDS costs the country almost 8 percent of GNP in 1996. Another analysis predicts that Kenya's GNP will be 14.5 percent smaller in 2005 than it would have been without AIDS and the per capital income will be 10 percent lower. A report released by the World Bank begged the questions, will this pandemic destroy the developing Nation's hard-earned economic gains, or will governments get their act together in time? Clearly time is running out.

As I said as I began my statement in explanation of this amendment I wish to offer, I do appreciate the great strides that the Committee on Appropriations has made, particularly this subcommittee, and the leadership of the committee.

But there are no boundaries to the effects of this epidemic. A South African anti-crime institute has linked the growing number of children orphaned by AIDS to future increases in crime and civil unrest. Without appropriate intervention, many of the 2 million children projected to be orphaned by AIDS in South Africa will raise themselves on the streets, often turning to crime, drugs, commercial sex, and gangs for survival and, sadly, increasing their risk of AIDS.

While in Africa, I visited St. Anthony's compound in Zambia where many affected families were headed by grandparents who were caring for their grandchildren, orphaned by the disease.

The AIDS epidemic has been labeled by some in the medical community as a disease equal to the plagues of earlier times. This is most disconcerting, but it is not hopeless. We have the power to fix this.

Uganda is out front in developing policies to combat the AIDS epidemic. They have enacted various education and AIDS programs. The U.S. invested the $40 million in HIV prevention in Uganda, and HIV rates among pregnant women dropped from 30 percent in 1991 to 15 percent in 1995 to 8 percent in 1998.

I would ask my colleagues, although a point of order has been reserved, to consider the need that we have. If we cannot move forward on this amendment, I would certainly hope that we might have the opportunity to look at this question as we move in the appropriations process in future years, and I will work with my colleagues to solve and to bring to an end this terrible devastation.

The CHAIRMAN. Does the gentleman from Alabama (Mr. CALLAHAN) continue to reserve his point of order?

Mr. CALLAHAN. Yes, Mr. Chairman.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment but, again, the proposed use of funds by the gentlewoman from Texas (Ms. JACKSON-LEE) is entirely salutary and commendable.

I spoke a few minutes ago against the Brown-Morella amendment because it was taking money out of the IMET program, the same IMET program that provides training to the military officers and men of the reserves that the gentlewoman from Texas mentioned and to South Africa where they are trying to encourage promotion of black officers in the South African military.

I just want my colleagues to know that the IMET fund is a not a slush fund that can be drawn down or slashed from for every good purpose. I will energetically do what I can to keep the conference from reducing the IMET funds because it is so valuable.

I stipulate all my arguments that I gave on the Morella-Brown amendment to also apply as here on the amendment by the distinguished gentlewoman from Texas.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am hopeful that the gentlewoman from Texas (Ms. JACKSON-LEE) will withdraw her amendment before I insist on a point of order.

Ms. JACKSON-LEE of Texas. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Chairman, as I noted in my remarks, I am appreciative of the work that has been done by this committee.

I feel compelled and committed to raise this issue as often as we can. I would hope that this amendment could have been made in order.

I will now withdraw the amendment and hope and look forward to working with my colleagues, one, to increase the amount of foreign aid that we give; and then, two, to be able, then, to add more dollars to what I consider one of the major epidemics, pandemics that we have facing us today.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The Clerk will read.

The Clerk read as follows:

DEVELOPMENT ASSISTANCE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the provisions of sections 103 through 106, and chapter 10 of part I of the Foreign Assistance Act of 1961, title V of the International Security and Development Cooperation Act of 1980 (Public Law 96–533) and the provisions of section 401 of the Foreign Assistance Act of 1969, $1,201,000,000, to remain available until September 30, 2001: *Provided*, That of the amount appropriated under this heading, up to $5,000,000 may be made available for and apportioned directly to the Inter-American Foundation: *Provided further*, That of the amount appropriated under this heading, up to $14,400,000 may be made available for the African Development Foundation and shall be apportioned directly to that agency: *Provided further*, That none of the funds made available in this Act nor any unobligated balances from prior appropriations may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization: *Provided further*, That none of the funds made available under this heading may be used to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions; and that in order to reduce reliance on abortion in developing nations, funds shall be available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services, and that any such voluntary family planning project shall meet the following requirements: (1) service providers or referral agents in the project shall not implement or be subject to quotas, or other numerical targets, of total number of births, number of family planning acceptors, or acceptors of a particular method of family planning (this provision shall not be construed to include the use of quantitative estimates or indicators for budgeting and planning purposes), (2) the project shall not include payment of incentives, bribes, gratuities, or financial reward to (A) an individual in exchange for becoming a family planning acceptor, or (B) program personnel for achieving a numerical target or quota of total number of births, number of family planning acceptors, or acceptors of a particular method of family planning, (3) the project shall not deny any right or benefit, including the right of access to participate in any program of general welfare or the right of access to health care, as a consequence of any individual's decision not to accept family planning services, (4) the project shall provide family planning acceptors comprehensible information on the health benefits and risks of the method chosen, including those conditions that might render the use of the method inadvisable and those adverse side effects known to be consequent to the use of the method, (5) the project shall ensure that experimental contraceptive drugs and devices and medical procedures are provided only in the context of a scientific study in which participants are advised of potential risks and benefits; and, not less than 60 days after the date on which the Administrator of the United States Agency for International Development determines that there has been a violation of the requirements contained in paragraph (1), (2), (3), or (5) of this proviso, or a pattern or practice of violations of the requirements contained in paragraph (4) of this

proviso, the Administrator shall submit to the Committee on International Relations and the Committee on Appropriations of the House of Representatives and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate, a report containing a description of such violation and the corrective action taken by the Agency: *Provided further*, That in awarding grants for natural family planning under section 104 of the Foreign Assistance Act of 1961 no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning; and, additionally, all such applicants shall comply with the requirements of the previous proviso: *Provided further*, That for purposes of this or any other Act authorizing or appropriating funds for foreign operations, export financing, and related programs, the term ''motivate'', as it relates to family planning assistance, shall not be construed to prohibit the provision, consistent with local law, of information or counseling about all pregnancy options: *Provided further*, That nothing in this paragraph shall be construed to alter any existing statutory prohibitions against abortion under section 104 of the Foreign Assistance Act of 1961: *Provided further*, That, notwithstanding section 109 of the Foreign Assistance Act of 1961, of the funds appropriated under this heading in this Act, and of the unobligated balances of funds previously appropriated under this heading, $2,500,000 may be transferred to ''International Organizations and Programs'' for a contribution to the International Fund for Agricultural Development (IFAD): *Provided further*, That none of the funds appropriated under this heading may be made available for any activity which is in contravention to the Convention on International Trade in Endangered Species of Flora and Fauna (CITES): *Provided further*, That, of the funds made available by this Act for the ''Microenterprise Initiative'' (including any local currencies made available for the purposes of the Initiative), not less than 50 percent of the funds used for microcredit should be made available for support of programs providing loans of less than $300 to very poor people, particularly women, or for institutional support of organizations primarily engaged in making such loans.

PRIVATE AND VOLUNTARY ORGANIZATIONS

None of the funds appropriated or otherwise made available by this Act for development assistance may be made available to any United States private and voluntary organization, except any cooperative development organization, which obtains less than 20 percent of its total annual funding for international activities from sources other than the United States Government: *Provided*, That the Administrator of the Agency for International Development may, on a case-by-case basis, waive the restriction contained in this paragraph, after taking into account the effectiveness of the overseas development activities of the organization, its level of volunteer support, its financial viability and stability, and the degree of its dependence for its financial support on the agency.

Funds appropriated or otherwise made available under title II of this Act should be made available to private and voluntary organizations at a level which is at least equivalent to the level provided in fiscal year 1995.

INTERNATIONAL DISASTER ASSISTANCE

For necessary expenses for international disaster relief, rehabilitation, and reconstruction assistance pursuant to section 491 of the Foreign Assistance Act of 1961, as amended, $200,880,000, to remain available until expended: *Provided*, That of the funds appropriated under this heading, not more than $35,000,000 shall be made available for activities carried out by the Office of Transition Initiatives, except that this amount may be exceeded subject to the regular notification procedures of the Committees on Appropriations.

MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM ACCOUNT

For the cost of direct loans and loan guarantees, $1,500,000, as authorized by section 108 of the Foreign Assistance Act of 1961, as amended: *Provided*, That such costs shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That guarantees of loans made under this heading in support of microenterprise activities may guarantee up to 70 percent of the principal amount of any such loans notwithstanding section 108 of the Foreign Assistance Act of 1961. In addition, for administrative expenses to carry out programs under this heading, $500,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development: *Provided further*, That funds made available under this heading shall remain available until September 30, 2001.

URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT

For administrative expenses to carry out guaranteed loan programs, $5,000,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the ''Foreign Service Retirement and Disability Fund'', as authorized by the Foreign Service Act of 1980, $43,837,000.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

For necessary expenses to carry out the provisions of section 667, $479,950,000.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

For necessary expenses to carry out the provisions of section 667, $25,000,000, to remain available until September 30, 2001, which sum shall be available for the Office of the Inspector General of the Agency for International Development.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

For necessary expenses to carry out the provisions of chapter 4 of part II, $2,227,000,000, to remain available until September 30, 2001: *Provided*, That of the funds appropriated under this heading, not to exceed $960,000,000 shall be available only for Israel, which sum shall be available on a grant basis as a cash transfer and shall be disbursed within thirty days of enactment of this Act or by October 31, 1999, whichever is later: *Provided further*, That not to exceed $735,000,000 shall be available only for Egypt, which sum shall be provided on a grant basis, and of which sum cash transfer assistance shall be provided with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years: *Provided further*, That in exercising the authority to provide cash transfer assistance for Israel, the President shall ensure that the level of such assistance does not cause an adverse impact on the total level of nonmilitary exports from the United States to such country.

AMENDMENT OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL:

Page 15, line 7, after the dollar amount insert ''(reduced by $30,000,000)''.

Page 15, line 11, after the dollar amount insert ''(reduced by $20,000,000)''.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

Mr. CAMPBELL. Mr. Chairman, the amendment is very simple, as it is important. Here it is. We spend too much money in foreign aid on two countries. There is every other country in the world where we spend foreign aid where it can do so much good, and we spend over 20 percent of the entire economic component of foreign aid in Israel and Egypt.

I do not think that is right. I just do not think that is consistent with the compassion of the American people who would rather see the money go a little bit more fairly, a little bit more to the other countries in the world.

So what I propose is a very small cut. $960 million is the economic component of the aid to Israel in this bill, and I suggest that it be dropped by $30 million. $735 million is the amount of money for Egypt, and I suggest that it be dropped by $20 million.

That is a 3 percent cut roughly speaking. Bearing in mind that 20 percent of the entire amount of economic aid goes to these two countries and that it would mean so much to the other countries in the world who are getting such little amount in this bill, and every year gets such little amount of our foreign aid money, I believe it is what the American people would do if they were empowered to do it. If my colleagues' average person they represent was here to tonight, that is what she or he would do I believe.

Let me break it down in per capita. Again, I am just talking about economic aid, not the military side. I understand that is different. I support military aid to Israel.

But if we just break the economic money down, it is $170 per capita for every person in Israel. It is $32 per capita for every person in Egypt. It is $2.05 for every soul in sub-Saharan Africa. That is not right. It is $1.20 for every soul in Latin America. It is 17 cents for every person in India. It is $170 for every person in Israel and $32 for every person in Egypt.

Where do I come up with the number to cut by 30 for Israel and 20 for Egypt? Because the President had recommended those numbers. So it is a

small cut. It might not matter very much to those two recipients; but to the other countries, it will make a huge amount of difference.

I want to close just by commenting what I have seen. My wife, Susanne, and I have traveled to sub-Saharan Africa, poorest countries of the world, as often as we can since I have returned to Congress. I have seen a few dollars spent for a water pump in Mali. I have seen a few dollars of our tax money spent for a sewing machine so somebody could get a job, microenterprise in Morocco. I saw some money for saving children who would otherwise be cast aside as albinos in Senegal.

I saw women, Somali women in refugee camps in Kenya packed to the top who wanted to get a little firewood so they would not have to go out at night because they were subject to rape when they went out at night. Now, that is where our money could go.

For the sake of compassion and for the sake of fairness, I ask that we move $30 million from Israel, which received so much of our aid, $20 million from Egypt, which received so much of our aid, and just let it flow to the other countries, particularly in Latin America, sub-Saharan Africa, and India.

Mr. CALLAHAN. Mr. Chairman, I withdraw my reservation, but I rise in opposition to the amendment.

Mr. Chairman, with respect to the amendment offered by the gentleman from California (Mr. CAMPBELL), let me say that he makes some very interesting statistical and comparable monetary indications of how much this might mean to sub-Saharan Africa.

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But let me remind the gentleman, and my request to him is to withdraw the amendment, that in offering the amendment he gives no credit to the hard work that this committee has done and that this administration has done recognizing the need to reduce our assistance to Israel.

Two years ago, we worked with then Prime Minister Netanyahu to wean Israel from total economic assistance. President Netanyahu, suffering I think very serious political consequences, agreed with this subcommittee and with me that we should begin the decline of assistance to Israel, and we started that last year by reducing the economic support by $120 million. And in accordance with the agreement, we have further reduced it another $120 million this year, the first time in the history of this Congress that we have ever done so.

Yet here at the late hour of this night, along comes the gentleman from California and says to us, to members of the subcommittee, to Members of the Congress, that he does not think we have done enough. Well, I think we have done enough.

Just last week, the President and the new Prime Minister Barak agreed to the Callahan plan of total elimination of economic support to Israel over a period of the next 8 years. And I think that is a very responsible way in which to handle this decline in economic assistance to Israel. It is the responsible way to do it. It is a recognition of accomplishment that our economic assistance to Israel has worked; that they are now becoming economically independent.

But for the gentleman from California, at this late hour of the night to bring up this kind of amendment, and to use the type of comparisons the gentleman is using, I think is disrespectful to the subcommittee and to the Congress. Because we already have addressed this issue, we have addressed it in a responsible manner, and to put this issue on the table on the eve of the new administration in Israel, when they are trying to work towards some accomplishment over the Wye agreement, I think is the wrong message.

So I would respectfully ask that the gentleman withdraw his amendment, and short of that, I would urge the Members of this body to vote ''no.''

Mrs. LOWEY. Mr. Chairman, I move to strike the last word.

I would like to first respond to my good friend, the chairman of this committee, the gentleman from Alabama (Mr. CALLAHAN), who indeed expressed so eloquently the hard work of this committee to change the formula and to do it fairly so that we could move forward in reducing economic aid to Israel and increasing the military aid. And I would say that most of my colleagues would agree that the investment in military aid in that region of the world is in our interest.

So I would like to congratulate the chairman again in forging that agreement with the former prime minister of Israel. And in discussing this agreement with the current prime minister of Israel, there has been total support.

I would just like to say to my good friend, the gentleman from California (Mr. CAMPBELL), that I share his concerns; and I would join the gentleman in working to enlighten our colleagues and work with this administration in increasing aid to the other parts of the world that need it so desperately.

In fact, I have said over and over again that it is an embarrassment that we do not pay our U.N. arrears, even though that does not come out of this particular budget. It is an embarrassment that with all the problems in every part of the world that we are behind about a billion dollars in our U.N. dues. So I would join the gentleman.

But I would say to the gentleman, at this time we are on the verge, on the brink, of seeing a real peace. The new prime minister, Prime Minister Barak, has been making every effort to move forward, to meeting with the other parties of the region to try to forge a real peace so that in our lifetime all of our investments and our commitment to that region of the world as a result of Camp David can become a reality. So it seems to me, and I agree with our distinguished chairman, this is not an opportune time to change the formula that has been very carefully crafted; that we should work together so we can see a real peace in the Middle East.

And, again, I would say to the gentleman from California that I would join the gentleman in increasing aid to other parts of the world. We know of the real problem, the people who are in distress. And as the leader of the free world, at a time when our leadership is acknowledged, when there are problems with disease and problems of inadequate education and health care, we could make an additional difference.

So I hope we can work together and increase our assistance to other parts of the world, but not change this formula while we are at a moment of a breakthrough in the peace agreement.

Mr. BENTSEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from California. This is a bad idea for a number of reasons.

First of all, this is a negotiated amount of funds. This is not a discretionary set of funds. And while the gentleman makes some interesting arguments about comparing what this would mean in per capita terms from one country versus Israel, I do not know that we can measure it quite that statistically.

This, as I said, is a negotiated amount. It goes back to the Camp David Accords. It also goes back to the more recent Wye River Accords. But perhaps most importantly, and I think the gentlewoman from New York was just discussing this, we have a new government in Israel which we have a strategic partnership with that has really only been in place for about 30 days. I think even as small a cut as the gentleman proposes undercuts the U.S. commitment to having the Barak government succeed in its effort in bringing peace to the region.

So I think while the gentleman is well intentioned in his goals, I think it is an amendment that would send the wrong message on the part of the United States and our commitment to Israel and our commitment to peace in the Middle East and in particular our commitment to seeing the Barak government succeed, and for that reason I oppose the amendment.

Mr. Chairman, I rise in support of this legislation, and the bill's provision to provide $3 billion in aid to Israel.

Since its founding in 1948, Israel and the U.S. have shared an important economic and strategic partnership. For more than 50 years, Israel has stood with the U.S. in countering the greatest threats to American interests in

the region, including the proliferation of weapons of mass destruction and state-sponsored terrorism by rogue regimes.

Israel has also been a reliable strategic partner, providing the United States with cutting-edge technology and valuable intelligence. Israel was the first country to sign a free trade agreement with the United States, which has resulted in a quadrupling of trade between the two countries. As Israel's economy continues to grow, the United States will continue to benefit from the wide-ranging economic partnership enjoyed by the two countries. The United States-Israel partnership has also been cost-effective, avoiding the expensive deployment of American troops. No United States troops have ever been required to protect Israel, while by comparison America maintains 135,000 troops in Europe and spends roughly $80 billion each year on the defense of Europe.

Thanks to the United States involvement in the Middle East peace process, Israel has been able to make significant advancements toward establishing peaceful relations with her Arab neighbors. With the election of Prime Minister Ehud Barak in May 1999, the search for peace in the Middle East appears to have taken meaningful steps forward. In the days following his election, Mr. Barak displayed his commitment to the peace process through his talks with Egyptian President Mubarak, and the formation of a 'peace administration' of three negotiating teams, one each for Syria, Lebanon, and the Palestinians. In the 3 weeks since he's taken office, Mr. Barak has actively negotiated with Palestinian Authority Chairman Arafat in attempt to secure a permanent peace deal to determine Israel's borders, the future of Jerusalem, the fate of refugees, and the disposition of water resources. He has also begun negotiations with Syria regarding the status of the Golan Heights and the Hezbollah militia in southern Lebanon.

Prime Minister Barak understands that a negotiated peace is the best way to make Israel more stable and prosperous for the people of the Middle East. As the peace process moves forward, the U.S. must continue to support the principles of the Wye River agreement, including the land-for- peace commitments, cessation of terrorist aggression, and respect for existing peace agreements by all parties. While his Mr. Barak's progress has been encouraging, we should hold no illusions. The path ahead will be difficult and hold many hard decisions. As Israel takes these calculated risks for peace, the United States must continue to support Israel's defense. Part of that effort should be the final Congressional approval of an aid package that provides assistance to Israel, the Palestinian people and to Jordan as part of the implementation of the Wye River agreement. Making Israel stronger and making Palestinians and Jordanians more secure and more prosperous are all critical steps to building a just and lasting peace in the Middle East.

U.S. aid to Israel is one of America's most cost-effective foreign policy investments. The economic and military aid that America provides Israel serves the interests of both countries by promoting peace, security, and trade. I urge my colleagues to continue our support for Israel and to further our national interests by voting for this appropriations.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have great respect for my friend from California. We have worked together on many issues, including a number of international relations issues, and he has made an attractive argument. As he has visited sub-Sahara Africa, I have as well, and just got through offering an amendment dealing with HIV/AIDS. But I would simply say to the gentleman that as attractive as support for the microcredit is, and I frankly saw the enormous impact that the microcredit funding has, I am rising in opposition for, I think, two to three reasons.

One, I believe we should make good on our commitment, and I think it is important to note that we have made a commitment to support Israel as it has downsized on its receipt of foreign aid from the United States. I think the Wye River agreement is extremely important and goes to our bond and our standing in the international arena as relates to the Mideast, with Israel being the freestanding or one singular democracy there.

Then, I think that, hopefully, we do not have a situation where we pit one community or one part of the world against another. There is a great need in Africa, and I would like to see us collaborate, as I started out in my remarks, on HIV/AIDS. I would like to see the foreign aid increased. I think it would be a shame that a powerful, wealthy Nation like this, where the American people would be willing to support our international efforts at a higher rate than 1 percent, and maybe that number has been increased but that is what sticks in my mind, even as high as 5 percent, and maybe we can go higher, if we begin to juxtapose one needy area against another needy area for different reasons.

So for that reason, and though I respect the gentleman in his intent and, in fact, look forward to working with the gentleman to find funds to increase those opportunities in sub-Sahara Africa, I would oppose his amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. CAMPBELL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CAMPBELL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceeding on the amendment offered by the gentleman from California (Mr. CAMPBELL) will be postponed.

The Clerk will read.

The Clerk read as follows:

INTERNATIONAL FUND FOR IRELAND

For necessary expenses to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, $19,600,000, which shall be available for the United States contribution to the International Fund for Ireland and shall be made available in accordance with the provisions of the Anglo-Irish Agreement Support Act of 1986 (Public Law 99–415): *Provided*, That such amount shall be expended at the minimum rate necessary to make timely payment for projects and activities: *Provided further*, That funds made available under this heading shall remain available until September 30, 2001.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

(a) For necessary expenses to carry out the provisions of the Foreign Assistance Act of 1961 and the Support for East European Democracy (SEED) Act of 1989, $393,000,000, to remain available until September 30, 2001, which shall be available, notwithstanding any other provision of law, for economic assistance and for related programs for Eastern Europe and the Baltic States.

(b) Funds appropriated under this heading shall be considered to be economic assistance under the Foreign Assistance Act of 1961 for purposes of making available the administrative authorities contained in that Act for the use of economic assistance.

(c) None of the funds appropriated under this heading may be made available for new housing construction or repair or reconstruction of existing housing in Bosnia and Herzegovina unless directly related to the efforts of United States troops to promote peace in said country.

(d) With regard to funds appropriated under this heading for the economic revitalization program in Bosnia and Herzegovina, and local currencies generated by such funds (including the conversion of funds appropriated under this heading into currency used by Bosnia and Herzegovina as local currency and local currency returned or repaid under such program) the Administrator of the Agency for International Development shall provide written approval for grants and loans prior to the obligation and expenditure of funds for such purposes, and prior to the use of funds that have been returned or repaid to any lending facility or grantee.

(e) The provisions of section 532 of this Act shall apply to funds made available under subsection (d) and to funds appropriated under this heading.

(f) The President is authorized to withhold funds appropriated under this heading made available for economic revitalization programs in Bosnia and Herzegovina, if he determines and certifies to the Committees on Appropriations that the Federation of Bosnia and Herzegovina has not complied with article III of annex 1–A of the General Framework Agreement for Peace in Bosnia and Herzegovina concerning the withdrawal of foreign forces, and that intelligence cooperation on training, investigations, and related activities between Iranian officials and Bosnian officials has not been terminated.

(g) Funds appropriated under this heading or in prior appropriations Acts that are or have been made available for an Enterprise Fund may be deposited by such Fund in interest-bearing accounts prior to the Fund's disbursement of such funds for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION

(a) For necessary expenses to carry out the provisions of chapter 11 of part I of the Foreign Assistance Act of 1961 and the FREEDOM Support Act, for assistance for the Independent States of the former Soviet Union and for related programs, $725,000,000, to remain available until September 30, 2001: *Provided*, That the provisions of such chapter shall apply to funds appropriated by this paragraph: *Provided further*, That such sums as may be necessary may be transferred to the Export-Import Bank of the United States for the cost of any financing under the Export-Import Bank Act of 1945 for activities for the Independent States: *Provided further*, That of the funds made available for the Southern Caucasus region, 17.5 percent should be used for confidence-building measures and other activities in furtherance of the peaceful resolution of the regional conflicts, especially those in the vicinity of Abkhazia and Nagorno-Karabagh.

(b) Funds appropriated under title II of this Act, including funds appropriated under this heading, may be made available for assistance for Mongolia: *Provided*, That funds made available for assistance for Mongolia may be made available in accordance with the purposes and utilizing the authorities provided in chapter 11 of part I of the Foreign Assistance Act of 1961.

(c)(1) Of the funds appropriated under this heading that are allocated for assistance for the Government of the Russian Federation, 50 percent shall be withheld from obligation until the President determines and certifies in writing to the Committees on Appropriations that the Government of the Russian Federation has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability.

(2) Paragraph (1) shall not apply to—

(A) assistance to combat infectious diseases and child survival activities; and

(B) activities authorized under title V (Nonproliferation and Disarmament Programs and Activities) of the FREEDOM Support Act.

(d) Not more than 25 percent of the funds appropriated under this heading may be made available for assistance for any country in the region.

(e) Allocations for Georgia and for Armenia shall reflect a percentage of the amount appropriated under this heading that is at least equivalent to the percentage of the total funding available under this heading that was allocated for each nation in fiscal year 1999: *Provided*, That assistance under title V of the FREEDOM Support Act shall not be included in such calculations.

(f) Section 907 of the FREEDOM Support Act shall not apply to—

(1) activities to support democracy or assistance under title V of the FREEDOM Support Act and section 1424 of Public Law 104–201;

(2) any assistance provided by the Trade and Development Agency under section 661 of the Foreign Assistance Act of 1961 (22 U.S.C. 2421);

(3) any activity carried out by a member of the United States and Foreign Commercial Service while acting within his or her official capacity;

(4) any insurance, reinsurance, guarantee, or other assistance provided by the Overseas Private Investment Corporation under title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2191 et seq.);

(5) any financing provided under the Export-Import Bank Act of 1945; or

(6) humanitarian assistance including activities funded under the heading ''Child Survival and Disease Programs Fund''.

INDEPENDENT AGENCY

PEACE CORPS

For expenses necessary to carry out the provisions of the Peace Corps Act (75 Stat. 612), $240,000,000, including the purchase of not to exceed five passenger motor vehicles for administrative purposes for use outside of the United States: *Provided*, That none of the funds appropriated under this heading shall be used to pay for abortions: *Provided further*, That funds appropriated under this heading shall remain available until September 30, 2001.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

For necessary expenses to carry out section 481 of the Foreign Assistance Act of 1961, $285,000,000: *Provided*, That not more than $20,000,000 of the funds made available under this heading shall be available for anti-crime programs and that all such programs shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That during fiscal year 2000, the Department of State may also use the authority of section 608 of the Foreign Assistance Act of 1961, without regard to its restrictions, to receive excess property from an agency of the United States Government for the purpose of providing it to a foreign country under chapter 8 of part I of that Act subject to the regular notification procedures of the Committees on Appropriations.

AMENDMENT NO. 8 OFFERED BY MR. MICA

Mr. MICA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. MICA:Page 22, line 17, before the period insert the following: '': *Provided further*, That of the amount appropriated under this heading, $37,500,000 shall be made available in assistance for the antinarcotics directorate (DANTI) of the Colombian National Police as follows: (1) $3,500,000 for GAU 19 protection systems for the 6 existing Black Hawk utility helicopters of the Colombian National Police, including 1 such system for each helicopter, mounting, installation, and a maintenance and training package; (2) $3,500,000 for .50 caliber ammunition for such GAU 19 protection systems; (3) $2,500,000 for upgrade of the hangar at the Guaymaral helicopter base; (4) $6,500,000 for construction of a hangar facility at the El Dorado Airport in Bogota, Colombia, to provide a secure area for storage and maintenance work on the fixed wing and rotar wing aircraft of the Colombian National Police; (5) $2,500,000 to purchase 19 additional MK–44 miniguns for the ''Huey'' II utility helicopters to be provided to the Colombian National Policy; (6) $3,500,000 for 7.62 ammunition for such MK–44 miniguns; (7) $8,000,000 for forward looking infra red (FLIR) systems for 15 of the ''Huey'' II utility helicopters referred to in paragraph (5); (8) $3,500,000 for field gear for aviation and ground officers of the Colombian National Police, including ballistic protective mats, ballistic protective vests, helmets and field harnesses, canteens, and magazines; (9) $3,000,000 for the establishment and operation of a Colombian National Police customs facility in Cartagena, Colombia, including additional training for Colombian National Police personnel by United States Customs Service personnel; and (10) $1,000,000 for intelligence equipment for the Colombian National Police, including sensors and monitoring and surveillance equipment.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

Mr. MICA. Mr. Chairman, I thank the chairman, the gentleman from Alabama (Mr. CALLAHAN), for his great work on this distinguished piece of legislation, which I plan to support with minor modifications that can be made, I hope, through the amendment I offer tonight. The amendment that I have tonight asks for $37.5 million, and those funds would go towards providing anti-narcotics equipment to the Colombian National Police.

I chair the Subcommittee on Criminal Justice, Drug Policy and Human Resources, and I can tell my colleagues that we have no greater threat facing our Nation right now in terms of our anti-narcotics effort and, really, national security than we have facing us with the situation with Colombia.

Some of my colleagues may know that we lost five servicemen, including a servicewoman this week, and in the last few days we have lost three civilians. This situation is getting incredibly worse in Colombia, our neighbor to the south. That is what makes this action tonight so important.

I will ask to withdraw this at some point and ask for consideration in conference, but we cannot make the same mistake that we have been making year after year in not providing equipment. This Congress has provided Black Hawk helicopters to the Colombians, but we are not providing the equipment for them to do the job. This amendment asks for 19 protection systems for Black Hawk helicopters and also for Huey helicopters that they have.

□ 2030

How can they fight a war against insurgence Marxist guerillas or an activity against those trafficking in illegal narcotics without this equipment? We have made the mistake of not providing the equipment.

This is a hearing from July of 1997. The gentleman from Illinois (Mr. HASTERT), who is now Speaker of the House, myself, others on the committee asked for equipment to get to Colombia. And that equipment has not gotten to Colombia.

The results are incredible. 800,000 people have been displaced since 1995. 35,000 Colombians have been killed in less than 10 years. In 1998, more than 300,000 Colombians were displaced internally. That is more than we had that same year in Kosovo.

My colleagues, we are going to have a situation that makes Kosovo look

like a kindergarten playground if we do not get the equipment.

Just in the last 2 or 3 weeks, this administration has reversed its course and is now asking for intelligence to be shared. At this moment, I believe our drug czar is down in Colombia; and he has asked in the last 2 weeks for a billion dollars, which may require a supplemental.

So if we are providing the equipment to allow Colombians to stop this drug influx into their nation and trafficking and production in their nation and this insurgency, then I say we should help them with this little bit of assistance that we are asking for in this.

I might say that we had a visit from the national chief of police there who has been leading the drug war, and this is specifically in his request to the Speaker of the House and to our subcommittee. I might also say that these items are also requested by General McCaffrey, who is our Nation's drug czar.

So I plead and I ask the subcommittee, and I know they have done great work in putting together this legislation, to not make the same mistake that has been made year after year in not getting equipment to this country that is facing not only an internal crisis but we are facing a regional and hemispheric crisis with this situation.

Mr. CALLAHAN. Mr. Chairman, with the assurance that the gentleman is going to withdraw the amendment, I am going to withdraw my reservation of objection but, I move to strike the requisite number of words to speak in response to what the gentleman from Florida just said and to express to the gentleman from Florida that I too am concerned about this entire drug situation not only in Colombia but in all of Central and South America.

I am very appreciative of the extra effort that he has put in in bringing to the attention of the Congress and to the American people the tremendous problems we have in Colombia, of the tremendous problems we have in Mexico, and in other areas of Central and South America who are facilitating the exportation of drugs to the United States.

But I might remind my colleague that the bill we are debating tonight provides $285 million for the International Narcotics Control Account. This is an increase of $24 million above the regular 1999 bill and $70 million above the bill that just recently passed the Senate.

As my colleague knows, in the Omnibus Appropriations Bill last year, we put an additional $255 million for counternarcotics. There are no earmarks in this bill anywhere. But there is a sufficient amount of money appropriated to include Colombia and all areas of Central and South America in this counternarcotics program.

Mr. Chairman, I yield to the gentleman from Florida (Mr. MCCOLLUM).

Mr. MCCOLLUM. Mr. Chairman, I thank the gentleman very much for yielding.

Mr. Chairman, I know what the chairman has done is extremely good in here, and I commend him for what is here. I also know what the gentleman from Florida (Mr. MICA) is attempting to do.

What I hope is, because of the Western Hemisphere Drug Elimination Act we passed last year, and the gentleman worked so much with us, we ought to take a $600 million overall that covered many of the subcommittee appropriations areas to do some of what was going to be $2 billion ultimately over 3 years.

In the legislation of my colleagues and in all of these appropriations bills in the House this year, we are not able under the current rules to meet the goals of that bill in what we are passing.

But much of this equipment, most of it that the gentleman from Florida (Mr. MICA) is asking for, was what was passed in that bill and what we wanted to see happen. And I am hopeful that in conference my colleague will be able to nudge up these numbers some. And perhaps there will even be a supplemental down the road. Because I know my colleague understands from our previous discussions how important this equipment is.

I serve as chairman of the Subcommittee on Crime, as my colleague knows, and on the Permanent Select Committee on Intelligence; and we really do need this equipment.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, we will try to increase it if we possibly can. Because this is a cancer on our society, and the only way we are going to be able to cure this cancer is to provide ample counternarcotics monies to do so.

Mr. FARR of California. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from California.

Mr. FARR of California. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I just want to raise concern about the amendment. The amendment directs all the money to the Colombian police. The delegation that was here last week did not ask for money for the national police. It was for the armed services, for the armed forces. As my colleague knows, it is a very delicate situation in Colombia.

I think it would be ill-spent money to direct all of this earmarking and for specifics just for one entity in Colombia. I support the concerns of the chairman and recommendations, and I oppose the amendment the way it is drafted.

Mr. MICA. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Florida.

Mr. MICA. Mr. Chairman, I understand the concern of the gentleman.

But this is the testimony from 2 years ago, the gentleman from Illinois (Mr. HASTERT): ''But you are holding up their ammunition.''

We provided almost $300 million last year. And we have checked to see if the money is there in resources. Only a few million dollars have gotten to where it should go. The problem we have is in getting money. That is why this is an earmark.

I know the earmark is not acceptable under the regular order here. But I hope you can imagine the frustration we see. We appropriate money. The President is saying this is now the third biggest aid recipient in the world. And it is not getting there.

This request is part of our drug czar's request, and it is the head of the national police's request to do the job in Colombia that needs to be done to bring peace there and stop drug trafficking where we have 60, 70 percent of the heroin and cocaine now coming into the United States.

Mr. CALLAHAN. Mr. Chairman, I yield to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I just want to say two things.

First of all, we all agree that the drug problem is a terrible, terrible tragedy for our country. In addition to trying to do drug crop eradication, we must focus on treatment and prevention and to the end that we all share here.

But two points I want to make. One is, I was very concerned about the New York Times article this morning that talked about the war on drugs and the war against the rebels merging, because we have always talked about the war on drugs being a war on drugs in Colombia.

So I hope that, as we proceed, we do with great sensitivity to the human rights of the Colombian people.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. CALLAHAN) has expired.

(By unanimous consent, Mr. CALLAHAN was allowed to proceed for 30 additional seconds.)

Mr. CALLAHAN. Mr. Chairman, I yield to the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Chairman, I thank the chairman for being so understanding and also considering this in conference.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

MIGRATION AND REFUGEE ASSISTANCE

For expenses, not otherwise provided for, necessary to enable the Secretary of State to

provide, as authorized by law, a contribution to the International Committee of the Red Cross, assistance to refugees, including contributions to the International Organization for Migration and the United Nations High Commissioner for Refugees, and other activities to meet refugee and migration needs; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980; allowances as authorized by sections 5921 through 5925 of title 5, United States Code; purchase and hire of passenger motor vehicles; and services as authorized by section 3109 of title 5, United States Code, $640,000,000: *Provided*, That not more than $13,800,000 shall be available for administrative expenses.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

For necessary expenses to carry out the provisions of section 2(c) of the Migration and Refugee Assistance Act of 1962, as amended (22 U.S.C. 260(c)), $30,000,000, to remain available until expended: *Provided*, That the funds made available under this heading are appropriated notwithstanding the provisions contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962 which would limit the amount of funds which could be appropriated for this purpose.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

For necessary expenses for nonproliferation, anti-terrorism and related programs and activities, $181,630,000, to carry out the provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 for anti-terrorism assistance, section 504 of the FREEDOM Support Act for the Nonproliferation and Disarmament Fund, section 23 of the Arms Export Control Act or the Foreign Assistance Act of 1961 for demining activities, the clearance of unexploded ordnance, and related activities, notwithstanding any other provision of law, including activities implemented through nongovernmental and international organizations, section 301 of the Foreign Assistance Act of 1961 for a voluntary contribution to the International Atomic Energy Agency (IAEA) and a voluntary contribution to the Korean Peninsula Energy Development Organization (KEDO), and for a United States contribution to the Comprehensive Nuclear Test Ban Treaty Preparatory Commission: *Provided*, That the Secretary of State shall inform the Committees on Appropriations at least twenty days prior to the obligation of funds for the Comprehensive Nuclear Test Ban Treaty Preparatory Commission: *Provided further*, That of this amount not to exceed $15,000,000, to remain available until expended, may be made available for the Nonproliferation and Disarmament Fund, notwithstanding any other provision of law, to promote bilateral and multilateral activities relating to nonproliferation and disarmament: *Provided further*, That such funds may also be used for such countries other than the Independent States of the former Soviet Union and international organizations when it is in the national security interest of the United States to do so: *Provided further*, That such funds shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated under this heading may be made available for the International Atomic Energy Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency.

DEPARTMENT OF THE TREASURY

DEBT RESTRUCTURING

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying loans and loan guarantees, as the President may determine, for which funds have been appropriated or otherwise made available for programs within the International Affairs Budget Function 150, including the cost of selling, reducing, or canceling amounts owed to the United States as a result of concessional loans made to eligible countries, pursuant to parts IV and V of the Foreign Assistance Act of 1961 (including up to $1,000,000 for necessary expenses for the administration of activities carried out under these parts), and of modifying concessional credit agreements with least developed countries, as authorized under section 411 of the Agricultural Trade Development and Assistance Act of 1954, as amended, and concessional loans, guarantees and credit agreements with any country in Sub-Saharan Africa, as authorized under section 572 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 (Public Law 100–461); $33,000,000, to remain available until expended: *Provided*, That any limitation of subsection (e) of section 411 of the Agricultural Trade Development and Assistance Act of 1954 to the extent that limitation applies to sub-Saharan African countries shall not apply to funds appropriated hereunder or previously appropriated under this heading: *Provided further*, That the authority provided by section 572 of Public Law 100–461 may be exercised only with respect to countries that are eligible to borrow from the International Development Association, but not from the International Bank for Reconstruction and Development, commonly referred to as ''IDA-only'' countries.

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

For necessary expenses to carry out the provisions of section 129 of the Foreign Assistance Act of 1961 (relating to international affairs technical assistance activities), $1,500,000, to remain available until expended.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

For necessary expenses to carry out the provisions of section 541 of the Foreign Assistance Act of 1961, $50,000,000, of which up to $1,000,000 may remain available until expended: *Provided*, That the civilian personnel for whom military education and training may be provided under this heading may include civilians who are not members of a government whose participation would contribute to improved civil-military relations, civilian control of the military, or respect for human rights: *Provided further*, That funds appropriated under this heading for grant financed military education and training for Indonesia and Guatemala may only be available for expanded international military education and training and funds made available for Guatemala may only be provided through the regular notification procedures of the Committees on Appropriations: *Provided further*, That none of the funds appropriated under this heading may be made available to support grant financed military education and training at the School of the Americas unless the Secretary of Defense certifies that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students at Department of Defense institutions whose primary purpose is to train United States military personnel: *Provided further*, That the Secretary of Defense shall submit to the Committees on Appropriations, no later than January 15, 2000, a report detailing the training activities of the School of the Americas and a general assessment regarding the performance of its graduates during 1997 and 1998.

FOREIGN MILITARY FINANCING PROGRAM

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, $3,470,000,000: *Provided*, That of the funds appropriated under this heading, not to exceed $1,920,000,000 shall be available for grants only for Israel, and not to exceed $1,300,000,000 shall be made available for grants only for Egypt: *Provided further*, That the funds appropriated by this paragraph for Israel shall be disbursed within thirty days of enactment of this Act or by October 31, 1999, whichever is later: *Provided further*, That to the extent that the Government of Israel requests that funds be used for such purposes, grants made available for Israel by this paragraph shall, as agreed by Israel and the United States, be available for advanced weapons systems, of which not less than $505,000,000 should be available for the procurement in Israel of defense articles and defense services, including research and development: *Provided further*, That none of the funds made available under this heading shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated by this paragraph shall be nonrepayable notwithstanding any requirement in section 23 of the Arms Export Control Act: *Provided further*, That funds made available under this paragraph shall be obligated upon apportionment in accordance with paragraph (5)(C) of title 31, United States Code, section 1501(a).

None of the funds made available under this heading shall be available to finance the procurement of defense articles, defense services, or design and construction services that are not sold by the United States Government under the Arms Export Control Act unless the foreign country proposing to make such procurements has first signed an agreement with the United States Government specifying the conditions under which such procurements may be financed with such funds: *Provided*, That all country and funding level increases in allocations shall be submitted through the regular notification procedures of section 515 of this Act: *Provided further*, That none of the funds appropriated under this heading shall be available for assistance for Sudan and Liberia: *Provided further*, That funds made available under this heading may be used, notwithstanding any other provision of law, for demining, the clearance of unexploded ordnance, and related activities, and may include activities implemented through nongovernmental and international organizations: *Provided further*, That none of the funds appropriated under this heading shall be available for assistance for Guatemala: *Provided further*, That only those countries for which assistance was justified for the ''Foreign Military Sales Financing Program'' in the fiscal year 1989 congressional

presentation for security assistance programs may utilize funds made available under this heading for procurement of defense articles, defense services or design and construction services that are not sold by the United States Government under the Arms Export Control Act: *Provided further,* That funds appropriated under this heading shall be expended at the minimum rate necessary to make timely payment for defense articles and services: *Provided further,* That not more than $30,495,000 of the funds appropriated under this heading may be obligated for necessary expenses, including the purchase of passenger motor vehicles for replacement only for use outside of the United States, for the general costs of administering military assistance and sales: *Provided further,* That not more than $330,000,000 of funds realized pursuant to section 21(e)(1)(A) of the Arms Export Control Act may be obligated for expenses incurred by the Department of Defense during fiscal year 2000 pursuant to section 43(b) of the Arms Export Control Act, except that this limitation may be exceeded only through the regular notification procedures of the Committees on Appropriations.

PEACEKEEPING OPERATIONS

For necessary expenses to carry out the provisions of section 551 of the Foreign Assistance Act of 1961, $76,500,000: *Provided,* That none of the funds appropriated under this heading shall be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

GLOBAL ENVIRONMENT FACILITY

For the United States contribution for the Global Environment Facility, $50,000,000, to the International Bank for Reconstruction and Development as trustee for the Global Environment Facility, by the Secretary of the Treasury, to remain available until expended.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association (IDA) by the Secretary of the Treasury, $576,600,000, to remain available until expended.

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILMAN:

In title IV of the bill, in the item relating to ''CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION'', after the first dollar amount, insert the following: ''(reduced by $8,000,000)''.

Mr. GILMAN. Mr. Chairman, last month the World Bank approved a $40 million financing package to move over 57,000 Chinese people into Tibet.

As my colleagues know, the Chinese Army invaded Tibet in 1949 and later drove His Holiness, the Dalai Lama, into exile in India. He remains in India today, and his people in Tibet are forced to live under the Chinese Communist dictatorship.

Over the last 30 years, the Chinese Government supported the movement of Chinese people into Tibet, attempting to dilute and eventually wipe out the Tibetan people's culture and their religion.

Now the World Bank is helping to subsidize that effort. In December of 1998, Bank staff published information that they were planning a loan to help relocate 57,000 Chinese farmers into Tibet.

Senior Bank staff of World Bank, including its current president, James Wolfensohn, later claimed that they were surprised when this loan appeared 6 months later for approval by the Bank's board. He claimed the process of reviewing the loan was grueling; but rather than delay the approval of this loan, he approved it with only an internal panel to later review the project. No major human rights organizations or environmental organizations are running that panel.

Both the International Campaign for Tibet and the Friends of the Earth endorse my amendment. They have opposed this loan from the start, and their voices deserve to be heard.

What the Bank has done is not enough. The American taxpayer cannot support the Chinese Government's colonization of Tibet. The World Bank project included hiring a consultant to prepare an Involuntary Resettlement Action Plan for indigenous people.

We must send a message to the Bank that our Nation, the Bank's largest donor, cannot support projects which violate the human rights of the Tibetan people.

This loan, Mr. Chairman, represents the arrogance of the Bank's staff and the clout that China has over that staff. We must send a message that the Bank should reflect the values of the Democratic donors and not Chinese Communist dictators.

The Gilman-Lantos amendment will make a modest cut of $8 million, comprising the U.S. share of the loan, to send to the Bank a message that this kind of project cannot be supported.

The Senate already passed such an amendment, and now it is our turn.

Mr. Chairman, I welcome the support of the gentleman from Texas (Mr. ARMEY) our majority leader; the gentleman from Hawaii (Mr. ABERCROMBIE); the gentleman from California (Mr. LANTOS), a senior member of our committee; the gentleman from Massachusetts (Mr. MCGOVERN); the gentleman from Illinois (Mr. PORTER), a senior member of the Committee on Appropriations; and the gentleman from South Carolina (Mr. SANFORD), another member of the committee.

Their support represents a unique coalition for human rights, for the rule of law, and for the support for Tibet and its people.

Accordingly, I urge adoption of the amendment.

Mr. MCGOVERN. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Massachusetts.

Mr. MCGOVERN. Mr. Chairman, I want to rise in support of the Gilman-Lantos amendment to cut $8 million from the International Development Association lending window of the World Bank.

Mr. Chairman, like my colleagues from both sides of the aisle, I was deeply disturbed and angry that the World Bank pursued the China Western Poverty Reduction loan, a loan so flawed in its preparation that it should never have been brought before the Board of Executive Directors.

I oppose and I am angry that the Bank would fund a program with the goal of displacing Tibetan people from their ancestral territory in order to pursue a badly conceived agricultural program that relies on moving more ethnic Chinese into Tibet.

Did the World Bank learn nothing from its terrible history of funding forced resettlement and transmigration in Indonesia?

But the reason I support this amendment goes far beyond this loan for China.

□ 2045

This loan has become emblematic of everything wrong with the World Bank. This loan received the wrong environmental designation from its very conception. It should have received what is known as a Category A designation for its resettlement requirements alone, let alone for its potential impact on fragile ecosystems and on the nomadic peoples who inhabit this part of Tibet. The staff who prepared the loan failed to comply with the bank's own policies on environmental assessment, public information disclosure, participation by affected peoples, indigenous peoples and involuntary resettlement.

We in the United States Congress do not take these policies lightly and we do not think the World Bank should, either. The creation of these policies has served for years to influence support for World Bank funding. I would like to thank the gentlewoman from California (Ms. PELOSI) for all her leadership in this area. The violation of these bank policies, indeed the cynical manner in which they were dismissed or bypassed by bank staff responsible for the preparation of this loan, accounts for someone like myself, a strong supporter of bilateral and multilateral development aid, rising in support of this amendment.

In spite of its policies and its rhetoric in support of poverty alleviation and environmentally sustainable development, the World Bank again and again pursues loans that cause grave harm to the environment, to indigenous peoples, and to genuine sustainable development.

Mr. Chairman, I again urge my colleagues to support the Gilman-Lantos amendment.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would rather do anything than to come before this body and speak against the very distinguished gentleman from New York who chairs the Committee on International Relations, who does so much good work worldwide, who has vast knowledge of all of the areas of the world and just passed a few days ago the international relations bill through this body and did such a magnificent job there. But I, too, feel like I have made a contribution towards the same goal that the gentleman from New York wants to reach. To remind him of what we have already done in this bill, we have cut IDA $223 million from last year over the strong objections in the committee and over the ranking member of our subcommittee. We almost had to force the $200 million reduction in IDA. But, nevertheless, we did it.

I feel like I have graduated magna cum laude from college and come home to my parent and he is criticizing me because I did not graduate summa cum laude. I think we have done a good job here, Mr. Chairman, and I think we have addressed every issue that the gentleman from New York has brought to us from his committee as chairman of the Committee on International Relations. I think we have a good bill, and while symbolically I agree with the gentleman, I think we have gone far enough.

I would respectfully ask the distinguished gentleman if he would withdraw this amendment and let us get on to passing this bill tonight in a timely fashion. I am not necessarily disagreeing with his mission, I just think the timing is inappropriate at this time.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from New York.

Mr. GILMAN. I want to again commend the gentleman for his outstanding job on this measure. We recognize that he has made substantial cuts in many important areas trying to keep within our budget. But there are a number of important organizations in our country and a number of people who have stressed their opposition to what the World Bank is seeking to do. We would like to make a very symbolic record in opposition.

Mr. CALLAHAN. Reclaiming my time, it is already there in report language at the gentleman's request. We have inserted the report language there. I know it is symbolic and $8 million in the terms in which we speak, in billions of dollars or even trillions, is not a lot of money. But, nevertheless, I think it is going to take a lot of time to show that symbolism when it is already written in the report.

Ms. PELOSI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the distinguished gentleman from New York is a great leader on human rights throughout the world and it is always a joy to work with him. He is an inspiration to all of us. I completely agree with the gentleman entirely on his motivation on this legislation. But I have to agree in part with the gentleman from Alabama for the following reason. I have fought him tooth and nail on cutting this $224 million from IDA in the bill. While I share the concerns the gentleman expresses in the amendment, to go on and cut more from IDA I think would diminish any arguments we made about the impact of the $224 million already cut from IDA.

I think what the World Bank did is appalling. As the gentleman knows, under his leadership and working with him, we have called meetings together with the people who work at the World Bank, with many congressional offices participating in these meetings. We jointly, 60 of us, sent a letter at the urging of the gentleman from New York and me to President Wolfensohn about this. This is appalling. The World Bank is ignoring its own standards on resettlement as well as the environment. There are many reasons why they should not have gone down this road. I do not like what they are doing as far as Tibet is concerned. We have fought that in this House year in and year out. And now the World Bank is asking those of us who have not only opposed the Chinese policy of resettlement in the Tibetan areas of Han Chinese, they are asking us to pay for it by our contribution to the World Bank.

The World Bank did a very stupid thing. The World Bank has invited some very, very close scrutiny in terms of resettlement and environment which, as I say, are violated in what they have done. June 30 marked the end of any IDA funding to China. The other poor people in the world will pay the price for what the World Bank refused to listen to us on. The Chinese government has had its way with the World Bank and I think that it is appalling. But as one who has fought the fight with the gentleman against the repression in China year in and year out, I cannot let the Chinese regime take assistance away from people in other parts of the world because of their behavior there, and just because the World Bank has done something I do not like does not mean that we should take away their funding.

So sharing every value that the gentleman presented, agreeing completely that the World Bank is wrong, wrong, wrong on many scores as far as this is concerned, appalled by the ethnic cleansing that this represents on the part of the Chinese government, but nonetheless saying that we cannot take any more money from the fund that goes for the poorest of the poor people.

I find myself in a very difficult place, Mr. Chairman, but because I was going to have to vote ''no'' on the gentleman's amendment, I wanted to explain to my colleagues why. He is completely right, but I have a counter-equity that outweighs that.

Mr. Chairman, I urge my colleagues, well, I do not urge anybody to do anything. I am just telling them why I will be voting ''no,'' because I have resisted the gentleman's $224 million cut and do not see how then to go on and support an additional cut to IDA. With that and with the deepest respect for the chairman of the Committee on International Relations and begging his forgiveness because he has been the champion on Tibet, the champion on Tibet, I offer that explanation to the body.

Mr. CAMPBELL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I entirely support the effort of the gentleman from New York here. I know of no stronger champion of human rights in the House. I do not think I am going to be contradicted in that degree at all. But there is one argument that has been made that requires a rebuttal, and, that is, that if we accept the gentleman from New York's amendment, that we will deprive other recipients of the World Bank funds their appropriate investments from the World Bank. That can be fixed. Indeed, I went to the gentleman last night, and, gracious man that he was, he agreed to accept an amendment to his amendment, regrettably it was not in parliamentary order to do so, that the dollar-for-dollar reduction that would be taken away from the World Bank for this purpose would instead be given to the concessional wing of the Africa Development Fund which gives the lowest income, the most neediest countries in Africa loans for development projects when they cannot otherwise receive such development projects.

What I have and will introduce at the right time, which will be very soon, is an amendment at the desk to plus-up that account for the Africa Development Fund by exactly the amount that the gentleman from New York is reducing the IDA account because of the World Bank's mistake. So with that understanding, and obviously there are many other possibilities but this is the one that occurred to me and that I brought to the gentleman that he, I am proud to say, agreed with, but with that understanding I do not think there is any merit to the argument that accepting the gentleman from New York's amendment will disadvantage the really needy countries on Earth. In fact, the World Bank traditionally spends about 50 percent of its money in sub-Saharan Africa. This will kick it over to 100 percent.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. CAMPBELL. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I want to commend the gentleman from California for his support of the Campbell-Payne amendment to transfer funds to the African Development Fund. I look forward to supporting him with regard to that amendment.

Mr. CAMPBELL. I reclaim my time. I thank the gentleman. I repeat that I have the highest admiration for him and what he is attempting to do tonight.

I will conclude with just a word on behalf of the authorizers. The authorizers are supposed to know something about the field. I do not claim that I do. I do claim that the gentleman from New York does and that he is entitled to a substantial amount of respect when he speaks in these areas. I urge support for his amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to associate myself with the remarks of the gentleman from New York, the chairman of our full committee, and just to say a couple of words.

What were they thinking, lending money to a government like China to move people around involuntarily?

I was looking at an internal World Bank document and I cannot believe this. One of the people that they have hired will be working on an involuntary resettlement action plan. Involuntary. Not voluntary, involuntary.

I think the amendment is timely and important. This is not the first time, I say to my colleagues, in recent years that the bank's arrogance has resulted in tragedy for helpless citizens of a brutal regime. An Indonesian human rights advocate at one of my subcommittee hearings during the last days of the Suharto regime said that ''the people of Indonesia had nothing to say about creating that large debt but the World Bank is determined to democratize its repayment.'' The bank was warned that it was subsidizing corruption throughout and yet continued to do so. Here we have a mass transmigration of people against their will—and again, this is involuntary. I hope the gentleman from New York's amendment will prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. GILMAN).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

For payment to the Inter-American Development Bank by the Secretary of the Treasury, for the United States share of the paid-in share portion of the increase in capital stock, $25,610,667, to remain available until expended.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Inter-American Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $1,503,718,910.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

For payment to the Asian Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, $13,728,263, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Asian Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $672,745,205.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increase in resources of the Asian Development Fund, as authorized by the Asian Development Bank Act, as amended, $100,000,000, to remain available until expended.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increase in resources of the African Development Fund, $100,000,000, to remain available until expended.

AMENDMENT OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL:

Page 33, line 16, after the dollar amount insert ''(increased by $8,000,000)''.

Mr. CAMPBELL. Mr. Chairman, the amendment as offered by myself and also by the gentleman from New Jersey (Mr. PAYNE), it is this amendment to which I referred to earlier. It would allocate the $8 million, which has now been reduced from the IDA account because of the World Bank's lending to the forced repatriation or relocation of Chinese to Tibet, instead to the Africa Development Fund. I note that the amount had been $120 million last year. It is now $100 million, so this will only bring it up to $108 million. I also note it is not for arrears.

□ 2100

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. CAMPBELL).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

For payment to the European Bank for Reconstruction and Development by the Secretary of the Treasury, $35,778,717, for the United States share of the paid-in portion of the increase in capital stock, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the European Bank for Reconstruction and Development may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $123,237,803.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

For necessary expenses to carry out the provisions of section 301 of the Foreign Assistance Act of 1961, and of section 2 of the United Nations Environment Program Participation Act of 1973, $167,000,000: *Provided*, That none of the funds appropriated under this heading shall be made available for the United Nations Fund for Science and Technology: *Provided further*, That none of the funds made available under this heading, may be provided to the Climate Stabilization Fund until fifteen days after the Department of State provides a report to the Committees on Foreign Relations and Appropriations in the Senate and the Committees on International Relations and Appropriations in the House of Representatives that contains the number of employees of the Fund, their functions and salaries, and descriptions of the Fund's activities, programs, and projects (including associated costs) for the fiscal years 1999 and 2000: *Provided further*, That none of the funds appropriated under this heading may be made available to the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA).

TITLE V—GENERAL PROVISIONS

OBLIGATIONS DURING LAST MONTH OF AVAILABILITY

SEC. 501. Except for the appropriations entitled ''International Disaster Assistance'', and ''United States Emergency Refugee and Migration Assistance Fund'', not more than 15 percent of any appropriation item made available by this Act shall be obligated during the last month of availability.

PROHIBITION OF BILATERAL FUNDING FOR INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 502. Notwithstanding section 614 of the Foreign Assistance Act of 1961, none of the funds contained in title II of this Act may be used to carry out the provisions of section 209(d) of the Foreign Assistance Act of 1961: *Provided*, That none of the funds appropriated by title II of this Act may be transferred by the Agency for International Development directly to an international financial institution (as defined in section 533 of this Act) for the purpose of repaying a foreign country's loan obligations to such institution.

LIMITATION ON RESIDENCE EXPENSES

SEC. 503. Of the funds appropriated or made available pursuant to this Act, not to exceed $126,500 shall be for official residence expenses of the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars.

LIMITATION ON EXPENSES

SEC. 504. Of the funds appropriated or made available pursuant to this Act, not to exceed $5,000 shall be for entertainment expenses of the Agency for International Development during the current fiscal year.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill through page 116, line 8, be considered as read, printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The text of the bill from page 36, line 11 through page 116, line 8, is as follows:

LIMITATION ON REPRESENTATIONAL ALLOWANCES

SEC. 505. Of the funds appropriated or made available pursuant to this Act, not to exceed $95,000 shall be available for representation allowances for the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars: *Provided further*, That of the funds made available by this Act for general costs of administering military assistance and sales under the heading ''Foreign Military Financing Program'', not to exceed $2,000 shall be available for entertainment expenses and not to exceed $50,000 shall be available for representation allowances: *Provided further*, That of the funds made available by this Act under the heading ''International Military Education and Training'', not to exceed $50,000 shall be available for entertainment allowances: *Provided further*, That of the funds made available by this Act for the Inter-American Foundation, not to exceed $2,000 shall be available for entertainment and representation allowances: *Provided further*, That of the funds made available by this Act for the Peace Corps, not to exceed a total of $4,000 shall be available for entertainment expenses: *Provided further*, That of the funds made available by this Act under the heading ''Trade and Development Agency'', not to exceed $2,000 shall be available for representation and entertainment allowances.

PROHIBITION ON FINANCING NUCLEAR GOODS

SEC. 506. None of the funds appropriated or made available (other than funds for ''Nonproliferation, Anti-terrorism, Demining and Related Programs'') pursuant to this Act, for carrying out the Foreign Assistance Act of 1961, may be used, except for purposes of nuclear safety, to finance the export of nuclear equipment, fuel, or technology.

PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

SEC. 507. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Cuba, Iraq, Libya, North Korea, Iran, Sudan, or Syria: *Provided*, That for purposes of this section, the prohibition on obligations or expenditures shall include direct loans, credits, insurance and guarantees of the Export-Import Bank or its agents.

MILITARY COUPS

SEC. 508. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to any country whose duly elected head of government is deposed by military coup or decree: *Provided*, That assistance may be resumed to such country if the President determines and reports to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office.

TRANSFERS BETWEEN ACCOUNTS

SEC. 509. None of the funds made available by this Act may be obligated under an appropriation account to which they were not appropriated, except for transfers specifically provided for in this Act, unless the President, prior to the exercise of any authority contained in the Foreign Assistance Act of 1961 to transfer funds, consults with and provides a written policy justification to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

DEOBLIGATION/REOBLIGATION AUTHORITY

SEC. 510. (a) Amounts certified pursuant to section 1311 of the Supplemental Appropriations Act, 1955, as having been obligated against appropriations heretofore made under the authority of the Foreign Assistance Act of 1961 for the same general purpose as any of the headings under title II of this Act are, if deobligated, hereby continued available for the same period as the respective appropriations under such headings or until September 30, 2000, whichever is later, and for the same general purpose, and for countries within the same region as originally obligated: *Provided*, That the Appropriations Committees of both Houses of the Congress are notified 15 days in advance of the reobligation of such funds in accordance with regular notification procedures of the Committees on Appropriations.

(b) Obligated balances of funds appropriated to carry out section 23 of the Arms Export Control Act as of the end of the fiscal year immediately preceding the current fiscal year are, if deobligated, hereby continued available during the current fiscal year for the same purpose under any authority applicable to such appropriations under this Act: *Provided*, That the authority of this subsection may not be used in fiscal year 2000.

AVAILABILITY OF FUNDS

SEC. 511. No part of any appropriation contained in this Act shall remain available for obligation after the expiration of the current fiscal year unless expressly so provided in this Act: *Provided*, That funds appropriated for the purposes of chapters 1, 8, and 11 of part I, section 667, and chapter 4 of part II of the Foreign Assistance Act of 1961, as amended, and funds provided under the heading ''Assistance for Eastern Europe and the Baltic States'', shall remain available until expended if such funds are initially obligated before the expiration of their respective periods of availability contained in this Act: *Provided further*, That, notwithstanding any other provision of this Act, any funds made available for the purposes of chapter 1 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961 which are allocated or obligated for cash disbursements in order to address balance of payments or economic policy reform objectives, shall remain available until expended: *Provided further*, That the report required by section 653(a) of the Foreign Assistance Act of 1961 shall designate for each country, to the extent known at the time of submission of such report, those funds allocated for cash disbursement for balance of payment and economic policy reform purposes.

LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT

SEC. 512. No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act: *Provided*, That this section and section 620(q) of the Foreign Assistance Act of 1961 shall not apply to funds made available in this Act or during the current fiscal year for Nicaragua, Brazil, Liberia, and for any narcotics-related assistance for Colombia, Bolivia, and Peru authorized by the Foreign Assistance Act of 1961 or the Arms Export Control Act.

COMMERCE AND TRADE

SEC. 513. (a) None of the funds appropriated or made available pursuant to this Act for direct assistance and none of the funds otherwise made available pursuant to this Act to the Export-Import Bank and the Overseas Private Investment Corporation shall be obligated or expended to finance any loan, any assistance or any other financial commitments for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity: *Provided*, That such prohibition shall not apply to the Export-Import Bank if in the judgment of its Board of Directors the benefits to industry and employment in the United States are likely to outweigh the injury to United States producers of the same, similar, or competing commodity, and the Chairman of the Board so notifies the Committees on Appropriations.

(b) None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: *Provided*, That this subsection shall not prohibit—

(1) activities designed to increase food security in developing countries where such activities will not have a significant impact in the export of agricultural commodities of the United States; or

(2) research activities intended primarily to benefit American producers.

SURPLUS COMMODITIES

SEC. 514. (a) The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the North American Development Bank, the European Bank for Reconstruction and Development, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose any assistance by these institutions, using funds appropriated or made available pursuant to this Act, for the production or extraction of any commodity or mineral for export, if it is in surplus on world markets and if the assistance

will cause substantial injury to United States producers of the same, similar, or competing commodity.

(b) The Secretary of the Treasury should instruct the United States executive directors of international financial institutions listed in subsection (a) of this section to use the voice and vote of the United States to support the purchase of American produced agricultural commodities with funds appropriated or made available pursuant to this Act.

NOTIFICATION REQUIREMENTS

SEC. 515. (a) For the purposes of providing the executive branch with the necessary administrative flexibility, none of the funds made available under this Act for ''Child Survival and Disease Programs Fund'', ''Development Assistance'', ''International Organizations and Programs'', ''Trade and Development Agency'', ''International Narcotics Control and Law Enforcement'', ''Assistance for Eastern Europe and the Baltic States'', ''Assistance for the Independent States of the Former Soviet Union'', ''Economic Support Fund'', ''Peacekeeping operations'', ''Operating Expenses of the Agency for International Development'', ''Operating Expenses of the Agency for International Development Office of Inspector General'', ''Nonproliferation, Anti-terrorism, Demining and Related Programs'', ''International Affairs Technical Assistance'', ''Foreign Military Financing Program'', ''International Military Education and Training'', ''Peace Corps'', ''Migration and Refugee Assistance'', shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings unless the Appropriations Committees of both Houses of Congress are previously notified 15 days in advance: *Provided*, That the President shall not enter into any commitment of funds appropriated for the purposes of section 23 of the Arms Export Control Act for the provision of major defense equipment, other than conventional ammunition, or other major defense items defined to be aircraft, ships, missiles, or combat vehicles, not previously justified to Congress or 20 percent in excess of the quantities justified to Congress unless the Committees on Appropriations are notified 15 days in advance of such commitment: *Provided further*, That this section shall not apply to any reprogramming for an activity, program, or project under chapter 1 of part I of the Foreign Assistance Act of 1961 of less than 10 percent of the amount previously justified to the Congress for obligation for such activity, program, or project for the current fiscal year: *Provided further*, That the requirements of this section or any similar provision of this Act or any other Act, including any prior Act requiring notification in accordance with the regular notification procedures of the Committees on Appropriations, may be waived if failure to do so would pose a substantial risk to human health or welfare: *Provided further*, That in case of any such waiver, notification to the Congress, or the appropriate congressional committees, shall be provided as early as practicable, but in no event later than three days after taking the action to which such notification requirement was applicable, in the context of the circumstances necessitating such waiver: *Provided further*, That any notification provided pursuant to such a waiver shall contain an explanation of the emergency circumstances.

(b) Drawdowns made pursuant to section 506(a)(2) of the Foreign Assistance Act of 1961 shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON AVAILABILITY OF FUNDS FOR INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 516. Subject to the regular notification procedures of the Committees on Appropriations, funds appropriated under this Act or any previously enacted Act making appropriations for foreign operations, export financing, and related programs, which are returned or not made available for organizations and programs because of the implementation of section 307(a) of the Foreign Assistance Act of 1961, shall remain available for obligation until September 30, 2001.

INDEPENDENT STATES OF THE FORMER SOVIET UNION

SEC. 517. (a) None of the funds appropriated under the heading ''Assistance for the Independent States of the Former Soviet Union'' shall be made available for assistance for a Government of an Independent State of the former Soviet Union—

(1) unless that Government is making progress in implementing comprehensive economic reforms based on market principles, private ownership, respect for commercial contracts, and equitable treatment of foreign private investment; and

(2) if that Government applies or transfers United States assistance to any entity for the purpose of expropriating or seizing ownership or control of assets, investments, or ventures.

Assistance may be furnished without regard to this subsection if the President determines that to do so is in the national interest.

(b) None of the funds appropriated under the heading ''Assistance for the Independent States of the Former Soviet Union'' shall be made available for assistance for a Government of an Independent State of the former Soviet Union if that government directs any action in violation of the territorial integrity or national sovereignty of any other Independent State of the former Soviet Union, such as those violations included in the Helsinki Final Act: *Provided*, That such funds may be made available without regard to the restriction in this subsection if the President determines that to do so is in the national security interest of the United States.

(c) None of the funds appropriated under the heading ''Assistance for the Independent States of the Former Soviet Union'' shall be made available for any state to enhance its military capability: *Provided*, That this restriction does not apply to demilitarization, demining or nonproliferation programs.

(d) Funds appropriated under the heading ''Assistance for the Independent States of the Former Soviet Union'' shall be subject to the regular notification procedures of the Committees on Appropriations.

(e) Funds made available in this Act for assistance for the Independent States of the former Soviet Union shall be subject to the provisions of section 117 (relating to environment and natural resources) of the Foreign Assistance Act of 1961.

(f) Funds appropriated in this or prior appropriations Acts that are or have been made available for an Enterprise Fund in the Independent States of the Former Soviet Union may be deposited by such Fund in interest-bearing accounts prior to the disbursement of such funds by the Fund for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

(g) In issuing new task orders, entering into contracts, or making grants, with funds appropriated in this Act or prior appropriations Acts under the headings ''Assistance for the New Independent States of the Former Soviet Union'' and ''Assistance for the Independent States of the Former Soviet Union'', for projects or activities that have as one of their primary purposes the fostering of private sector development, the Coordinator for United States Assistance to the New Independent States and the implementing agency shall encourage the participation of and give significant weight to contractors and grantees who propose investing a significant amount of their own resources (including volunteer services and in-kind contributions) in such projects and activities.

PROHIBITION ON FUNDING FOR ABORTIONS AND INVOLUNTARY STERILIZATION

SEC. 518. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for any biomedical research which relates in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be obligated or expended for any country or organization if the President certifies that the use of these funds by any such country or organization would violate any of the above provisions related to abortions and involuntary sterilizations: *Provided*, That none of the funds made available under this Act may be used to lobby for or against abortion.

EXPORT FINANCING TRANSFER AUTHORITIES

SEC. 519. Not to exceed 5 percent of any appropriation other than for administrative expenses made available for fiscal year 2000, for programs under title I of this Act may be transferred between such appropriations for use for any of the purposes, programs, and activities for which the funds in such receiving account may be used, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 25 percent by any such transfer: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

SPECIAL NOTIFICATION REQUIREMENTS

SEC. 520. None of the funds appropriated by this Act shall be obligated or expended for Colombia, Haiti, Liberia, Pakistan, Panama, Serbia, Sudan, or the Democratic Republic of Congo except as provided through the regular notification procedures of the Committees on Appropriations.

DEFINITION OF PROGRAM, PROJECT, AND ACTIVITY

SEC. 521. For the purpose of this Act, ''program, project, and activity'' shall be defined at the appropriations Act account level and shall include all appropriations and authorizations Acts earmarks, ceilings, and limitations with the exception that for the following accounts: Economic Support Fund and Foreign Military Financing Program, ''program, project, and activity'' shall also be considered to include country, regional, and central program level funding within each such account; for the development assistance accounts of the Agency for International Development ''program, project, and activity'' shall also be considered to include central program level funding, either as: (1) justified to the Congress; or (2) allocated by the executive branch in accordance with a report, to be provided to the Committees on Appropriations within 30 days of enactment of this Act, as required by section 653(a) of the Foreign Assistance Act of 1961.

CHILD SURVIVAL AND DISEASE PREVENTION ACTIVITIES

SEC. 522. Up to $10,000,000 of the funds made available by this Act for assistance under the heading ''Child Survival and Disease Programs Fund'', may be used to reimburse United States Government agencies, agencies of State governments, institutions of higher learning, and private and voluntary organizations for the full cost of individuals (including for the personal services of such individuals) detailed or assigned to, or contracted by, as the case may be, the Agency for International Development for the purpose of carrying out child survival basic education, and infectious disease activities: *Provided,* That funds appropriated by this Act that are made available for child survival activities or disease programs including activities relating to research on, and the prevention, treatment and control of, Acquired Immune Deficiency Syndrome may be made available notwithstanding any provision of law that restricts assistance to foreign countries: *Provided further*, That funds appropriated under title II of this Act may be made available pursuant to section 301 of the Foreign Assistance Act of 1961 if a primary purpose of the assistance is for child survival and related programs: *Provided further,* That funds appropriated by this Act that are made available for family planning activities may be made available notwithstanding section 512 of this Act and section 620(q) of the Foreign Assistance Act of 1961.

PROHIBITION AGAINST INDIRECT FUNDING TO CERTAIN COUNTRIES

SEC. 523. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated to finance indirectly any assistance or reparations to Cuba, Iraq, Libya, Iran, Syria, North Korea, or the People's Republic of China, unless the President of the United States certifies that the withholding of these funds is contrary to the national interest of the United States.

NOTIFICATION ON EXCESS DEFENSE EQUIPMENT

SEC. 524. Prior to providing excess Department of Defense articles in accordance with section 516(a) of the Foreign Assistance Act of 1961, the Department of Defense shall notify the Committees on Appropriations to the same extent and under the same conditions as are other committees pursuant to subsection (c) of that section: *Provided,* That before issuing a letter of offer to sell excess defense articles under the Arms Export Control Act, the Department of Defense shall notify the Committees on Appropriations in accordance with the regular notification procedures of such Committees: *Provided further,* That such Committees shall also be informed of the original acquisition cost of such defense articles.

AUTHORIZATION REQUIREMENT

SEC. 525. Funds appropriated by this Act may be obligated and expended notwithstanding section 10 of Public Law 91–672 and section 15 of the State Department Basic Authorities Act of 1956.

DEMOCRACY IN CHINA

SEC. 526. Notwithstanding any other provision of law that restricts assistance to foreign countries, funds appropriated by this Act for ''Economic Support Fund'' may be made available to provide general support and grants for nongovernmental organizations located outside the People's Republic of China that have as their primary purpose fostering democracy in that country, and for activities of nongovernmental organizations located outside the People's Republic of China to foster democracy in that country: *Provided*, That none of the funds made available for activities to foster democracy in the People's Republic of China may be made available for assistance to the government of that country: *Provided further*, That funds made available pursuant to the authority of this section shall be subject to the regular notification procedures of the Committees on Appropriations.

PROHIBITION ON BILATERAL ASSISTANCE TO TERRORIST COUNTRIES

SEC. 527. (a) Notwithstanding any other provision of law, funds appropriated for bilateral assistance under any heading of this Act and funds appropriated under any such heading in a provision of law enacted prior to enactment of this Act, shall not be made available to any country which the President determines—

(1) grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or

(2) otherwise supports international terrorism.

(b) The President may waive the application of subsection (a) to a country if the President determines that national security or humanitarian reasons justify such waiver. The President shall publish each waiver in the Federal Register and, at least fifteen days before the waiver takes effect, shall notify the Committees on Appropriations of the waiver (including the justification for the waiver) in accordance with the regular notification procedures of the Committees on Appropriations.

COMMERCIAL LEASING OF DEFENSE ARTICLES

SEC. 528. Notwithstanding any other provision of law, and subject to the regular notification procedures of the Committees on Appropriations, the authority of section 23(a) of the Arms Export Control Act may be used to provide financing to Israel, Egypt and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, not including Major Defense Equipment (other than helicopters and other types of aircraft having possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale under such Act.

COMPETITIVE INSURANCE

SEC. 529. All Agency for International Development contracts and solicitations, and subcontracts entered into under such contracts, shall include a clause requiring that United States insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate.

STINGERS IN THE PERSIAN GULF REGION

SEC. 530. Except as provided in section 581 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, the United States may not sell or otherwise make available any Stingers to any country bordering the Persian Gulf under the Arms Export Control Act or chapter 2 of part II of the Foreign Assistance Act of 1961.

DEBT-FOR-DEVELOPMENT

SEC. 531. In order to enhance the continued participation of nongovernmental organizations in economic assistance activities under the Foreign Assistance Act of 1961, including endowments, debt-for-development and debt-for-nature exchanges, a nongovernmental organization which is a grantee or contractor of the Agency for International Development may place in interest bearing accounts funds made available under this Act or prior Acts or local currencies which accrue to that organization as a result of economic assistance provided under title II of this Act and any interest earned on such investment shall be used for the purpose for which the assistance was provided to that organization.

SEPARATE ACCOUNTS

SEC. 532. (a) SEPARATE ACCOUNTS FOR LOCAL CURRENCIES.—(1) If assistance is furnished to the government of a foreign country under chapters 1 and 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961 under agreements which result in the generation of local currencies of that country, the Administrator of the Agency for International Development shall—

(A) require that local currencies be deposited in a separate account established by that government;

(B) enter into an agreement with that government which sets forth—

(i) the amount of the local currencies to be generated, and

(ii) the terms and conditions under which the currencies so deposited may be utilized, consistent with this section; and

(C) establish by agreement with that government the responsibilities of the Agency for International Development and that government to monitor and account for deposits into and disbursements from the separate account.

(2) USES OF LOCAL CURRENCIES.—As may be agreed upon with the foreign government, local currencies deposited in a separate account pursuant to subsection (a), or an equivalent amount of local currencies, shall be used only—

(A) to carry out chapters 1 or 10 of part I or chapter 4 of part II (as the case may be), for such purposes as—

(i) project and sector assistance activities, or

(ii) debt and deficit financing, or

(B) for the administrative requirements of the United States Government.

(3) PROGRAMMING ACCOUNTABILITY.—The Agency for International Development shall take all necessary steps to ensure that the equivalent of the local currencies disbursed pursuant to subsection (a)(2)(A) from the separate account established pursuant to subsection (a)(1) are used for the purposes agreed upon pursuant to subsection (a)(2).

(4) TERMINATION OF ASSISTANCE PROGRAMS.—Upon termination of assistance to a country under chapters 1 or 10 of part I or chapter 4 of part II (as the case may be), any

unencumbered balances of funds which remain in a separate account established pursuant to subsection (a) shall be disposed of for such purposes as may be agreed to by the government of that country and the United States Government.

(5) REPORTING REQUIREMENT.—The Administrator of the Agency for International Development shall report on an annual basis as part of the justification documents submitted to the Committees on Appropriations on the use of local currencies for the administrative requirements of the United States Government as authorized in subsection (a)(2)(B), and such report shall include the amount of local currency (and United States dollar equivalent) used and/or to be used for such purpose in each applicable country.

(b) SEPARATE ACCOUNTS FOR CASH TRANSFERS.—(1) If assistance is made available to the government of a foreign country, under chapters 1 or 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961, as cash transfer assistance or as nonproject sector assistance, that country shall be required to maintain such funds in a separate account and not commingle them with any other funds.

(2) APPLICABILITY OF OTHER PROVISIONS OF LAW.—Such funds may be obligated and expended notwithstanding provisions of law which are inconsistent with the nature of this assistance including provisions which are referenced in the Joint Explanatory Statement of the Committee of Conference accompanying House Joint Resolution 648 (H. Report No. 98–1159).

(3) NOTIFICATION.—At least fifteen days prior to obligating any such cash transfer or nonproject sector assistance, the President shall submit a notification through the regular notification procedures of the Committees on Appropriations, which shall include a detailed description of how the funds proposed to be made available will be used, with a discussion of the United States interests that will be served by the assistance (including, as appropriate, a description of the economic policy reforms that will be promoted by such assistance).

(4) EXEMPTION.—Nonproject sector assistance funds may be exempt from the requirements of subsection (b)(1) only through the notification procedures of the Committees on Appropriations.

COMPENSATION FOR UNITED STATES EXECUTIVE DIRECTORS TO INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 533. (a) No funds appropriated by this Act may be made as payment to any international financial institution while the United States Executive Director to such institution is compensated by the institution at a rate which, together with whatever compensation such Director receives from the United States, is in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while any alternate United States Director to such institution is compensated by the institution at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b) For purposes of this section, ''international financial institutions'' are: the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the Asian Development Fund, the African Development Bank, the African Development Fund, the International Monetary Fund, the North American Development Bank, and the European Bank for Reconstruction and Development.

COMPLIANCE WITH UNITED NATIONS SANCTIONS AGAINST IRAQ

SEC. 534. None of the funds appropriated or otherwise made available pursuant to this Act to carry out the Foreign Assistance Act of 1961 (including title IV of chapter 2 of part I, relating to the Overseas Private Investment Corporation) or the Arms Export Control Act may be used to provide assistance to any country that is not in compliance with the United Nations Security Council sanctions against Iraq unless the President determines and so certifies to the Congress that—

(1) such assistance is in the national interest of the United States;

(2) such assistance will directly benefit the needy people in that country; or

(3) the assistance to be provided will be humanitarian assistance for foreign nationals who have fled Iraq and Kuwait.

AUTHORITIES FOR THE PEACE CORPS, THE INTER-AMERICAN FOUNDATION, THE AFRICAN DEVELOPMENT FOUNDATION AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

SEC. 535. (a) Unless expressly provided to the contrary, provisions of this or any other Act, including provisions contained in prior Acts authorizing or making appropriations for foreign operations, export financing, and related programs, shall not be construed to prohibit activities authorized by or conducted under the Peace Corps Act, the Inter-American Foundation Act, or the African Development Foundation Act. The appropriate agency shall promptly report to the Committees on Appropriations whenever it is conducting activities or is proposing to conduct activities in a country for which assistance is prohibited.

(b) Unless expressly provided to the contrary, limitations on the availability of funds for ''International Organizations and Programs'' in this or any other Act, including prior appropriations Acts, shall not be construed to be applicable to the International Fund for Agricultural Development.

IMPACT ON JOBS IN THE UNITED STATES

SEC. 536. None of the funds appropriated by this Act may be obligated or expended to provide—

(a) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States;

(b) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area, unless the President determines and certifies that such assistance is not likely to cause a loss of jobs within the United States; or

(c) assistance for any project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, including any designated zone or area in that country: *Provided*, That in recognition that the application of this subsection should be commensurate with the level of development of the recipient country and sector, the provisions of this subsection shall not preclude assistance for the informal sector in such country, micro and small-scale enterprise, and smallholder agriculture.

FUNDING PROHIBITION FOR SERBIA

SEC. 537. None of the funds appropriated by this Act may be made available for assistance for the Republic of Serbia: *Provided*, That this restriction shall not apply to assistance for Kosova or Montenegro, or to assistance to promote democratization.

SPECIAL AUTHORITIES

SEC. 538. (a) Funds appropriated in titles I and II of this Act that are made available for Afghanistan, Lebanon, Montenegro, and for victims of war, displaced children, displaced Burmese, humanitarian assistance for Romania, and humanitarian assistance for the peoples of Kosova, may be made available notwithstanding any other provision of law.

(b) Funds appropriated by this Act to carry out the provisions of sections 103 through 106 of the Foreign Assistance Act of 1961 may be used, notwithstanding any other provision of law, for the purpose of supporting tropical forestry and biodiversity conservation activities and, subject to the regular notification procedures of the Committees on Appropriations, energy programs aimed at reducing greenhouse gas emissions: *Provided*, That such assistance shall be subject to sections 116, 502B, and 620A of the Foreign Assistance Act of 1961.

(c) The Agency for International Development may employ personal services contractors, notwithstanding any other provision of law, for the purpose of administering programs for the West Bank and Gaza.

(d)(1) WAIVER.—The President may waive the provisions of section 1003 of Public Law 100–204 if the President determines and certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that it is important to the national security interests of the United States.

(2) PERIOD OF APPLICATION OF WAIVER.—Any waiver pursuant to paragraph (1) shall be effective for no more than a period of six months at a time and shall not apply beyond twelve months after enactment of this Act.

POLICY ON TERMINATING THE ARAB LEAGUE BOYCOTT OF ISRAEL

SEC. 539. It is the sense of the Congress that—

(1) the Arab League countries should immediately and publicly renounce the primary boycott of Israel and the secondary and tertiary boycott of American firms that have commercial ties with Israel;

(2) the decision by the Arab League in 1997 to reinstate the boycott against Israel was deeply troubling and disappointing;

(3) the Arab League should immediately rescind its decision on the boycott and its members should develop normal relations with their neighbor Israel; and

(4) the President should—

(A) take more concrete steps to encourage vigorously Arab League countries to renounce publicly the primary boycotts of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel as a confidence-building measure;

(B) take into consideration the participation of any recipient country in the primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel when determining whether to sell weapons to said country;

(C) report to Congress on the specific steps being taken by the President to bring about a public renunciation of the Arab primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel and to expand the process of normalizing ties between Arab League countries and Israel; and

(D) encourage the allies and trading partners of the United States to enact laws prohibiting businesses from complying with the boycott and penalizing businesses that do comply.

ANTI-NARCOTICS ACTIVITIES

SEC. 540. (a) Of the funds appropriated by this Act for ''Economic Support Fund'', assistance may be provided to strengthen the administration of justice in countries in Latin America and the Caribbean and in other regions consistent with the provisions of section 534(b) of the Foreign Assistance Act of 1961, except that programs to enhance protection of participants in judicial cases may be conducted notwithstanding section 660 of that Act.

(b) Funds made available pursuant to this section may be made available notwithstanding section 534(c) and the second and third sentences of section 534(e) of the Foreign Assistance Act of 1961.

ELIGIBILITY FOR ASSISTANCE

SEC. 541. (a) ASSISTANCE THROUGH NONGOVERNMENTAL ORGANIZATIONS.—Restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance in support of programs of nongovernmental organizations from funds appropriated by this Act to carry out the provisions of chapters 1, 10, and 11 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961, and from funds appropriated under the heading ''Assistance for Eastern Europe and the Baltic States'': *Provided*, That the President shall take into consideration, in any case in which a restriction on assistance would be applicable but for this subsection, whether assistance in support of programs of nongovernmental organizations is in the national interest of the United States: *Provided further*, That before using the authority of this subsection to furnish assistance in support of programs of nongovernmental organizations, the President shall notify the Committees on Appropriations under the regular notification procedures of those committees, including a description of the program to be assisted, the assistance to be provided, and the reasons for furnishing such assistance: *Provided further*, That nothing in this subsection shall be construed to alter any existing statutory prohibitions against abortion or involuntary sterilizations contained in this or any other Act.

(b) PUBLIC LAW 480.—During fiscal year 2000, restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance under the Agricultural Trade Development and Assistance Act of 1954: *Provided*, That none of the funds appropriated to carry out title I of such Act and made available pursuant to this subsection may be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

(c) EXCEPTION.—This section shall not apply—

(1) with respect to section 620A of the Foreign Assistance Act or any comparable provision of law prohibiting assistance to countries that support international terrorism; or

(2) with respect to section 116 of the Foreign Assistance Act of 1961 or any comparable provision of law prohibiting assistance to countries that violate internationally recognized human rights.

EARMARKS

SEC. 542. (a) Funds appropriated by this Act which are earmarked may be reprogrammed for other programs within the same account notwithstanding the earmark if compliance with the earmark is made impossible by operation of any provision of this or any other Act or, with respect to a country with which the United States has an agreement providing the United States with base rights or base access in that country, if the President determines that the recipient for which funds are earmarked has significantly reduced its military or economic cooperation with the United States since enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991; however, before exercising the authority of this subsection with regard to a base rights or base access country which has significantly reduced its military or economic cooperation with the United States, the President shall consult with, and shall provide a written policy justification to the Committees on Appropriations: *Provided*, That any such reprogramming shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That assistance that is reprogrammed pursuant to this subsection shall be made available under the same terms and conditions as originally provided.

(b) In addition to the authority contained in subsection (a), the original period of availability of funds appropriated by this Act and administered by the Agency for International Development that are earmarked for particular programs or activities by this or any other Act shall be extended for an additional fiscal year if the Administrator of such agency determines and reports promptly to the Committees on Appropriations that the termination of assistance to a country or a significant change in circumstances makes it unlikely that such earmarked funds can be obligated during the original period of availability: *Provided*, That such earmarked funds that are continued available for an additional fiscal year shall be obligated only for the purpose of such earmark.

CEILINGS AND EARMARKS

SEC. 543. Ceilings and earmarks contained in this Act shall not be applicable to funds or authorities appropriated or otherwise made available by any subsequent Act unless such Act specifically so directs. Earmarks or minimum funding requirements contained in any other Act shall not be applicable to funds appropriated by this Act.

PROHIBITION ON PUBLICITY OR PROPAGANDA

SEC. 544. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes within the United States not authorized before the date of enactment of this Act by the Congress.

PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS

SEC. 545. (a) To the maximum extent possible, assistance provided under this Act should make full use of American resources, including commodities, products, and services.

(b) It is the sense of the Congress that, to the greatest extent practicable, all agriculture commodities, equipment and products purchased with funds made available in this Act should be American-made.

(c) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (b) by the Congress.

PROHIBITION OF PAYMENTS TO UNITED NATIONS MEMBERS

SEC. 546. None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, may be used to pay in whole or in part any assessments, arrearages, or dues of any member of the United Nations or costs for attendance of another country's delegation at international conferences.

CONSULTING SERVICES

SEC. 547. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order pursuant to existing law.

PRIVATE VOLUNTARY ORGANIZATIONS—DOCUMENTATION

SEC. 548. None of the funds appropriated or made available pursuant to this Act shall be available to a private voluntary organization which fails to provide upon timely request any document, file, or record necessary to the auditing requirements of the Agency for International Development.

PROHIBITION ON ASSISTANCE TO FOREIGN GOVERNMENTS THAT EXPORT LETHAL MILITARY EQUIPMENT TO COUNTRIES SUPPORTING INTERNATIONAL TERRORISM

SEC. 549. (a) None of the funds appropriated or otherwise made available by this Act may be available to any foreign government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40(d) of the Arms Export Control Act or any other comparable provision of law. The prohibition under this section with respect to a foreign government shall terminate 12 months after that government ceases to provide such military equipment. This section applies with respect to lethal military equipment provided under a contract entered into after October 1, 1997.

(b) Assistance restricted by subsection (a) or any other similar provision of law, may be furnished if the President determines that furnishing such assistance is important to the national interests of the United States.

(c) Whenever the waiver of subsection (b) is exercised, the President shall submit to the appropriate congressional committees a report with respect to the furnishing of such assistance. Any such report shall include a detailed explanation of the assistance estimated to be provided, including the estimated dollar amount of such assistance, and an explanation of how the assistance furthers United States national interests.

WITHHOLDING OF ASSISTANCE FOR PARKING FINES OWED BY FOREIGN COUNTRIES

SEC. 550. (a) IN GENERAL.—Of the funds made available for a foreign country under part I of the Foreign Assistance Act of 1961, an amount equivalent to 110 percent of the total unpaid fully adjudicated parking fines and penalties owed to the District of Columbia by such country as of the date of enactment of this Act shall be withheld from obligation for such country until the Secretary

of State certifies and reports in writing to the appropriate congressional committees that such fines and penalties are fully paid to the government of the District of Columbia.

(b) DEFINITION.—For purposes of this section, the term ''appropriate congressional committees'' means the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

LIMITATION ON ASSISTANCE FOR THE PLO FOR THE WEST BANK AND GAZA

SEC. 551. None of the funds appropriated by this Act may be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza unless the President has exercised the authority under section 604(a) of the Middle East Peace Facilitation Act of 1995 (title VI of Public Law 104–107) or any other legislation to suspend or make inapplicable section 307 of the Foreign Assistance Act of 1961 and that suspension is still in effect: *Provided*, That if the President fails to make the certification under section 604(b)(2) of the Middle East Peace Facilitation Act of 1995 or to suspend the prohibition under other legislation, funds appropriated by this Act may not be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza.

WAR CRIMES TRIBUNALS DRAWDOWN

SEC. 552. If the President determines that doing so will contribute to a just resolution of charges regarding genocide or other violations of international humanitarian law, the President may direct a drawdown pursuant to section 552(c) of the Foreign Assistance Act of 1961, as amended, of up to $30,000,000 of commodities and services for the United Nations War Crimes Tribunal established with regard to the former Yugoslavia by the United Nations Security Council or such other tribunals or commissions as the Council may establish to deal with such violations, without regard to the ceiling limitation contained in paragraph (2) thereof: *Provided*, That the determination required under this section shall be in lieu of any determinations otherwise required under section 552(c): *Provided further*, That sixty days after the date of enactment of this Act, and every one hundred eighty days thereafter, the Secretary of State shall submit a report to the Committees on Appropriations describing the steps the United States Government is taking to collect information regarding allegations of genocide or other violations of international law in the former Yugoslavia and to furnish that information to the United Nations War Crimes Tribunal for the former Yugoslavia: *Provided further*, That the drawdown made under this section for any tribunal shall not be construed as an endorsement or precedent for the establishment of any standing or permanent international criminal tribunal or court: *Provided further*, That funds made available for tribunals or commissions shall be made available subject to the regular notification procedures of the Committees on Appropriations.

LANDMINES

SEC. 553. Notwithstanding any other provision of law, demining equipment available to the Agency for International Development and the Department of State and used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes may be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe.

RESTRICTIONS CONCERNING THE PALESTINIAN AUTHORITY

SEC. 554. None of the funds appropriated by this Act may be obligated or expended to create in any part of Jerusalem a new office of any department or agency of the United States Government for the purpose of conducting official United States Government business with the Palestinian Authority over Gaza and Jericho or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles: *Provided*, That this restriction shall not apply to the acquisition of additional space for the existing Consulate General in Jerusalem: *Provided further*, That meetings between officers and employees of the United States and officials of the Palestinian Authority, or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles, for the purpose of conducting official United States Government business with such authority should continue to take place in locations other than Jerusalem. As has been true in the past, officers and employees of the United States Government may continue to meet in Jerusalem on other subjects with Palestinians (including those who now occupy positions in the Palestinian Authority), have social contacts, and have incidental discussions.

PROHIBITION OF PAYMENT OF CERTAIN EXPENSES

SEC. 555. None of the funds appropriated or otherwise made available by this Act under the heading ''International Military Education and Training'' or ''Foreign Military Financing Program'' for Informational Program activities may be obligated or expended to pay for—

(1) alcoholic beverages;

(2) food (other than food provided at a military installation) not provided in conjunction with Informational Program trips where students do not stay at a military installation; or

(3) entertainment expenses for activities that are substantially of a recreational character, including entrance fees at sporting events and amusement parks.

EQUITABLE ALLOCATION OF FUNDS

SEC. 556. Not more than 17 percent of the funds appropriated by this Act to carry out the provisions of sections 103 through 106 and chapter 4 of part II of the Foreign Assistance Act of 1961, that are made available for Latin America and the Caribbean region may be made available, through bilateral and Latin America and the Caribbean regional programs, to provide assistance for any country in such region.

SPECIAL DEBT RELIEF FOR THE POOREST

SEC. 557. (a) AUTHORITY TO REDUCE DEBT.—The President may reduce amounts owed to the United States (or any agency of the United States) by an eligible country as a result of—

(1) guarantees issued under sections 221 and 222 of the Foreign Assistance Act of 1961;

(2) credits extended or guarantees issued under the Arms Export Control Act; or

(3) any obligation or portion of such obligation for a Latin American country, to pay for purchases of United States agricultural commodities guaranteed by the Commodity Credit Corporation under export credit guarantee programs authorized pursuant to section 5(f) of the Commodity Credit Corporation Charter Act of June 29, 1948, as amended, section 4(b) of the Food for Peace Act of 1966, as amended (Public Law 89–808), or section 202 of the Agricultural Trade Act of 1978, as amended (Public Law 95–501).

(b) LIMITATIONS.—

(1) The authority provided by subsection (a) may be exercised only to implement multilateral official debt relief ad referendum agreements, commonly referred to as ''Paris Club Agreed Minutes''.

(2) The authority provided by subsection (a) may be exercised only in such amounts or to such extent as is provided in advance by appropriations Acts.

(3) The authority provided by subsection (a) may be exercised only with respect to countries with heavy debt burdens that are eligible to borrow from the International Development Association, but not from the International Bank for Reconstruction and Development, commonly referred to as ''IDA-only'' countries.

(c) CONDITIONS.—The authority provided by subsection (a) may be exercised only with respect to a country whose government—

(1) does not have an excessive level of military expenditures;

(2) has not repeatedly provided support for acts of international terrorism;

(3) is not failing to cooperate on international narcotics control matters;

(4) (including its military or other security forces) does not engage in a consistent pattern of gross violations of internationally recognized human rights; and

(5) is not ineligible for assistance because of the application of section 527 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.

(d) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading ''Debt Restructuring''.

(e) CERTAIN PROHIBITIONS INAPPLICABLE.—A reduction of debt pursuant to subsection (a) shall not be considered assistance for purposes of any provision of law limiting assistance to a country. The authority provided by subsection (a) may be exercised notwithstanding section 620(r) of the Foreign Assistance Act of 1961.

AUTHORITY TO ENGAGE IN DEBT BUYBACKS OR SALES

SEC. 558. (a) LOANS ELIGIBLE FOR SALE, REDUCTION, OR CANCELLATION.—

(1) AUTHORITY TO SELL, REDUCE, OR CANCEL CERTAIN LOANS.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible purchaser any concessional loan or portion thereof made before January 1, 1995, pursuant to the Foreign Assistance Act of 1961, to the government of any eligible country as defined in section 702(6) of that Act or on receipt of payment from an eligible purchaser, reduce or cancel such loan or portion thereof, only for the purpose of facilitating—

(A) debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps; or

(B) a debt buyback by an eligible country of its own qualified debt, only if the eligible country uses an additional amount of the local currency of the eligible country, equal to not less than 40 percent of the price paid for such debt by such eligible country, or the difference between the price paid for such debt and the face value of such debt, to support activities that link conservation and sustainable use of natural resources with local community development, and child survival and other child development, in a manner consistent with sections 707 through 710 of the Foreign Assistance Act of 1961, if the sale, reduction, or cancellation would not contravene any term or condition of any prior agreement relating to such loan.

(2) TERMS AND CONDITIONS.—Notwithstanding any other provision of law, the

President shall, in accordance with this section, establish the terms and conditions under which loans may be sold, reduced, or canceled pursuant to this section.

(3) ADMINISTRATION.—The Facility, as defined in section 702(8) of the Foreign Assistance Act of 1961, shall notify the administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 of purchasers that the President has determined to be eligible, and shall direct such agency to carry out the sale, reduction, or cancellation of a loan pursuant to this section. Such agency shall make an adjustment in its accounts to reflect the sale, reduction, or cancellation.

(4) LIMITATION.—The authorities of this subsection shall be available only to the extent that appropriations for the cost of the modification, as defined in section 502 of the Congressional Budget Act of 1974, are made in advance.

(b) DEPOSIT OF PROCEEDS.—The proceeds from the sale, reduction, or cancellation of any loan sold, reduced, or canceled pursuant to this section shall be deposited in the United States Government account or accounts established for the repayment of such loan.

(c) ELIGIBLE PURCHASERS.—A loan may be sold pursuant to subsection (a)(1)(A) only to a purchaser who presents plans satisfactory to the President for using the loan for the purpose of engaging in debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(d) DEBTOR CONSULTATIONS.—Before the sale to any eligible purchaser, or any reduction or cancellation pursuant to this section, of any loan made to an eligible country, the President should consult with the country concerning the amount of loans to be sold, reduced, or canceled and their uses for debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(e) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading ''Debt Restructuring''.

ASSISTANCE FOR HAITI

SEC. 559. (a) POLICY.—In providing assistance to Haiti, the President should place a priority on the following areas:

(1) aggressive action to support the Haitian National Police, including support for efforts by the Inspector General to purge corrupt and politicized elements from the Haitian National Police;

(2) steps to ensure that any elections undertaken in Haiti with United States assistance are full, free, fair, transparent, and democratic;

(3) support for a program designed to develop an indigenous human rights monitoring capacity;

(4) steps to facilitate the continued privatization of state-owned enterprises;

(5) establishment of an economic development fund for Haiti to provide long-term, low interest loans to U.S. investors and businesses that have a demonstrated commitment to, and expertise in, doing business in Haiti, in particular those businesses present in Haiti prior to the 1994 United Nations embargo; and

(6) a substantial agricultural development program.

(b) REPORT.—Beginning six months after the date of enactment of this Act, and six months thereafter until September 30, 2001, the President shall submit a report to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives with regard to—

(1) the status of each of the governmental institutions envisioned in the 1987 Haitian Constitution, including an assessment of the extent to which officials in such institutions hold their positions on the basis of a regular, constitutional process;

(2) the status of the privatization (or placement under long-term private management or concession) of the major public entities, including a detailed assessment of the extent to which the Government of Haiti has completed all required incorporating documents, the transfer of assets, and the eviction of unauthorized occupants from such facilities;

(3) the status of efforts to re-sign and implement the lapsed bilateral Repatriation Agreement and an assessment of the extent to which the Government of Haiti has been cooperating with the United States in halting illegal emigration from Haiti;

(4) the status of the Government of Haiti's efforts to conduct thorough investigations of extrajudicial and political killings and—

(A) an assessment of the progress that has been made in bringing to justice the persons responsible for these extrajudicial or political killings in Haiti, and

(B) an assessment of the extent to which the Government of Haiti is cooperating with United States authorities and with United States-funded technical advisors to the Haitian National Police in such investigations;

(5) an assessment of actions taken by the Government of Haiti to remove and maintain the separation from the Haitian National Police, national palace and residential guard, ministerial guard, and any other public security entity or unit of Haiti those individuals who are credibly alleged to have engaged in or conspired to conceal gross violations of internationally recognized human rights;

(6) the status of steps being taken to secure the ratification of the maritime counter-narcotics agreements signed October 1997;

(7) an assessment of the extent to which domestic capacity to conduct free, fair, democratic, and administratively sound elections has been developed in Haiti; and

(8) an assessment of the extent to which Haiti's Minister of Justice has demonstrated a commitment to the professionalism of judicial personnel by consistently placing students graduated by the Judicial School in appropriate judicial positions and has made a commitment to share program costs associated with the Judicial School, and is achieving progress in making the judicial branch in Haiti independent from the executive branch.

REQUIREMENT FOR DISCLOSURE OF FOREIGN AID IN REPORT OF SECRETARY OF STATE

SEC. 560. (a) FOREIGN AID REPORTING REQUIREMENT.—In addition to the voting practices of a foreign country, the report required to be submitted to Congress under section 406(a) of the Foreign Relations Authorization Act, fiscal years 1990 and 1991 (22 U.S.C. 2414a), shall include a side-by-side comparison of individual countries' overall support for the United States at the United Nations and the amount of United States assistance provided to such country in fiscal year 1999.

(b) UNITED STATES ASSISTANCE.—For purposes of this section, the term ''United States assistance'' has the meaning given the term in section 481(e)(4) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(e)(4)).

RESTRICTIONS ON VOLUNTARY CONTRIBUTIONS TO UNITED NATIONS AGENCIES

SEC. 561. (a) PROHIBITION ON VOLUNTARY CONTRIBUTIONS FOR THE UNITED NATIONS.—None of the funds appropriated by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) if the United Nations implements or imposes any taxation on any United States persons.

(b) CERTIFICATION REQUIRED FOR DISBURSEMENT OF FUNDS.—None of the funds appropriated by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) unless the President certifies to the Congress 15 days in advance of such payment that the United Nations is not engaged in any effort to implement or impose any taxation on United States persons in order to raise revenue for the United Nations or any of its specialized agencies.

(c) DEFINITIONS.—As used in this section the term ''United States person'' refers to—

(1) a natural person who is a citizen or national of the United States; or

(2) a corporation, partnership, or other legal entity organized under the United States or any State, territory, possession, or district of the United States.

HAITI

SEC. 562. The Government of Haiti shall be eligible to purchase defense articles and services under the Arms Export Control Act (22 U.S.C. 2751 et seq.), for the civilian-led Haitian National Police and Coast Guard: *Provided*, That the authority provided by this section shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON ASSISTANCE TO THE PALESTINIAN AUTHORITY

SEC. 563. (a) PROHIBITION OF FUNDS.—None of the funds appropriated by this Act to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961 may be obligated or expended with respect to providing funds to the Palestinian Authority.

(b) WAIVER.—The prohibition included in subsection (a) shall not apply if the President certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that waiving such prohibition is important to the national security interests of the United States.

(c) PERIOD OF APPLICATION OF WAIVER.—Any waiver pursuant to subsection (b) shall be effective for no more than a period of six months at a time and shall not apply beyond twelve months after enactment of this Act.

LIMITATION ON ASSISTANCE TO SECURITY FORCES

SEC. 564. None of the funds made available by this Act may be provided to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights, unless the Secretary determines and reports to the Committees on Appropriations that the government of such country is taking effective measures to bring the responsible members of the security forces unit to justice: *Provided*, That nothing in this section shall be construed to withhold funds made available by this Act from any unit of the security forces of a foreign country not credibly alleged to be involved in gross violations of human rights: *Provided further*, That in the event that funds are withheld from any unit pursuant to this section, the Secretary of State shall promptly

inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the foreign government in taking effective measures to bring the responsible members of the security forces to justice.

LIMITATIONS ON TRANSFER OF MILITARY EQUIPMENT TO EAST TIMOR

SEC. 565. In any agreement for the sale, transfer, or licensing of any lethal equipment or helicopter for Indonesia entered into by the United States pursuant to the authority of this Act or any other Act, the agreement shall state that the United States expects that the items will not be used in East Timor: *Provided*, That nothing in this section shall be construed to limit Indonesia's inherent right to legitimate national self-defense as recognized under the United Nations Charter and international law.

RESTRICTIONS ON ASSISTANCE TO COUNTRIES PROVIDING SANCTUARY TO INDICTED WAR CRIMINALS

SEC. 566. (a) BILATERAL ASSISTANCE.—None of the funds made available by this or any prior Act making appropriations for foreign operations, export financing and related programs, may be provided for any country, entity or canton described in subsection (e).

(b) MULTILATERAL ASSISTANCE.—

(1) PROHIBITION.—The Secretary of the Treasury shall instruct the United States executive directors of the international financial institutions to work in opposition to, and vote against, any extension by such institutions of any financial or technical assistance or grants of any kind to any country or entity described in subsection (e).

(2) NOTIFICATION.—Not less than 15 days before any vote in an international financial institution regarding the extension of financial or technical assistance or grants to any country or entity described in subsection (e), the Secretary of the Treasury, in consultation with the Secretary of State, shall provide to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on Banking and Financial Services of the House of Representatives a written justification for the proposed assistance, including an explanation of the United States position regarding any such vote, as well as a description of the location of the proposed assistance by municipality, its purpose, and its intended beneficiaries.

(3) DEFINITION.—The term ''international financial institution'' includes the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guaranty Agency, and the European Bank for Reconstruction and Development.

(c) EXCEPTIONS.—

(1) IN GENERAL.—Subject to paragraph (2), subsections (a) and (b) shall not apply to the provision of—

(A) humanitarian assistance;

(B) democratization assistance;

(C) assistance for cross border physical infrastructure projects involving activities in both a sanctioned country, entity, or canton and a nonsanctioned contiguous country, entity, or canton, if the project is primarily located in and primarily benefits the nonsanctioned country, entity, or canton and if the portion of the project located in the sanctioned country, entity, or canton is necessary only to complete the project;

(D) small-scale assistance projects or activities requested by United States Armed Forces that promote good relations between such forces and the officials and citizens of the areas in the United States SFOR sector of Bosnia;

(E) implementation of the Brcko Arbitral Decision;

(F) lending by the international financial institutions to a country or entity to support common monetary and fiscal policies at the national level as contemplated by the Dayton Agreement;

(G) direct lending to a non-sanctioned entity, or lending passed on by the national government to a non-sanctioned entity; or

(H) assistance to the International Police Task Force for the training of a civilian police force.

(2) NOTIFICATION.—Every 30 days the Secretary of State, in consultation with the Administrator of the Agency for International Development, shall publish in the Federal Register and/or in a comparable publicly accessible document or internet site, a listing and justification of any assistance that is obligated within that period of time for any country, entity, or canton described in subsection (e), including a description of the purpose of the assistance, project and its location, by municipality.

(d) FURTHER LIMITATIONS.—Notwithstanding subsection (c)—

(1) no assistance may be made available by this Act, or any prior Act making appropriations for foreign operations, export financing and related programs, in any country, entity, or canton described in subsection (e), for a program, project, or activity in which a publicly indicted war criminal is known to have any financial or material interest; and

(2) no assistance (other than emergency foods or medical assistance or demining assistance) may be made available by this Act, or any prior Act making appropriations for foreign operations, export financing and related programs for any program, project, or activity in a community within any country, entity or canton described in subsection (e) if competent authorities within that community are not complying with the provisions of Article IX and Annex 4, Article II, paragraph 8 of the Dayton Agreement relating to war crimes and the Tribunal.

(e) SANCTIONED COUNTRY, ENTITY, OR CANTON.—A sanctioned country, entity, or canton described in this section is one whose competent authorities have failed, as determined by the Secretary of State, to take necessary and significant steps to apprehend and transfer to the Tribunal all persons who have been publicly indicted by the Tribunal.

(f) WAIVER.—

(1) IN GENERAL.—The Secretary of State may waive the application of subsection (a) or subsection (b) with respect to specified bilateral programs or international financial institution projects or programs in a sanctioned country, entity, or canton upon providing a written determination to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives that such assistance directly supports the implementation of the Dayton Agreement and its Annexes, which include the obligation to apprehend and transfer indicted war criminals to the Tribunal.

(2) REPORT.—Not later than 15 days after the date of any written determination under paragraph (1) the Secretary of State shall submit a report to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives regarding the status of efforts to secure the voluntary surrender or apprehension and transfer of persons indicted by the Tribunal, in accordance with the Dayton Agreement, and outlining obstacles to achieving this goal; and

(3) ASSISTANCE PROGRAMS AND PROJECTS AFFECTED.—Any waiver made pursuant to this subsection shall be effective only with respect to a specified bilateral program or multilateral assistance project or program identified in the determination of the Secretary of State to Congress.

(g) TERMINATION OF SANCTIONS.—The sanctions imposed pursuant to subsections (a) and (b) with respect to a country or entity shall cease to apply only if the Secretary of State determines and certifies to Congress that the authorities of that country, entity, or canton have apprehended and transferred to the Tribunal all persons who have been publicly indicted by the Tribunal.

(h) DEFINITIONS.—As used in this section—

(1) COUNTRY.—The term ''country'' means Bosnia-Herzegovina, Croatia, Serbia, and Montenegro.

(2) ENTITY.—The term ''entity'' refers to the Federation of Bosnia and Herzegovina, Kosova, and the Republika Srpska.

(3) CANTON.—The term ''canton'' means the administrative units in Bosnia and Herzegovina.

(4) DAYTON AGREEMENT.—The term ''Dayton Agreement'' means the General Framework Agreement for Peace in Bosnia and Herzegovina, together with annexes relating thereto, done at Dayton, November 10 through 16, 1995.

(5) TRIBUNAL.—The term ''Tribunal'' means the International Criminal Tribunal for the Former Yugoslavia.

(i) ROLE OF HUMAN RIGHTS ORGANIZATIONS AND GOVERNMENT AGENCIES.—In carrying out this section, the Secretary of State, the Administrator of the Agency for International Development, and the executive directors of the international financial institutions shall consult with representatives of human rights organizations and all government agencies with relevant information to help prevent publicly indicted war criminals from benefitting from any financial or technical assistance or grants provided to any country or entity described in subsection (e).

TO PROHIBIT FOREIGN ASSISTANCE TO THE GOVERNMENT OF THE RUSSIAN FEDERATION SHOULD IT ENACT LAWS WHICH WOULD DISCRIMINATE AGAINST MINORITY RELIGIOUS FAITHS

SEC. 567. None of the funds appropriated under this Act may be made available for the Government of the Russian Federation, after 180 days from the date of enactment of this Act, unless the President determines and certifies in writing to the Committees on Appropriations and the Committee on Foreign Relations of the Senate that the Government of the Russian Federation has implemented no statute, executive order, regulation or similar government action that would discriminate, or would have as its principal effect discrimination, against religious groups or religious communities in the Russian Federation in violation of accepted international agreements on human rights and religious freedoms to which the Russian Federation is a party.

GREENHOUSE GAS EMISSIONS

SEC. 568. (a) Funds made available in this Act to support programs or activities the primary purpose of which is promoting or assisting country participation in the Kyoto

Protocol to the Framework Convention on Climate Change (FCCC) shall only be made available subject to the regular notification procedures of the Committees on Appropriations.

(b) The President shall provide a detailed account of all Federal agency obligations and expenditures for climate change programs and activities, domestic and international obligations for such activities in fiscal year 2000, and any plan for programs thereafter related to the implementation or the furtherance of protocols pursuant to, or related to negotiations to amend the FCCC in conjunction with the President's submission of the Budget of the United States Government for Fiscal Year 2001: *Provided*, That such report shall include an accounting of expenditures by agency with each agency identifying climate change activities and associated costs by line item as presented in the President's Budget Appendix: *Provided further*, That such report shall identify with regard to the Agency for International Development, obligations and expenditures by country or central program and activity.

WITHHOLDING ASSISTANCE TO COUNTRIES VIOLATING UNITED NATIONS SANCTIONS AGAINST LIBYA

SEC. 569. (a) WITHHOLDING OF ASSISTANCE.—Except as provided in subsection (b), whenever the President determines and certifies to Congress that the government of any country is violating any sanction against Libya imposed pursuant to United Nations Security Council Resolution 731, 748, or 883, then not less than 5 percent of the funds allocated for the country under section 653(a) of the Foreign Assistance Act of 1961 out of appropriations in this Act shall be withheld from obligation or expenditure for that country.

(b) EXCEPTION.—The requirement to withhold funds under subsection (a) shall not apply to funds appropriated in this Act for allocation under section 653(a) of the Foreign Assistance Act of 1961 for development assistance or for humanitarian assistance.

(c) WAIVER.—Funds may be provided for a country without regard to subsection (a) if the President determines that to do so is in the national security interest of the United States.

AID TO THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF CONGO

SEC. 570. (a) None of the funds appropriated by this Act may be provided for assistance for the central Government of the Democratic Republic of Congo until such time as the President reports in writing to the Congress that the central Government is—

(1) investigating and prosecuting those responsible for human rights violations committed in the Democratic Republic of Congo; and

(2) implementing a credible democratic transition program.

(b) This section shall not apply to assistance to promote democracy and the rule of law as part of a plan to implement a credible democratic transition program.

ASSISTANCE FOR THE MIDDLE EAST

SEC. 571. Of the funds appropriated by this Act under the headings ''Economic Support Fund'', ''Foreign Military Financing Program'', ''International Military Education and Training'', ''Peacekeeping Operations'', for refugees resettling in Israel under the heading ''Migration and Refugee Assistance'', and for assistance for Israel to carry out provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 under the heading ''Nonproliferation, Anti-Terrorism, Demining and Related Programs'', not more than a total of $5,318,150,000 may be made available for Israel, Egypt, Jordan, Lebanon, the West Bank and Gaza, the Israel-Lebanon Monitoring Group, the Multinational Force and Observers, the Middle East Regional Democracy Fund, Middle East Regional Cooperation, and Middle East Multilateral Working Groups: *Provided*, That any funds that were appropriated under such headings in prior fiscal years and that were at the time of enactment of this Act obligated or allocated for other recipients may not during fiscal year 2000 be made available for activities that, if funded under this Act, would be required to count against this ceiling: *Provided further*, That funds may be made available notwithstanding the requirements of this section if the President determines and certifies to the Committees on Appropriations that it is important to the national security interest of the United States to do so and any such additional funds shall only be provided through the regular notification procedures of the Committees on Appropriations: *Provided further*, That notwithstanding the funding ceiling contained in this section, not to exceed a total of $100,000,000 may be made available for Jordan from funds appropriated in this Act under the headings ''Economic Support Fund'' and ''Foreign Military Financing Program'', in addition to funds otherwise available for Jordan under those or other headings that are subject to the funding ceiling contained in this section.

ENTERPRISE FUND RESTRICTIONS

SEC. 572. Prior to the distribution of any assets resulting from any liquidation, dissolution, or winding up of an Enterprise Fund, in whole or in part, the President shall submit to the Committees on Appropriations, in accordance with the regular notification procedures of the Committees on Appropriations, a plan for the distribution of the assets of the Enterprise Fund.

CAMBODIA

SEC. 573. (a) The Secretary of the Treasury should instruct the United States executive directors of the international financial institutions to use the voice and vote of the United States to oppose loans to the Government of Cambodia, except loans to support basic human needs.

(b) None of the funds appropriated by this Act may be made available for assistance for the Government of Cambodia: *Provided*, That this restriction shall not apply to humanitarian assistance, including assistance for basic education activities.

AUTHORIZATION FOR POPULATION PLANNING

SEC. 574. Not to exceed $385,000,000 of the funds appropriated in title II of this Act may be available for population planning activities or other population assistance.

FOREIGN MILITARY TRAINING REPORT

SEC. 575. (a) The Secretary of Defense and the Secretary of State shall jointly provide to the Congress by January 31, 2000, a report on all military training provided to foreign military personnel (excluding sales, and excluding training provided to the military personnel of countries belonging to the North Atlantic Treaty Organization) under programs administered by the Department of Defense and the Department of State during fiscal years 1999 and 2000, including those proposed for fiscal year 2000. This report shall include, for each such military training activity, the foreign policy justification and purpose for the training activity, the cost of the training activity, the number of foreign students trained and their units of operation, and the location of the training. In addition, this report shall also include, with respect to United States personnel, the operational benefits to United States forces derived from each such training activity and the United States military units involved in each such training activity. This report may include a classified annex if deemed necessary and appropriate.

(b) For purposes of this section a report to Congress shall be deemed to mean a report to the Appropriations and Foreign Relations Committees of the Senate and the Appropriations and International Relations Committees of the House of Representatives.

KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION

SEC. 576. (a) Of the funds made available under the heading ''Nonproliferation, Antiterrorism, Demining and Related Programs'', not to exceed $35,000,000 may be made available for the Korean Peninsula Energy Development Organization (hereafter referred to in this section as ''KEDO''), notwithstanding any other provision of law, only for the administrative expenses and heavy fuel oil costs associated with the Agreed Framework.

(b) Of the funds made available for KEDO, up to $15,000,000 may be made available prior to June 1, 2000, if, thirty days prior to such obligation of funds, the President certifies and so reports to Congress that—

(1) the parties to the Agreed Framework have taken and continue to take demonstrable steps to implement the Joint Declaration on Denuclearization of the Korean Peninsula in which the Government of North Korea has committed not to test, manufacture, produce, receive, possess, store, deploy, or use nuclear weapons, and not to possess nuclear reprocessing or uranium enrichment facilities;

(2) the parties to the Agreed Framework have taken and continue to take demonstrable steps to pursue the North-South dialogue;

(3) North Korea is complying with all provisions of the Agreed Framework;

(4) North Korea has not diverted assistance provided by the United States for purposes for which it was not intended; and

(5) North Korea is not seeking to develop or acquire the capability to enrich uranium, or any additional capability to reprocess spent nuclear fuel.

(c) Of the funds made available for KEDO, up to $20,000,000 may be made available on or after June 1, 2000, if, thirty days prior to such obligation of funds, the President certifies and so reports to Congress that—

(1) the effort to can and safely store all spent fuel from North Korea's graphite-moderated nuclear reactors has been successfully concluded;

(2) North Korea is complying with its obligations under the agreement regarding access to suspect underground construction;

(3) North Korea has terminated its nuclear weapons program, including all efforts to acquire, develop, test, produce, or deploy such weapons; and

(4) the United States has made and is continuing to make significant progress on eliminating the North Korean ballistic missile threat, including further missile tests and its ballistic missile exports.

(d) The authorities of sections 451 and 614 of the Foreign Assistance Act of 1961, as amended, may not be used to authorize or provide assistance—

(1) to North Korea for purposes related to the Agreed Framework;

(2) to KEDO in excess of the amount made available under subsection (a); or

(3) that cannot be provided due to any funding ceiling, prohibition, restriction, or condition on release of funds that is contained in subsections (a), (b), or (c).

(e) The President may waive the certification requirements of subsections (b) and (c) if the President determines that it is vital to the national security interests of the United States and provides written policy justifications to the appropriate congressional committees prior to his exercise of such waiver. No funds may be obligated for KEDO until 30 days after submission to Congress of such waiver.

(f) The Secretary of State shall submit to the appropriate congressional committees a report (to be submitted with the annual presentation for appropriations) providing a full and detailed accounting of the fiscal year 2001 request for the United States contribution to KEDO, the expected operating budget of the KEDO, to include unpaid debt, proposed annual costs associated with heavy fuel oil purchases, and the amount of funds pledged by other donor nations and organizations to support KEDO activities on a per country basis, and other related activities.

AFRICAN DEVELOPMENT FOUNDATION

SEC. 577. Funds made available to grantees of the African Development Foundation may be invested pending expenditure for project purposes when authorized by the President of the Foundation: *Provided*, That interest earned shall be used only for the purposes for which the grant was made: *Provided further*, That this authority applies to interest earned both prior to and following enactment of this provision: *Provided further*, That notwithstanding section 505(a)(2) of the African Development Foundation Act, in exceptional circumstances the board of directors of the Foundation may waive the $250,000 limitation contained in that section with respect to a project: *Provided further*, That the Foundation shall provide a report to the Committees on Appropriations in advance of exercising such waiver authority.

PROHIBITION ON ASSISTANCE TO THE PALESTINIAN BROADCASTING CORPORATION

SEC. 578. None of the funds appropriated or otherwise made available by this Act may be used to provide equipment, technical support, consulting services, or any other form of assistance to the Palestinian Broadcasting Corporation.

NOTIFICATION ON THE USE OF OPERATING EXPENSES

SEC. 579. None of the funds appropriated under the heading ''Operating Expenses of the Agency for International Development'' may be made available to finance the construction (including architect and engineering services), purchase, or long-term lease of offices for use by the Agency for International Development, except as provided through the regular notification procedures of the Committees on Appropriations.

IRAQ OPPOSITION

SEC. 580. Notwithstanding any other provision of law, not to exceed $10,000,000 of the funds appropriated by this Act under the heading ''Economic Support Fund'' may be made available for political, economic, humanitarian, and associated support activities for Iraqi opposition groups designated under the Iraq Liberation Act (Public Law 105–338).

AGENCY FOR INTERNATIONAL DEVELOPMENT BUDGET SUBMISSION

SEC. 581. Beginning with the fiscal year 2001 Budget, the Agency for International Development shall submit to the Committees on Appropriations a detailed budget for each fiscal year. The Agency budget shall contain the estimated levels of obligations for the current fiscal year and actual levels for the two previous years, and the President's request for new budget authority and estimate of carryover obligational authority for the budget year. Budget data shall be disaggregated by program and activity for each bureau, field mission, and central office. Staff levels shall be provided and identified by program. The Agency shall submit to the Committees on Appropriations a proposed budget format no later than October 31, 1999, or 30 days after the enactment of this act, whichever occurs later.

SENSE OF CONGRESS CONCERNING THE MURDER OF FOUR AMERICAN CHURCHWOMEN IN EL SALVADOR

SEC. 582. (a) FINDINGS.—Congress makes the following findings.

(1) The December 2, 1980 brutal assault and murder of four American churchwomen by members of the Salvadoran National Guard was covered up and never fully investigated.

(2) On July 22 and July 23, 1998, Salvadoran authorities granted three of the National Guardsmen convicted of the crimes early release from prison.

(3) The United Nations Truth Commission for El Salvador determined in 1993 that there was sufficient evidence that the Guardsmen were acting on orders from their superiors.

(4) In March 1998, four of the convicted Guardsmen confessed that they acted after receiving orders from their superiors.

(5) Recently declassified documents from the State Department show that United States Government officials were aware of information suggesting the involvement of superior officers in the murders.

(6) United States officials granted permanent residence to a former Salvadoran military official involved in the cover-up of the murders, enabling him to remain in Florida.

(7) Despite the fact that the murders occurred over 17 years ago, the families of the four victims continue to seek the disclosure of information relevant to the murders.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) information relevant to the murders should be made public to the fullest extent possible;

(2) the Secretary of State and the Department of State are to be commended for fully releasing information regarding the murders to the victims' families and to the American public, in prompt response to congressional requests;

(3) the President should order all other Federal agencies and departments that possess relevant information to make every effort to declassify and release to the victims' families relevant information as expeditiously as possible;

(4) in making determinations concerning the declassification and release of relevant information, the Federal agencies and departments should presume in favor of releasing, rather than of withholding, such information; and

(5) the President should direct the Attorney General to review the circumstances under which individuals involved in either the murders or the cover-up of the murders obtained residence in the United States, and the Attorney General should submit a report to the Congress on the results of such review not later than January 1, 2000.

KYOTO PROTOCOL

SEC. 583. None of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol, which was adopted on December 11, 1997, in Kyoto, Japan, at the Third Conference of the Parties to the United States Framework Convention on Climate Change, which has not been submitted to the Senate for advice and consent to ratification pursuant to article II, section 2, clause 2, of the United States Constitution, and which has not entered into force pursuant to article 25 of the Protocol.

CONTRIBUTIONS TO UNITED NATIONS POPULATION FUND

SEC. 584. (1) LIMITATIONS ON AMOUNT OF CONTRIBUTION.—Of the amounts made available under ''International Organizations and Programs'', not more than $25,000,000 for fiscal year 2000 shall be available for the United Nations Population Fund (hereinafter in this subsection referred to as the ''UNFPA'').

(2) PROHIBITION ON USE OF FUNDS IN CHINA.—None of the funds made available under ''International Organizations and Programs'' may be made available for the UNFPA for a country program in the People's Republic of China.

(3) CONDITIONS ON AVAILABILITY OF FUNDS.—Amounts made available under ''International Organizations and Programs'' for fiscal year 2000 for the UNFPA may not be made available to UNFPA unless—

(A) the UNFPA maintains amounts made available to the UNFPA under this section in an account separate from other accounts of the UNFPA;

(B) the UNFPA does not commingle amounts made available to the UNFPA under this section with other sums; and

(C) the UNFPA does not fund abortions.

(4) REPORT TO CONGRESS AND WITHHOLDING OF FUNDS.—

(A) Not later than February 15, 2000, the Secretary of State shall submit a report to the appropriate congressional committees indicating the amount of funds that the United Nations Population Fund is budgeting for the year in which the report is submitted for a country program in the People's Republic of China.

(B) If a report under subparagraph (A) indicates that the United Nations Population Fund plans to spend funds for a country program in the People's Republic of China in the year covered by the report, then the amount of such funds that the UNFPA plans to spend in the People's Republic of China shall be deducted from the funds made available to the UNFPA after March 1 for obligation for the remainder of the fiscal year in which the report is submitted.

This Act may be cited as the ''Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000''.

AMENDMENT NO. 1 OFFERED BY MR. MOAKLEY

Mr. MOAKLEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. MOAKLEY:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON ASSISTANCE FOR SCHOOL OF THE AMERICAS

SEC. . None of the funds appropriated or otherwise made available by this Act may be used for programs at the United States Army School of the Americas located at Fort Benning, Georgia.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that the amendment be limited to 1 hour of debate divided equally between a proponent and opponent of the amendment.

The CHAIRMAN. Does the gentleman include ''and all amendments thereto''?

Mr. CALLAHAN. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Ms. PELOSI. Reserving the right to object, Mr. Chairman, I just sought recognition to concur with the gentleman's request with the approval of the maker of the amendment, the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. MOAKLEY. I approve.

Ms. PELOSI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 30 minutes.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

I thank the gentleman from Alabama for allowing this time allotment.

Mr. Chairman, I am sure that many people are very surprised to see me fighting to close the School of Americas, but 10 years ago I got to know people from another part of the world, people who have such a love for family, such a passion for life, and despite their many, many hardships, that I still cannot forget them, though my work in that country is through.

On November 16, 1989, at the University of Central America in El Salvador six Jesuit priests, their housekeeper and their 15 year-old daughter were pulled from their beds, forced to lie on the ground, and executed in cold blood. At that time, Mr. Chairman, El Salvador was in the midst of a horrible civil war. The United States had sided with the Salvadoran government, and we had sent the Salvadoran military a total of $6 billion.

Those murders, murders of men of God and innocent women, shocked the entire world, and Congress wanted to know exactly what was going on in El Salvador. Speaker Foley called for a Congressional investigation and asked me to head it up. My top staff personnel, a Congressman, JIM MCGOVERN, and I traveled to El Salvador to investigate these murders. For 2 years we held meetings, conducted interviews, dug around. We learned that the Salvadoran soldiers not only committed the massacre but also were ordered to do so by the people at the highest levels of their military command who then engaged in a massive cover-up reaching the highest levels of Salvadoran government, the very same Salvadoran government, Mr. Chairman, to whom we were sending billions and billions of dollars.

After the Moakley Commission report was made public, we eventually cut off all military aid to El Salvador. Soon afterwards, that civil war ended.

But, Mr. Chairman, today, 10 years later, our work towards human rights in Central America has not ended. In addition to learning who committed the Jesuit murders, we learned that 19 of those 26 implicated in those murders were graduates of the School of Americas. Let me repeat, Mr. Chairman. Nineteen of those 26 implicated in the Jesuit murders were graduates of the School of Americas.

The School of Americas is a United States Army school run in Fort Benning, Georgia, that trains approximately 2,000 Latin American soldiers every year. The classes they teach include combat skills, commando tactics, military intelligence, and torture techniques, and this education comes at a very high price. The School of Americas costs the United States taxpayers $20 million every year, and that is what we are trying to stop here tonight, Mr. Chairman.

My colleagues and I are offering an amendment which will stop any money in the bill from being used to support the School of Americas. We are standing today and saying enough is enough; it is time to close down the school once and for all. Because, Mr. Chairman, its graduates were not only involved in the Jesuit murders, the School of Americas graduates raped and killed four American church women.

They assassinated Archbishop Romero while offering mass. The School of Americas graduates massacred 900 innocent civilians in El Mozote. And School of Americas graduates were implicated in the Trujillo chain-saw massacres, in which at least 107 villagers were tortured and murdered. Manuel Noriega, the infamous Panamanian dictator, is a graduate of the School of Americas as were one-third of General Pinochet's officials. Mr. Chairman, just 2 months ago, General Rito Del Rio was expelled from the Columbian military because his human rights violations were so horrible. He also is a graduate of the School of the Americas.

Mr. Chairman, the list goes on and on and on. Put simply, the School of Americas has trained some of the most brutal assassins, some of the cruelest dictators, some of the worst abusers of human rights that the western hemisphere has seen, and I think it is time for the United States of America to admit its mistakes and remove this horrible blemish from our military establishment because if we do not stand for human rights in Georgia, how can we possibly expect to promote them anywhere else in the world?

This spring, President Clinton was forced to apologize for our involvement in the civil war in Guatemala that left 200,000 civilians dead. How many more times will our President have to apologize to the people of Central America before we close the school?

Some people say the school is changed. They say it trains people in drug interdiction. In fact, 8 percent of the students that even attend the anti-drug courses, a dozen of those who did in the past have been also tied to drug trafficking.

Mr. Chairman, the fact remains every day this school is open, every day it trains people in torture techniques and commando tactics is a day too many.

Human rights are the foundation on which our country was created. We shed blood over those principles. We fought wars and sacrificed lives to protect them. Why would we want to export anything less to the rest of the world?

I urge my colleagues to take a stand for those without a voice, take a stand for human rights, take a stand for human decency, and shut down that School of Americas. Our Founding Fathers would expect nothing else.

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

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) is recognized for 30 minutes in opposition to the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, for the past 4 years on every occasion that this bill has come to the floor since I have been chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs we have had this debate, and every year the proponents of the amendment such as the gentleman from Massachusetts (Mr. MOAKLEY), a man that I greatly admire from Massachusetts, brings out the same stale points about the facts and the rationale and the reasons for closing down the School of Americas, and certainly the motives with which he brings this amendment are good motives. None of us support the atrocities that were committed by the members of certain Latin American countries during times of war. Some of those people indeed did go and did attend and did graduate from the School of Americas, but we cannot condemn the School of Americas forever for something that happened 15 or 20 years ago.

This does not mean that if we do not agree with the gentleman from Massachusetts (Mr. MOAKLEY) that his motive is not noble. It simply means that the school has cleaned up its act.

I have sent our staff members of our committee about four times to make absolutely certain that the School of Americas does not teach, does not encourage terrorism or the violation of

human rights in any manner, and I have promised to those people who are opposed to the School of Americas: ''If you will bring me one iota that indicates that the curriculum at the School of Americas is doing anything to the contrary, that I myself will close them down because I will not include funding in my bill if indeed they are.'' But, Mr. Chairman, they are not. Those are the real facts.

The only thing that we hear year after year is the atrocities that were committed decades ago by graduates of that school. The unibomber went to Harvard. Do we say we ought to close Harvard down because the unibomber committed all the atrocities? No. We only say this each and every year about the School of Americas.

Mr. Chairman, the chairman of the Joint Chiefs of Staff and the Secretary of Defense has contacted us as late as today, pleading with us, telling us that this is indeed crucial to our own national security because this is the only school where we can bring these new military leaders and military people to the United States and talk to them in Spanish, a language they can comprehend, a language that they will be able to then go back and to express their concerns for human rights.

So this issue is decades old, there is no change in the debate. Each year the Congress has rejected this amendment, to close down the school, and I would urge the Members of Congress to take heed to what the Secretary of Defense tells us, that what every chairman of every area of our military has communicated with us: Please do not take away this instrument of peace that we have in establishing an ability to bring these people to the United States and to teach them about democracy, to teach them about human rights.

This bill only includes $2 million, a very small amount of money for the amount of debate that has taken place on this for the last several years. I would urge my colleagues to listen to the military experts, to the professionals who have to run our military, who will have to send our military to Central America or to South America in the event of any uprising, and we need this cooperative working relationship with these people, and we need, indeed, to instruct them in human rights and as well as the military, and that was that we instruct them.

Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I am pleased to join our chairman, the gentleman from Alabama (Mr. CALLAHAN) in rising in opposition to the amendment by the gentleman from Massachusetts (Mr. MOAKLEY). It is in our national interest to see that the militaries of Central and South American countries play a positive role in that region's fragile democratic societies. Our Army School of the Americas serves our national interest and deserves our support, not our scorn.

I do not believe that anyone intends to suggest that our good men and women in the uniform are deliberately training people to commit human rights abuses. Accordingly, I have encouraged dialogue between the school and its critics.

Donnie Marshall, the acting administrator for the DEA, recently noted that, and I quote: The School of the Americas plays an important role in supporting our efforts to stop the flow of illegal drugs into the United States, close quote. General Serrano, the highly respected Director General of the Columbian National Police last year informed our Committee on International Relations, and I quote: The School of the Americas trains our reaction forces in fighting narcotics trafficking with excellent result, and I am a witness to the fact that it is a very valuable instrument for training our men to carry out the antinarcotics fight, close quote.

I have sent my staff delegation to the School of the Americas twice in the past year to fully examine the school's operations; and in response to Congressional oversight, the School of the Americas has made a real effort to strengthen its curriculum. The school's commandant, Colonel Glenn Weidner, reports that, and I quote: Every student in every one of the 55 courses taught by this school receives between 8 and 40 hours of formal human rights instruction depending on course length.

□ 2115

''Classroom instruction is followed up with practical application in field and map-based exercises throughout each course. No other Department of Defense school provides as much human rights training to foreign or U.S. students.''

Prudent restrictions have been implemented at the school to make sure the students are screened for actual and alleged human rights violations.

Just as we do not close down our police academies when any one of our cops turns bad, neither should we throw away one of the important constructive tools we have for influencing Latin America's militaries for the good.

Accordingly, let us not throw out the whole barrel of apples because of a few bad apples. I urge my colleagues to oppose the Moakley amendment.

Mr. MOAKLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. Scarborough), the coauthor of the amendment.

Mr. SCARBOROUGH. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Let me say, hearing the words of the gentleman from Alabama and also the gentleman from New York, I certainly respect their beliefs on human rights, their beliefs to fight for human rights. I just know that on this issue, reasonable minds can differ, and they do. I differ with my good friend from Massachusetts on several issues. But human rights, as far as I am concerned, really does not have any ideological barriers. Whether we are talking about Sudan, whether we are talking about China, or whether we are talking about Central America, I think we have to fight for human rights.

Mr. Chairman, I even, I am sure, would disagree violently on what happened in the 1980s. I believe what happened in the 1980s was Ronald Reagan's fight for freedom in Central America. But at the same time, the Cold War is over. Soviet intervention in Central America has ended. In fact, the Soviet Union has ended. Now is the time we can all fight and join together for freedom, to bring freedom to Central America.

While the Cold War may be over, the School of the Americas' abuses are not. The United Nations Commission reports that the School of the Americas grads are continuing to assassinate, continuing to murder. In fact, it continued in 1998. The United States State Department reports that murders and torture by SOA grads continue. In fact, in May of 1998, the Colombian Army formally disbanded the 20 Brigade for its involvement in human rights abuses, including targeted killings of civilians. The commander of the brigade at the time was yet another SOA graduate.

As the New York Times wrote, ''An institution so clearly out of tune with American values should be shut down without delay.''

As I said before, whether we are talking about human rights abuses in China or in Central America, or in Sudan or Saudi Arabia, America must, once again, become what Ronald Reagan called a city shining brightly on a hill for all the world to see. Shining for freedom and shining for the exportation of American principles, and not what the School of the Americas has stood for, for the past 20 years.

So I thank the gentleman from Massachusetts again for bringing up this amendment, as the gentleman from Rhode Island (Mr. KENNEDY) has done the past several years, and I am pleased once again to support it. I think now is the year we should all band together and defund the School of the Americas.

Mr. CALLAHAN. Mr. Chairman, I yield 6 minutes to the gentleman from Georgia (Mr. BISHOP) who, incidentally, was born in Mobile, Alabama, my hometown. My hometown has a college named after his distinguished father, S.D. Bishop, Bishop State Community College in Mobile.

Mr. BISHOP. Mr. Chairman, the exercise we are engaged in this evening is shameful. It is shameful because the horrendous accusations that have been brought against the Army's School of the Americas and, more specifically, against the civilian and military men and women who have taught there, have been proven to be false. There is no reasonable question about this. None at all.

The accusations about teaching murder and torture and participating in a prolonged conspiracy to commit atrocities and destroy democracy are based on pure propaganda and not on the facts. Anyone who bothers to look at the record can come to no other conclusion.

During this decade, there have been 12 investigations of the school. Mr. Chairman, 12, more than 1 a year. These investigations probed the school's curriculum, the texts it uses; questioned many hundreds of graduates and faculty members, past and present; examined the human rights abuses involving some of the school's graduates; and made a real determination about how many graduates have gone bad and how many have been involved in the emergence of democracy in Latin America.

All came to the same conclusion: these charges are false. In fact, the school is doing just the opposite. It is promoting human rights and democratic principles, helping fight the war against drugs, and effectively serving as an instrument of pro-democratic U.S. foreign policy in our own hemisphere.

One of these investigations, Mr. Chairman, was conducted by the General Accounting Office at the direction of our former colleague from California, Ron Dellums. The GAO dug long and hard and eventually recommended improvements that have, in fact, been implemented. But according to the GAO, there is no question that the charges were unfounded. When Ron Dellums asked the GAO to dig some more, the agency did so and reconfirmed its findings.

Do those who continue to make these charges really think that the GAO is a part of a cover-up?

Overseeing the school is a distinguished Board of Visitors that includes noted human rights figures like Mr. Steve Schneebaum. Do we really think they too are involved in a cover-up?

The fact is that those who persist in accusing the school of promoting criminal and evil conduct are turning their backs on the facts. Unfortunately, the leaders of the School of the Americas Watch do not care about the truth. They decided long ago to place the blame for the horrible atrocities that have taken place in Latin America on the United States, and the School of the Americas has served as a convenient propaganda target and whipping boy.

But it is our job, yours and mine, to act on the truth, not on the misinformation that continues to deluge us.

We have heard statements implying that the overwhelming majority of the school's 60,000 graduates have been guilty of abuses. A few may have been, but what the record actually shows is that the overwhelming majority have not been involved in human rights abuses and have instead supported democracy. The school's proponents never mention the graduates who played prominent roles in preventing a military takeover during the recent presidential impeachment in Paraguay, or the graduates who helped prevent a coup during a constitutional crisis in Ecuador not long ago, or those who served on the delegations that resolved a border dispute that almost ignited a devastating war between Peru and Equador, or thousands of others who have been on the front lines of democracy in Latin America.

Opponents claim students really do not get human rights training, which is not true. Every student receives extensive human rights instruction. They claim students do not get antidrug training. This is also wrong.

One ''Dear Colleague'' claimed that the Guatemalan Truth Commission found the school accountable for human rights violations that occurred during a conflict that cost many lives. In fact, the Commission's report made no such claim. This, too, is just wrong.

My plea is simply this: cast your vote on the basis of information that has been documented and substantiated, and not on charges that have been proven false.

Mr. Chairman, the School of the Americas provides the most advanced military human rights training in the world. For a relatively small investment, it makes a real contribution in reducing the flow of illicit drugs into our country. As an instrument of foreign policy, every administration, Republican and Democratic alike, has testified that the school plays a vitally important and effective role.

I ask my colleagues to support the truth. Vote against this amendment by our distinguished colleague from Massachusetts, and continue the modest funding for a program that, in fact, is advancing the cause of human rights and representative democracy in our area of the world. Base your decision not on innuendo, but on fact. I ask my colleagues to kill this amendment and support democracy here in the Western Hemisphere.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

If the gentleman at the microphone claims that this is a propaganda thing, then it really fooled a lot of people when those 19 soldiers killed those six Jesuits; when the two out of three soldiers were cited for the assassination of El Salvador's Archbishop Oscar Romero; when the 10 of the 12 were cited for the El Mozote, El Salvador massacre of 900 villagers. That was a great propaganda scheme. A lot of people were fooled by it. The El Salvador death squad leader, Roberto D'Aubuisson. These were great propagandas. These are all truth; they are all substantiated from the Truth Mission of the U.N.

Mr. Chairman, I yield 3 minutes to the gentleman from Georgia (Mr. LEWIS).

Mr. LEWIS of Georgia. Mr. Chairman, I want to thank my friend and my colleague, the gentleman from Massachusetts (Mr. MOAKLEY), for his leadership and his vision on this issue. Mr. Chairman, it is very difficult for me to come here tonight and to differ with my friend, my colleague and my brother from Georgia (Mr. BISHOP), but I must.

Mr. Chairman, it is time to close the doors of the United States Army School of the Americas at Fort Benning. The school has not served as a bridge between the United States and our Latin American neighbors. It has been a barrier to bringing peace and democracy to the region. Too many of the school's graduates have committed human rights abuses and unspeakable acts of violence against their own people.

For too long, the United States aided and abetted Latin America dictatorships that repressed human rights and even murdered their own citizens. As a Nation, we made a mistake, and we should admit it. We made a mistake. The President of the United States went to Latin America and said, we made a mistake. I apologize. We made a mistake.

Today, we have an opportunity, we have the capacity, we have the ability to right that wrong. We can be sure, and we must close the School of the Americas.

As we enter the new millennium, we deserve better than the School of the Americas. We deserve an institution that promotes our fundamental belief of democracy, peace, and human rights. The School of the Americas diminishes each and every one of these values. It diminishes us all. We should teach people the value of peace and democracy, not of war and dictatorship. Closing the School of the Americas is the right thing to do. It is good for democracy. It is good for the cause of peace.

Mr. Chairman, it is time to close the School of the Americas. It is the right thing to do. Let us do it.

□ 2130

Mr. CALLAHAN. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. First, Mr. Chairman, let me say that we hear a lot of passionate speeches, but I think they are almost like on a different subject.

The fact is that we have brought democracy and freedom to most of Latin America when it used to be a sea of totalitarian dictatorships. Some still have further to move, but part of it is because we have tried to reform their military, to understand the principles of George Washington stepping aside; that the militaries are not supposed to usurp and dominate the political powers of their countries.

To some degree, we are refighting the eighties that are over. Furthermore, as I have been at Fort Benning, as well as visiting in Peru and Bolivia and Colombia and Mexico, and with many people who have gone through this program four times in the last 4 years, they have learned that you cannot just go in and shoot down people who disagree, you have to try to reach them. Where did they learn that? From us.

The Clinton administration in the last few years, I will grant, has been more aggressive in teaching human rights, or criticizing their own administration as they have tried to broaden out.

As to this argument about the Jesuits, quite frankly, that was a terrible tragedy. We should never have been any part of anything to do with it. But let us make something clear, the United States government did not do that and did not authorize that. I feel terrible for the people Ted Bundy killed, but I do not blame the University of Washington, where he went.

I do not blame the Unabomber for having attended the University of Michigan. I do not blame the Trinity College, Cambridge University, for Kim Philby, Donald McLean, Burgess and Blunt, all traitors. I do not blame Bronx Community College for the Son of Sam. I do not blame Ohio State University for Jeffrey Dahmer.

Just because they went to universities and might have even learned skills that quite frankly helped them do their terrible crimes, writing, communicating, and so on, does not mean that the purpose of those universities was to teach them the things that they did wrong.

It is insulting to this government, because the whole case that all this spins around is one document that supposedly was used in one classroom that somebody brought in that was in Spanish, and when we found it, we took it out, and do not even know that it was used in the classroom.

The second part of the case are people who committed crimes, and they have attended the school. We have tried to work with the school to do better tracking, to do better screening. That is what we need to be addressing.

Ironically, this is one of the only ways, through the Spanish language, to reach the lower educated and low-income parts of their military in their country. We do training, but we do training in other bases of officers. We do not reach out to the masses who are in fact in debatable practices, sometimes, in non-narcotics areas. But basically, we are teaching them that they have to do it better and follow procedures. We are not teaching them to violate human rights. I find it insulting.

One last comment is that I think that this is arguably the centerpiece of our antidrug war in the world, because we cannot patrol the entire world. What we can do is teach people how to do a better job following the principles of democracy and human rights, the limitations of the military around the world.

While I have skepticism about our government, I think it is demeaning to this President and the Vice President, the people in our Armed Forces, to think that they are actually training people for the deliberate purpose of killing others, outside the normal procedures of war.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I wish the gentleman was with me when I saw the brains of Jesuits being scraped off the wall as a result of being killed by some of the graduates of the School of the Americas, if he thinks this is propaganda.

Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. MCGOVERN), who at the time was my chief investigator in El Salvador when we discovered who the killers were of those Jesuits.

Mr. MCGOVERN. Mr. Chairman, I rise in strong support of the Moakley-Scarborough amendment to shut down the School of the Americas. Nearly a decade ago I had the privilege of working for the dean of the Massachusetts delegation, the gentleman from Massachusetts (Mr. MOAKLEY), in investigating the murders of 6 Jesuits priests, their housekeeper, and her teenaged daughter at the University of Central America in El Salvador.

I knew four of these priests. I worked with them on human rights issues during the long war in El Salvador. I knew their work in support of the poor, in education, in support of negotiating an end to the war. I joked with them. Believe it or not, I even sang songs with them. I ate at their table. I saw them receive honors and awards for their work on behalf of peace and human rights.

Like the rest of America, I woke up on November 16, 1989, to photos and news footage of their blood-splattered bullet-ridden bodies lying on the ground outside their home, dead, murdered, forced out of their beds in the middle of the night, forced to the ground with high-powered U.S. rifles put to their heads, their brains blown out across the yard.

Mr. Chairman, these images haunt me. They should haunt all of us. They should certainly haunt the U.S. Army School of the Americas, because when the facts of this came out, 19 of the 26 soldiers who murdered these men and women were graduates of the School of the Americas.

In the past 10 years, not once, not once, Mr. Chairman, have I heard anyone from the School of the Americas, the U.S. Army, or the Pentagon express any regret or concern about any possible role they might have played in relation to these murders, not on the record or off the record, not in private, nothing. All we ever hear from the School of the Americas and the Secretary of the Army and everyone else in the military establishment are rationalizations about a few bad apples. How many bad apples does it take before we shut this school down?

It is not just El Salvador or Guatemala in the past, it is today. It is today in Colombia, it is today in Peru, it is today in Bolivia. Every single time the United Nations or human rights groups analyze which military officers are the major human rights abusers, they find the overwhelming majority have been trained by the U.S. Army School of the Americas.

Let me be clear, these are not reports by the Pentagon or the school, these reports are generally made by human rights advocates, who place themselves in great danger in order to determine who among their militaries are responsible for ordering and carrying out atrocities against the civilian population.

In fact, the School of the Americas has never attempted to track the actions of its graduates. In fact, it has refused to carry out an independent review of its graduates. It simply does not want to know.

I do not know when each of my colleagues last traveled to Central America, but I urge them to go and talk to the people in the churches, to religious workers, to human rights workers, to labor leaders, and to just average folks. Ask them about the School of the Americas. Almost without exception, they will point out that the school is part of the problem with U.S. policy.

Do not ask government officials beholden to U.S. aid, do not ask the Latin American generals, do not ask the Pentagon. Of course they support the school. They have to. It is their job, or their junket. Ask the people of Latin America. Go to the villages that have suffered military oppression.

This school is a blemish on the image of the United States among the people of Latin America. There are better ways to train members of the Latin American military. There are better ways to build relationships. Every year the United States carries out training programs and leadership development throughout Latin America that involve tens of thousands of Latin American military officers and enlisted personnel. We do not need the School of

the Americas to do the training. There are other ways, better ways. A couple of small buildings on the huge base of Fort Benning could be put to better use and for other purposes.

Nothing can bring back my friends from the dead, but I have walked on the ground where they died, and I refuse to vote for a single penny more of taxpayer dollars for the school that trained their killers and that continues to train military officers who harm and kill innocent people in Latin America.

This is a vote of values. This is a vote of conscience. This is the time to shut down the School of the Americas. The time is now. I urge my colleagues to vote for the Moakley-Scarborough amendment. It is the right thing to do.

Mr. CALLAHAN. Mr. Chairman, I yield 4 minutes to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Chairman, I rise in strong opposition to the amendment offered by the distinguished gentleman from Massachusetts (Mr. MOAKLEY) to close the U.S. Army School of the Americas.

The gentleman from Georgia (Mr. BISHOP) is right, this is pure propaganda. Never has there been such a misguided, concerted propaganda effort against an organ of the United States government.

What bothers me, what saddens me, is the emotion, obviously deep emotion, because of the atrocities that affected the Maryknoll nuns, the Jesuit priests, the Archbishop Romero. This emotion would cause us to do irrational things.

It is time to leave behind this debate. I would say to my colleague, the gentleman from Massachusetts (Mr. MCGOVERN), the gentleman who just spoke, nothing will bring back the gentleman's friends. Those people were killed by men who did not receive their training to kill at the School of the Americas. He is on a mission from the 1980s. That mission today is misguided.

Mr. Chairman, as many of my colleagues are aware, there is this concerted effort to discredit the U.S. Army School of the Americas, the persistent use of outdated arguments of what the members consider to be a misreading of the record of outstanding service of nearly all of the school's graduates.

The School of the Americas, of course, is a key foreign policy tool for the United States in Latin America and the Caribbean. It helps to shape the region's leadership and environment in ways that are favorable to American interests. The school is also an integral part of the U.S. Southern Command's engagement strategy for the region.

At the end of the Cold War the attendant shift in U.S. national security strategy from containment to engagement and enlargement, and the emergence of new challenges to U.S. security interests, clearly has transformed many of America's institutions. Like most military institutions, the U.S. School of the Americas has undergone substantial changes.

I would say to my colleague, the gentleman from Georgia, this organization is not a mistake. It leads for democracy, not against it. It has emerged over the Cold War period with a revitalized and strengthened mission that promotes democracy, civilian control of the military, and respect for human rights. The change in mission has driven a corrresponding shift in the school's curriculum.

Today the School of the Americas emphasizes drug interdiction and eradication, humanitarian assistance and demining operations, civil-military relations, ethical, legal, and operational perspectives pertaining to human rights, democratic issues sustainment, and the conduct of peacekeeping and broader operations. With that as the kind of curriculum, it is no wonder that the officers and men involved in the School of the Americas, members of the United States Army, are insulted when they are charged with leading to the kind of abuses that are suggested as coming from their graduates.

Opponents of the school have indicted it is responsible for or complicit in many of the human rights abuses committed in Latin American countries. The facts are that in the School of the Americas 53-year tenure, during which it has graduated over 60,000 students, a small fraction of 1 percent of those students have ever been linked to human rights violations.

The lessons of the school did not take for these people, but probably nothing would have changed those evil and illegal inclinations.

Do all the graduates of our leading religious universities and colleges lead exemplary lives when they graduate? Of course they do not. The students of the School of the Americas committed violence in spite of, not because of what they learned at the School of the Americas.

Recent retired military officers trained at the school have included ten Latin American heads of State, 37 cabinet members, and over 100 chiefs of the Armed Forces and Chiefs of Staff of the services. General Jaime Guzman, a graduate, the minister of defense of El Salvador, has made heroic strides toward the elimination of human rights abuses by that Nation's military forces, a force that during the 1980s numbered abuses in the range of 2,000 per month.

Ironically, a direct benefit of the scrutiny of the school, including the scrutiny of the gentleman from Massachusetts, and I commend him for it, has resulted in very positive changes.

I oppose the gentleman's amendment. I ask my colleagues to do likewise.

Mr. MOAKLEY. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Chairman, I rise in strong support of the Moakley amendment to prohibit the continued funding of the United States Army School of the Americas. I thank the gentleman from Massachusetts (Mr. MOAKLEY) for his courageous leadership.

This is not pure propaganda. Those of us who defend human rights in the world know that the School of the Americas' training has been strongly connected to a deplorable amount of atrocities in the world. Sixty percent of the military officers cited for human rights violations in El Salvador by the 1992 report of the United National Truth Commission are School of the Americas graduates. In Columbia, 50 percent of the 247 military officers cited for abuses in a definitive 1998 publication are School of the Americas graduates.

What have these graduates been taught? They have learned the most sophisticated ways to commit torture, excessive abuses, and kidnaps in the middle of the night. Some of these graduates have been connected to the El Mozote massacre of 800 civilians, and the rape, torture, and murder of four American churchwomen.

Furthermore, the School of the Americas has been connected to the murder of six Jesuits priests and two women, and even to the assassinations of Archbishop Oscar Romero, a man who dedicated his life to peace.

How much longer will we continue to fund an institution whose teachings have been connected to so many needless deaths and sources of pain for so many people? Some of the defenders of School of the Americas say that it is a center for counternarcotics training, but do not allow them to cloak this school in a feel-good explanation. Its graduates have been implicated time and time and time again in drug-related crimes in Peru, Columbia, Venezuela, Bolivia, and Guatemala.

Also, we must ask ourselves, what is the moral guiding principle for allowing the School of the Americas to remain open? The same supporters will state that the manuals of torture are a thing of the past and the curriculum has been reformed. However, they have not reformed enough. Only 10 percent of the School of the Americas students take part or attend classes in this new curriculum.

The Universal Declaration of Human Rights proclaims a common standard of achievement for all peoples in all nations to the end that every individual and every organ of society keeping this declaration in mind shall strive by teaching and educating to promote these rights and freedoms.

□ 2145

The document also vows to, if it is essential, that human rights should be

protected by the state of the law. Surely we can discern that forced imprisonment, extortion, rape, torture, and murder are not a protection of human rights, but rather a gross violation. We have a collective promise to protect human rights. To allow continued funding is not meeting that promise. Let us take that first step by voting for the Moakley amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Chairman, I respect my Democratic colleagues who, for years, have expressed their concerns about the Army School of the Americas. Perhaps, and perhaps surely because of them, we have a better school today, and I respect that.

But I would suggest that many Democrats will join with our Republican colleagues tonight in support of the belief that the School of the Americas furthers, not hurts, democracy and human rights in South America.

Let me mention the statement of one Democrat to that effect. ''I am proud of the prominent role that the school now plays through its emphasis on the values of human rights and civilian control of military.'' ''The School of the Americas and the emphasis its curriculum gives human rights are an important part of our efforts to strengthen democratic institutions throughout Latin America.''

That was a statement made on March 24 of this year by President Bill Clinton.

What are the facts? Sixty thousand graduates of the school and a small percentage have been guilty of human rights abuses. Should we shut such a school? I would suggest not. Because if we were being fair and applied that same logic to American universities and colleges from Harvard to Stanford to the University of Texas, we would have to close every major university in the United States.

Mr. Chairman, that is the problem we have and I have with our relations with our friends, our Latinos to the south of the United States. The reason they see us as big brother, and a condescending one at that, is because we apply one standard to ourselves and a different, higher standard to them. I do not think it is fair, and neither do they.

The reality is the fact that democracy has grown, not shrunk, in Latin America over the last decade. I believe, President Clinton believes, many other Democrats and the Republicans believe the School of the Americas has played a constructive role in that progress.

I personally have a hard time thinking that courses such as humanitarian mine removal, counterdrug operations, democratic sustainment, and human rights, train the trainer programs have been the cause of human rights abuses in Latin America.

I oppose the Moakley amendment, in all due respect.

Mr. MOAKLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts (Mr. MEEHAN).

Mr. MEEHAN. Mr. Chairman, I rise tonight in support of the Moakley amendment to prohibit funding for the School of the Americas.

No one has come to this floor to say that every graduate of the School of the Americas has been a murderer or has committed murders. But no one can deny, if the School of the Americas had a class reunion this weekend, it would be a gathering of some of the most unsavory thugs in the history of the Western Hemisphere.

Mr. Chairman, the Cold War is long over. The primary objective of the United States foreign policies have changed as a result. Our focus in Latin America has shifted from combatting Communist insurgencies to supporting promising developments in democratic and civilian rule, and encouraging respect for human rights.

We must adjust our policies accordingly to reflect this transition.

Although the administrators of the School of the Americas claim that their curriculum has been modified to satisfy our new policy objectives, their arguments fail to convince me.

Administrators are quick to point out that they have added courses solely devoted to teaching human rights. What their promotional literature fails to mention, however, is that in the 3 years since the course has been offered, not a single student has taken it.

The School of the Americas claims it is instrumental in the war against drugs. How instrumental can their graduates be when, in 1997, less than 8 percent of the students took the course on counternarcotics.

Four years ago, I traveled to Fort Benning, Georgia to tour the school myself. I was hoping to disprove the School of the Americas' critics. Unfortunately, I left the school unconvinced. Four years later, significant changes have yet to occur. Four years later, reports on human rights abuses in Latin America continue to implicate School of the Americas' graduates.

In February of this year, the Guatemalan Truth Commission Report concluded that School of the Americas' counterinsurgency training contributed significantly to human rights abuses in that country.

Moreover, a recently released U.S. State Department Report on Human Rights in Columbia links School of the Americas' graduates to abuses that include the July 1997 Mapiripan massacre of 30 peasants, as well as numerous targeted killings of civilians.

Enough is enough. We have heard these same arguments year after year. We have listened to excuses and denials, yet nothing has changed.

The time has come to close this chapter of history and move on. Surely, there are better ways to foster cooperative relationships with our peers in Latin America. The United States has an obligation to prove it stands for human rights and not coercion or repression.

I urge all of my colleagues to vote in support of the Moakley amendment and close the School of the Americas.

Mr. MOAKLEY. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. BALLENGER).

Mr. BALLENGER. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Chairman, I would like to say probably for those people that do not know, I probably have been to El Salvador, Nicaragua, and Guatemala more than anybody in this Congress. I would like to say that we just got back a month ago on a trip where we went to Venezuela and El Salvador.

I had a very interested Democrat who, everywhere we went, asked about the School of the Americas, the School of the Americas, the School of Americas, obviously looking for some statement by somebody down there about how bad the School of the Americas was.

The commander of the Army in Venezuela, I thought, gave the best answer. He was an alumnist. He said that the best training that his Army got was in the School of the Americas. He spoke glowingly about it. He also said that there was no way that he could take his troops that basically had no training at all and make good soldiers out of them without some training outside of his own country. He really spoke positively about it.

In El Salvador, the same question was put by the same person to ex-President Alfredo Cristiani. Those of my colleagues that do not remember, he was the President of El Salvador when the war was really going hot, when the priests were killed. He was the person who kept the peace process going.

In his statement to us, having been questioned about the quality or what was the value of the School of the Americas, he said specifically that he doubted that there was any possibility they would ever have had peace. Because before the rebels were willing to settle in El Salvador, the whole commanding force of the Army had to voluntarily quit. Most of those people that voluntarily quit and left their jobs, and I know one of them now who was the commander, complete commander of the Army, is running a filling station in El Salvador, San Salvador.

But without the voluntary effort on their part to leave, without any effort to try to keep their own power and so forth and to back off and allow the peacemaking between the rebels and Alfredo Cristiani government, it is hard to believe it could have been done better.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I guess we both went different places. I was in El Salvador at the anniversary mass of the Jesuits. After I got through speaking, people came up to me and said, ''How can you in the America who is so noted for human rights abuse keep that School of Americas open with the graduates who killed many of our people down here?'' I did not have an answer for them.

Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Chairman, there is a simple question I try to ask most times I hear about government spending. Do we need it? My colleagues do not have to prove that the School of the Americas is demonic. My colleagues just have to ask themselves, do we need it?

There are many other uses for our taxpayers' dollars in the foreign assistance area that are profoundly more valuable, more important, more treasured by us, and more beneficial to the recipient than this. To make that case, my colleagues do not have to make the case of any indictment of the kind added to the graduates of the School of the Americas.

Second point, the question has arisen as to whether the School of the Americas has engaged in training people to engage in atrocities themselves. I do not maintain that. I am not offering that as the premise for supporting the amendment. What I am saying is that they have shown a remarkable tin ear.

How many years now have we debated the School of the Americas on the floor of this body and asked for reforms, asked for a mandatory course in human rights? As we just heard from our colleague in the well, they still do not have takers for their voluntary course in human rights.

They have instituted a course. And so I did the research, and I found out that it is listed in the course catalog, the United States Army School of the Americas at Fort Benning, Georgia. This is their human rights course. It is a course listed as OE–1, Human Rights Train the Trainer Qualification Course.

Then when we check the International Military Education and Training, IMET, statistics from the military training report, we find out that nobody took it.

Well, the next counter is, well, there is another course, and they are getting around to it. This course trains the upper level staff, the command in general staff course. So I checked into that. It turns out that, yes, out of 817 students in the School of the Americas last year, 28 were enrolled for that course. That is for the very upper level. In 1999, again 28.

The argument I make is simple. It is not needed. Do not spend it.

Mr. CALLAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia (Mr. COLLINS).

Mr. COLLINS. Mr. Chairman, I thank the gentleman from Alabama for yielding me this time.

Mr. Chairman, is the school needed? Yes, in answer to the gentleman from California (Mr. CAMPBELL). In answer to his comments about those who did not enroll in the certain human rights classes, I showed him evidence today, he evidently forgot it, that they have and they are.

We have heard the Cold War is over. We have heard that about Europe. But we are spending billions of dollars there today. We have heard about the atrocities in where these people were taught. We from Georgia have been glued to the TV this afternoon about an atrocity we had there today where we have 13 people dead. I wonder where that guy learned to kill. Atrocities happen, especially in a time and era when one is changing from dictatorship to democracy. That is what has happened in Latin America. We have built democracies there, and now we must maintain them.

Mr. Chairman, the U.S. Army School of the Americas is our Nation's foremost training facility for Spanish-speaking militaries and police forces and for U.S. military officers to be stationed in South America, Central America, or the Caribbean.

The school provides training and professional military and police operations, drug interdiction and eradication, peacekeeping, and other areas critical for the post-Cold War challenges in this hemisphere.

Every course at the school has been developed to serve the interests of democracy, and every student who attends the school does receive training in human rights. In fact, the school is widely recognized as having developed the foremost human rights training program available to any military training institution in the world, including those others of U.S. training centers.

Those who suggest that the United States Army School of the Americas has somewhat been responsible for crimes committed by Latin American soldiers, and the School of the Americas is responsible, are just wrong. They have no way to substantiate it.

An honest assessment of Latin American history over the last 50 years demonstrates clearly that the U.S. Army School of the Americas serves the American interest.

□ 2200

Just recently this week, the Secretary of the Army, Louis Caldera, made the case for the school in a Washington Times op-ed piece, and I would like to read the comments from the secretary, and I quote:

''The preponderance of the engagement with Latin American militaries takes place at the U.S. Army School of the Americas located at Fort Benning, Georgia. The courses taught at the School of the Americas are a reflection of our national security policy, but they are also a reflection of our national values. While the majority of the courses involved are of professional military instruction, new courses have been added on civilian-military relations, humanitarian mine removal efforts, peace operations and sustaining democracy. All courses include instruction in human rights and make clear that the proper role of the military in society is subordination to civilian control.''

He further states: ''Instruction covers the ethical, legal and operational consequences of failing to respect essential standards of individual rights and international law regarding the legitimate use of force.

''Despite such changes, the School of the Americas is once again under attack from critics who claim that it trains Latin American militaries to violate human rights and circumvent the democratic process.

''Instead of focusing on the negative, we should examine the role of the vast majority of graduates who have served their nations proudly and professionally. For example, the key members of the delegation that put together the recent historic peace accord between Ecuador and Peru were School of the Americas graduates from Peru, Ecuador, and the guarantor nations of Chile and United States.

He further states that: ''The School of the Americas receives more oversight than any other U.S. military school. It has undergone several, several,'' as mentioned by my colleague from Georgia, 12 ''separate investigations at the request of the Congress and the Department of Defense. Each of the investigations has found the School of the Americas to be in compliance with U.S. law and policy.''

Mr. Chairman, while most of the turmoil of the 1980s has subsided in this region, new threats have emerged and must be addressed. With all the progress that has been made in the region over the last 50 years, it would be irresponsible to turn our backs while drug traffickers and terrorists chip away at freedom and democracy in Central and South America. It is irresponsible, irresponsible, to the democracies of Latin American countries and to the policy of this Nation to close the School of the Americas.

Mr. MOAKLEY. Mr. Chairman, once again, can the Chair inform me of how much time I have remaining?

The CHAIRMAN. The gentleman from Massachusetts (Mr. MOAKLEY) has 5 minutes remaining, and the gentleman from Alabama (Mr. CALLAHAN) has 1 minute remaining.

Mr. MOAKLEY. Mr. Chairman, I yield 1 minute to the gentlewoman from Michigan (Ms. RIVERS).

Ms. RIVERS. Mr. Chairman, as a child I learned a simple but accurate rule: You are known by the company you keep. The grizzly record amassed by the graduates of the School of the Americas does not reflect well on the United States of America or on this body, which votes to fund its operations year after year.

We can no longer pretend our hands are clean when we continue to train those whose hands become so bloody. Even 1 day more, Mr. Chairman, is 1 day too many. It is time to close the School of the Americas.

Mr. MOAKLEY. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I rise in support of the amendment.

In 1980, four U.S. churchwomen were brutally murdered in El Salvador. Among them was a close friend of mine, Sister Dorothy Kazel from Cleveland, killed by graduates of the School of the Americas.

In 1989, six Jesuit priests were massacred in El Salvador by School of the Americas graduates.

Archbishop Oscar Romero and Bishop Juan Gerardi of Guatemala were assassinated by School of the Americas graduates.

Almost 1,000 citizens of the El Mozote community in El Salvador were massacred by School of the Americas graduates.

In 1997, 30 peasants in the Colombian village of Mapiripan were massacred by School of the Americas graduates.

If this is a school for the Americas, then Al Capone ran a social club for Chicago. It is time to close the school.

In 1992, nine students and a professor were killed in Peru by School of the Americas graduates.

Efrain Barnaca and U.S. citizen Michael DeVine were killed in Guatemala.

Three people were innocent civilians and missionaries working for peace and justice, and they were brutally killed by officers who received their human rights training from the United States Government at the School of the Americas.

Three of the five officers responsible for the "U.S. Churchwomen's" deaths, including my friend, were trained at the SOA.

Nineteen of the 26 officers accused of the massacre of six Jesuit priests were graduates of the SOA.

Two of the three officers responsible for the assassination of Archbishop Romero went to the SOA.

Ten of the twelve involved in the El Mozote massacre of 1,000 people were SOA graduates.

The six Peruvian officers who killed the students and their professor attended the SOA.

The officer in charge at the Mapiripan massacre graduated from the SOA.

And the murderer of Efrain Barnaca and U.S. citizen Michael DeVine is a SOA graduate.

Unfortunately, these are only a few examples of the human rights abuses committed by SOA graduates. In spite of the half-hearted human rights instruction that the SOA claims it includes in every course, the State Department's Country Reports on Human Rights Practices highlight more examples of SOA graduates committing human rights abuses each year.

What Latin American militaries need most is a curriculum solidly based on human rights, civilian control of the military and democratic values. It's not hard to imagine why graduates who spend the majority of their time on military intelligence, psychological operations, battle staff operations, and commando courses and only eight hours of human rights instruction end up committing human rights violations upon returning to their home countries.

As this issue comes to a vote, an InterReligious Task Force delegation of young Ohioans is meeting with victims of violence in El Salvador. They will visit the site of the Jesuit massacre and the El Mozote massacre. They will also visit the site where the four churchwomen were murdered. When they return, we will have yet another first-hand account of the suffering so many SOA graduates have caused.

The young people in this group are acutely aware of the tragedies incited by SOA trainees. As more reports of sketchy curriculums and SOA graduates committing human rights abuses are revealed, this awareness is spreading across the country and the American people are demanding that this school be closed.

It is time to stop funding of this school. If we are truly committed to promoting human rights around the world, we cannot continue funding this school and training future human rights abusers. Let's support justice and peace, not violence and deceit.

I urge my colleagues to vote "yes" on Representative MOAKELY's amendment to cut funding for the SOA.

Mr. MOAKLEY. Mr. Chairman, I yield the balance of my time to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, I rise in strong support of this amendment.

If we sold jet fighters or arms to a country and they misused or abused their citizens or those around them misused those arms, we would stop the assistance and aid to that country. When we invest in human individuals and military training and we see the misuse and abuse going on with that, we ought to try to restrain it and limit it.

But what are we doing here? We talk about decades-old reports. This is a 1999 report from the Guatemalan Truth Commission reporting on the conduct of School of Americas graduates. This is the 1998 U.S. State Department report, reporting on problems in Colombia. And what is at the base of it? The graduates from the School of the Americas.

What is the answer to this particular problem from the school? It is a plan that lives on paper that does not live in reality. My friend from Nebraska raised the point that there is a human rights course. Nobody takes it. It is not mandated. And only one in 10 students at this school take any type of course that is related to peace or any of the other values that we are trying to profess. So they have a plan that lives on paper here but not in reality. They are papering over a very serious problem.

This culture has not been changed. It is the same culture that has existed before in terms of this institution, one that fights against the empowerment of people, against social justice, against the religious voices that are speaking up in those countries where they do not have that freedom; against the labor unions in those countries, where they are trying to get power for the people; and even against the political system. They even complain that some of the political campaigning is subversive. Well, sometimes we might agree with them, but the fact of the matter is that this is the conduct of what is going on in this school over and over again.

Are we short of higher education institutions in this country that we cannot bring Spanish speaking individuals into this country to receive the type of training they need?

And then to bring up the issue of drugs. Well, if this is the answer to drugs in South America and Central America, I think we better change it because it is not working very well. In fact, they are almost taking over Colombia these days.

So the fact of the matter is we need to face the facts and look at this and what is going on down here. And I know that our military and the people involved here have good intentions, but the road to hell is paved with good intentions and the road to what has happened here is wrong. We ought to reject this particular language in the bill, we ought to save the $2 million, and we ought to try to respect the rights and the decency of the people in South and Central America that see this as oppression, that see this as something where they send their young men into this country for training and we send them back people that are trained to use those tools and those skills in a way to suppress the democracies and the people in Central and South America.

Mr. CALLAHAN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. GALLEGLY).

Mr. GALLEGLY. Mr. Chairman, as the chairman of the Subcommittee on the Western Hemisphere of the Committee on International Relations, I stand in opposition to the Moakley amendment and in support of the School of the Americas.

Mr. CALLAHAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. REYES).

Mr. REYES. Mr. Chairman, I rise in opposition to this amendment.

I believe that as Members of Congress, we should fully explore issues before making a determination as to their merits. As such, before I decided my position on the U.S. Army School of the Americas, I met with opponents of the school and I also visited the facility.

At the school, I met with the Commandant. I met with professors—both U.S. military and those from elsewhere in this hemisphere. I met with students. I visited classes. The Army made all of the school open and available to me. My visit convinced me that the School of the Americas is providing an essential service to this nation, assisting in our attempts to positively influence countries throughout the Americas.

On more than one occasion, I have personally invited many of my colleagues who oppose the school to visit the facility with me, but none have agreed to do so. On May 12, I invited many of my colleagues to join me for breakfast with Army Secretary Louis Caldera and School of the Americas Commandant Colonel Glenn Weidner. They were available to answer any questions Members have concerning the school. Only five Members came.

Caldera and Weidner explained, among other things, that the School of the Americas is a U.S. Army school. It teaches the same doctrine, tactics, techniques, and procedures as are taught at every other Army school. Some of my colleagues complain that students are being taught war fighting skills. They are the same war fighting skills taught at every other Army school.

I want you to remain mindful of all of the organizations within the federal government that believe the School of the Americas is a critical tool for promoting democracy and teaching respect for civilian control of a nation and respect for human rights. The Department of State, the Department of Defense, the Department of the Army, the Drug Enforcement Administration, the Office of National Drug Control Policy, and the Commander in Chief of the U.S. Southern Command have all strongly endorsed the School of the Americas as critical to our foreign policy in Latin America. Officials from each of these organizations have written strong letters of support for the school.

Finally, before you cast a vote today to eliminate a school that has provided a great service to this country for more than 50 years, I would ask that you take the time to visit the school, or at least, take the time to meet with its supporters. If you have not had time to do so, please do not vote to kill the school at this time. Once it is eliminated, we cannot take that back. Instead, please vote against the amendment and take the time to explore this issue more fully over the next year. I urge you to oppose the elimination of School of the Americas.

Mr. CALLAHAN. Mr. Chairman, I yield myself the balance of my time, and I will just close by saying that we have had, once again, this annual debate on the School of the Americas. Nothing new has been said. The situation is the same as it was last year.

The school is doing a great service, I think, to this hemisphere. We are, for the first time in many decades, experiencing peace in our own hemisphere and, in my opinion, a lot of that is because of the efforts of the School of the Americas.

Mr. Chairman, I urge the Members of Congress to vote against the amendment.

Mr. FARR of California. Mr. Chairman, I ask my colleagues to join together to ensure that this year's graduating class at the School of Americas is the School's last. Ever. After years of debate, it is time that we finally end the terrible legacy of the School of the Americas. In an era in which we are striving to strengthen democracy and respect for human rights in Latin America, as well as throughout the globe, we cannot possibly justify or tolerate a school whose students major in "Methods of Torture" or "Murder 101."

The School of the Americas has trained tens of thousands of military personnel from Latin America in combat and military strategy, only to send its graduates back to their home countries to commit horrible atrocities against innocent people. Some of the School's most infamous alumni include Latin American dictators such as Manual Noriega of Panama, Augusto Pinochet of Chile, and Hugo Banzeer of Bolivia. School of the Americas graduates are responsible for the murder of six Jesuit priests in El Salvador in 1989 and the murder of university students in Peru in 1992. Tyrants that we teach our youths to condemn are actually trained on American soil by American personnel. It is our responsibility to halt this hypocrisy.

Military education doesn't have to be this way. Military schools have used exchange programs to allow officers around the world the opportunity to learn about U.S. military doctrine as well as the democratic process. The fact is, the Cold War is over and democracy is spreading throughout Latin America. The School of Americas serves no further purpose.

The evidence is clear, Mr. Chairman. The School of the Americas is an example of military education gone wrong. How long must be deaths of innocent people, including American citizens, continue because of our support for the School of the Americas? The School must be closed for good.

I urge my colleagues to cut funding to the School of the Americans and support the Moakley amendment.

Ms. MCKINNEY. Mr. Chairman, earlier this year President Clinton traveled to Central America. Unfortunately, from Guatemala to El Salvador, he was forced to acknowledge and apologize for U.S. past mistakes in the region. Further, the School of Americas can be traced directly to many of the problems associated with past policy in the region.

So I rise today, to encourage my colleagues to join me in supporting an amendment offered by Representative MOAKLEY to close the United States Army School of the Americas located in Fort Benning, Georgia.

The legacy of the School of the Americas, better known throughout this hemisphere as the School of Assassins, brings shame on the United States military and upon our nation.

As a Georgian, I am embarrassed that the SOA is based in the State that I am so proud to represent.

As a member of the Armed Services Committee, I am extremely frustrated by the dismissive attitude of some of our military establishment to the revelations that our soldiers trained others to murder, torture, and terrorize civilians.

And as a woman of color, I am indignant that the School of Americas has played such a prominent role in the brutal oppression of people of color throughout the America's.

Mr. Chairman, two weeks ago I received a "Dear Colleague" letter that featured a lengthy editorial written by former U.S. Ambassador to Panama Ambler Moss, stating his support for the School of the Americas. The editorial is representative of the misinformation being promulgated about the SOA and I believe that some clarification of his statement is in order.

Mr. Moss writes that Members of Congress who oppose the school claim it is a "school of assassins." In fact, it was Panamanians who dubbed the SOA the School of Assassins, long before SOA graduate and Panamanian dictator Manuel Noreiga became a guest of the State of Florida.

Mr. Moss goes on to state that blaming the school for the atrocities of its graduates is akin to "vilify[ing] Harvard because its alumnus Ted Kaczynsky" is the Unibomber. It is an absurd comparison. I would suggest that if thousands of Harvard graduates went on to careers in murder, rape, and torture, its trustees would be in prison and its doors closed.

In a rather cynical distortion of the truth, the editorial would have us believe that the "new and improved" emphasis of the training at the SOA is now respect for civilian control of the military and respect for human rights. That is false. Of the 33 courses offered at the SOA, only five are related to human rights or democracy and less than ten percent of the students took those last year. None have taken the human rights trainer course.

Finally, Mr. Speaker, the author notes that the "bad name [the SOA] gave the United States continues to undermine our image with many Latin Americans of democratic persuasion." That, at least, he got right.

Other myths abound about the School of the Americas. To name a few, some have made the claim that the SOA is critical to the war on drugs, but the truth is that fewer than 8% of the students took counter-narcotics courses in 1997.

I am particularly concerned by the counter-narcotics myth because I fear the war on drugs, like anti-communism before it, provides too convenient an excuse for turning a blind eye to gross violations of human rights in pursuit of our so-called just cause.

Another pernicious myth about the SOA that is routinely touted as fact is that abuse by its graduates is, like the cold war, a thing of the past. Yet just last year a State Department report shows a SOA graduate commanded Columbia's notorious 20th brigade which had to be disbanded because of its involvement in human rights abuses including political assassination.

The same report shows that another SOA graduate is under investigation for his complicity in the 1997 Majpiripan massacre of 30 peasants.

The Department of Defense is to be commended for acknowledging that training manuals used at the school as recently as 1991

recommended forms of coercion against insurgents that included blackmail, torture and execution. However, the DOD continues to resist efforts by Congress to reform the School of the Americas.

In 1995, the House Appropriations Committee strongly urged the Department to incorporate human rights training into the schools regular training curriculum and ''to rigorously screen potential students to make certain they have not taken part in past human rights abuses.''

Unsatisfied, in 1996 the Committee included in its report to the FY 1997 Foreign Operations Appropriations bill similar language and required the Secretary of Defense, in consultation with the Secretary of State to prepare a report on the school by January 15, 1997.

Still unsatisfied, in 1997 the House version of the FY 1998 foreign operations appropriations bill sought to cut off International Military Education and Training funds to be school unless the Secretary of Defense: (1) certified that the schools training is consistent with respect to human rights; (2) certified that there was adequate screening of prospective students and (3) provided to Congress a report detailing the training at the school and an assessment of its graduates.

After receiving the report mandated in 1996 in June, more than six months late, the Committee asserted that it was ''woefully inadequate'' and did not respond to the Committee's specific request.

Mr. Speaker, efforts at Congressional oversight and reform of the School of the Americas have been met with bureaucratic indifference, token reform and a substantial public relations campaign to clean up the schools image.

We can no longer allow the shameful legacy of the School of the Americas to besmirch the honor and reputation of American soldiers, our nation, or the great state of Georgia.

I urge all of my colleagues in the strongest terms, to join me in voting to close the School of Assassins.

Mr. VENTO. Mr. Chairman, on behalf of my constituents who have committed their lives to speaking out against torture and intimidation tactics taught at the U.S. Army School of the Americas (SOA), I rise in strong support of this human rights amendment which will cut funds for the SOA.

Supporters of the U.S. Army School of Americas (SOA) often claim that human rights abuses by SOA graduates are a thing of the past. Unfortunately, time and time again, graduates of the SOA are cited for horrific acts of violence, torture and murder. The recent State Department Country Report on Human Rights Practices for 1998 points out yet another example of SOA graduates committing human rights abuses back home in their own countries, after receiving training at the expense of U.S. Taxpayers. This time it is in Colombia. Where will the next atrocity take place?

Specifically, the report states that Colombian Major Hernan Orozco Castro, a graduate of the SOA, is under investigation by the Bogota government for his involvement in a July 1997 massacre of at least 30 peasants in the village of Mapiripan. The report also describes the Colombian government's May 1998 disbanding of the feared ''20th Brigade'', led by an SOA graduate, for its involvement in human rights abuses, including the targeted killings of civilians.

Such reports must be reconciled with our conscience and policy to determine if our tax dollars should go to train Latin American military and police forces. U.S. education and training programs, whether military of civilian, have a paramount responsibility to uphold the ideals of social justice and promote basic human rights.

Under intense scrutiny, the Defense Department has claimed that it has cleaned up the SOA. Unfortunately, these reforms are only cosmetic at best. Since 1997, when the SOA first taught its one and only human rights course in Paraguay as a pilot program, not one student has taken the course. Entitled ''Human Rights Train-the-Trainer Qualification Course,'' this human rights course is not a required course—no course is—and it was taught only once in Paraguay, not at Ft. Benning, Georgia. Moreover, the School retains this courses on its list of available courses to this day, even though the class is not taught anymore. If the SOA leadership truly believed in human rights instruction, it would offer a separate, mandatory course taught at the school in Ft. Benning, Georgia.

Try as it may, the SOA cannot re-invent itself. It is time to close the door on this chapter of violence. The SOA is a tragically failed education effort. There are numerous U.S. institutions of higher education that excel at preparing students from abroad to promote the democratic values and safeguards fundamental to a free society. For the sake of the people of Latin America and the United States, we must close the SOA. I urge all my colleagues to vote yes on the Moakley Amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY) will be postponed.

Mr. MOAKLEY. Mr. Chairman, I withdraw my demand for a recorded vote.

Mr. CALLAHAN. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY) will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. PITTS

Mr. PITTS. 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. 3 printed in House Report 106–269 offered by Mr. PITTS:

Page 116, after line 5, insert the following:

LIMITATION ON CHILD SURVIVAL AND DISEASE PROGRAMS FUND

SEC. . None of the funds appropriated or otherwise made available by this Act in title II, under the heading ''CHILD SURVIVAL AND DISEASE PROGRAMS FUND'' may be used for programs and activities designed to control fertility or to reduce or delay childbirths or pregnancies (except breastfeeding programs).

The CHAIRMAN. Pursuant to House Resolution 263, the gentleman from Pennsylvania (Mr. PITTS) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today to urge the House to pass my child survival protection amendment to the foreign ops appropriations bill.

This amendment is simple, it is rational, and it represents taxpayer honesty. It is one that many on both sides of the aisle can vote for. Simply, it puts a firewall around child survival funding, stating that child survival funds should be used for child survival, to save lives of children, and not be used for population control.

This is merely honesty in budgeting, honesty in appropriations. Money appropriated for child survival should be used for child survival. Money appropriated for population control should be used for population control.

Many of my colleagues might not be familiar with the child survival program. Let me take a few minutes to give some background. In developing countries, more than 12 million children under the age of 5 die each year of easily preventable diseases. This is the equivalent of half of the children under 5 in America dying in a single year. It is an enormous number of children. It is tragic.

The child survival funds in the foreign ops bill were created to help these children live long enough to celebrate even their fifth birthday. Children in developing countries die every day of illnesses that would never be fatal to our children here in America, things like dehydration, measles, pneumonia, malaria, respiratory infections. Our children do not die of these things because we have access to medicines, immunizations, and clean water. But poor mothers around the world are often helpless to provide this care for their children, and that is why child survival funding is absolutely essential.

Just take a look at this chart, which details the simple ways that child survival funds can literally save millions of lives of the most helpless people around the world, the children.

First, seven cents. That is all it costs for oral rehydration salts that can save a child from dying of dehydration that has dysentery. Nearly 2 million children die of that a year.

Fifteen dollars provides a child with immunization against six major childhood diseases. Two million more children die of those around the world.

Six cents can provide three vitamin A capsules to save a child from going blind. One hundred million children suffer from this deficiency.

Fifteen dollars, a bed net, protects a child from malaria. More than a million children a year die from malaria.

Twenty-five cents could provide proper antibiotics to treat pneumonia. Two million children die of that.

One dollar and seventy cents improves sanitation to prevent waterborne diseases. Three million children die from that.

I think my colleagues can see what common sense some of these solutions are that have the potential for tremendous impact. What this chart also shows is that the current amount of funds appropriated for these treatments in child survival, $215 million, is grossly inadequate to meet the needs of dying children around the world.

Mr. Chairman, that is why every dollar we are currently designating for child survival must go directly for that, child survival. There are reports that child survival funds have been used to promote population control. Mr. Chairman, this robs children of live saving treatments.

Simply stated, this amendment seeks to prevent that from happening. It ensures that child survival funding is used for child survival. We already have $385 million for population control which can be used for family planning purposes. Child survival funds should and must be used for the purpose for which they are appropriated.

It is a simple amendment, it is taxpayer honesty, but in a very real sense it is a life and death issue for millions of children around the globe. Mr. Chairman, I urge the Members to support the child survival protection amendment.

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

The CHAIRMAN. Does the gentlewoman from California (Ms. PELOSI) seek to claim the time in opposition?

Ms. PELOSI. I do, Mr. Chairman.

The CHAIRMAN. The gentlewoman from California (Ms. PELOSI) is recognized for 10 minutes.

Ms. PELOSI. Mr. Chairman, I yield 3½ minutes to the gentleman from Michigan (Mr. LEVIN).

□ 2215

Mr. LEVIN. Mr. Chairman, in the late 1970s I was in charge of administering the International Voluntary Population programs of this country. The big battle in those days was whether population programs should be integrated so that programs relating to family planning be integrated with health, with programs relating to the role of women, with programs relating to maternal child health, also programs relating to the role of men in the family.

There were those who wanted to build a brick wall between population programs, family planning programs, and other programs, including health programs.

Those who believed in integration won that battle. Those who thought that the only answer was availability of contraceptives lost that battle.

In the last decade, more and more the world has come to accept the interrelationship between family planning programs and other population programs, including maternal child health programs.

Well, here we are now with an amendment that tries to build a brick wall between population programs and child survival programs.

The truth of the matter is that that wall is as fallacious as the wall some tried to build 20 years ago between population and health programs. We are doing this in reverse. The spacing of children is a program that deeply relates to the health of children, period. The evidence is clear on that. It is a dreadful mistake to now say that child survival should not include anything that relates, for example, to birth spacing.

Let me read from a statement by CARE and Save the Children. And by the way, if any organizations know about child survival, it is CARE and Save the Children. They say, this latest amendment ''fails to appreciate both the integrated nature of maternal and child health services and the important role of birth spacing in improving child survival. Imposing this restriction would be impractical from a program implementation standpoint and would undermine rather than enhance access to this small but critical component of child survival programs,'' signed by the president of CARE and the president of Save the Children.

This is truly a misguided amendment. I do not think anybody is saying that child survival funds are going in large numbers to programs relating, for example, to the spacing of children.

Let us take a second look. This issue is not one related to abortion, for example. Indeed birth spacing cuts down the number of abortions, the evidence is clear. This is a question of whether we look at programs in a comprehensive way or try to chop them in pieces and build walls between them.

Do not do it. It is a mistake. There is no evidence of abuse. I do not know any organization that cares about kids internationally that is supporting this amendment.

Mr. PITTS. Mr. Chairman, I yield myself 30 seconds to respond.

Mr. Chairman, this discussion is not about birth spacing. However, I have made an exception for breast feeding programs in this amendment, an exception that probably was not necessary. But I want to make it clear that since breast feeding programs are designed to improve nutrition and health of children and incidentally have an effect in birth spacing, these programs do not apply as programs designed to control fertility or reduce or delay pregnancies. So children are given proper nutrition and births are spaced as a by-product.

Just to remind my colleague, any other population control effort can be funded out of the $385 million provided.

Mr. Chairman, I yield 1 minute to the gentleman from Kansas (Mr. TIAHRT).

Mr. TIAHRT. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding.

Mr. Chairman, the gentleman from Pennsylvania (Mr. PITTS) has crafted an amendment to protect child survival funding from being detoured to other purposes.

This is not a misguided amendment. This is an amendment that provides integrity to the program's funds. But why do we want to do this? Why do we want to protect this? Every year more than 12 million children in developing countries die from easily preventable diseases.

That is like seeing one out of two children under the age 5 years here in the United States die from malnourishment or from a disease that could be easily prevented.

For seven cents we can provide oral rehydration salts. For $15 we could provide immunization for the six major childhood diseases. For six cents we can provide Vitamin A capsules. For $15 we can do something to help kids get a net to protect them from malaria.

When we have the opportunity to go to these Third World countries and preserve a quality of life for these kids, we should not turn our backs on it. We should not allow this money to be diverted to another purpose.

I have been to Third World countries, and I have seen it be diverted. I think it is important that we vote for the Pitts amendment. I request my colleagues to do that.

Ms. PELOSI. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I rise in opposition to the Pitts amendment.

The Pitts amendment, as has been mentioned, prohibits use of child survival funding for programs designed to control ''fertility or reduce or delay childbirth or pregnancy except breast feeding programs.''

This amendment is offered under the inaccurate assumption that the child survival fund which is used to counsel women on health choices is an inappropriate use of this funding.

It is time for people to realize the simple fact that we cannot separate the health of the mother from the health and well being of the child.

I have this chart. It is hard to read, but I will try to walk my colleagues through it because it demonstrates very clearly why this is a dangerous amendment.

While we may be talking politics here and theorizing, the reality is in the Third World. It shows on this chart that in Zambia, for example, when children are spaced 2 years apart, the mortality rate is higher than if they are spaced farther apart.

Now, do not think of 2 years in the United States. Think of 2 years in the developing world. Do not think of my children. I had five children in 6 years, I mean almost to the day, in a very comfortable, secure, nourishing atmosphere. But this is the complete opposite of that. So I do know a little bit about of what I speak.

Then if we go to Tanzania, we see on the chart, 4 months the mortality rate is the red line. Four to 5 months, we see the purple line, the mortality rate goes down. We get to 48 months plus and the mortality rate is much lower.

So these funds from the child survival account are very, very important to child survival. That is what we are demonstrating here.

Now, the gentleman says this counseling can be done out of the Population Fund. Exactly. And that is what this amendment is about, reducing the funds available for population funding, family planning. That is what this amendment is about. Yes, it is important.

My colleagues cannot tell me that they do not recognize the importance of counseling on spacing of children and how that decreases the mortality rate. But, yes, that is important. Take it out of the family planning money.

That, my colleagues, is the essence of this amendment, indirect but very, very direct. Indirect in theory but direct in impact assault on the family planning funding.

For that reason, I urge my colleagues to vote against the Pitts amendment.

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

Mr. PITTS. Mr. Chairman, may I inquire as to how much time remains?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. PITTS) has 4½ minutes remaining. The gentlewoman from California (Ms. PELOSI) has 3½ minutes remaining.

Mr. PITTS. Mr. Chairman, I yield 1½ minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, the sign we just saw was accurate. There is no question about it. But the one thing that the gentlewoman from California fails to ignore, if we are holding a baby in our arms, like I have in Haiti and in Iraq, and the dollars are not there to care for them, it does not matter if they are going to have another baby because the baby that is there is going to die.

That is what this amendment is really about is whether or not we are going to fund the vaccines, the fluids, and the care for the children that are already born.

She is absolutely right. If we can extend the time between pregnancies, we do enhance the likelihood of living beyond 5. But remember, 40 percent of the children in Haiti now die under 5 anyway. Haiti, in our hemisphere, 40 percent are gone. Why? Because we are not supplying the needs of those children with the funds that we have today.

So I have been to Haiti. I have served time. I have experienced what has happened there. I have been to the Kurdish land in northern Iraq. I experienced what happened there. We do not supply the needs for the children that are alive today.

There is nothing wrong with this amendment that cannot help accomplish both what the gentlewoman from California (Ms. PELOSI) would desire and help those children who presently we are not helping.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentlewoman from New York (Mrs. LOWEY).

Mrs. LOWEY. Mr. Chairman, I would like to make this point to my colleagues that our child survival program has for nearly 15 years worked hand in hand with our family planning program, for one very good reason, they both share the goal of advancing the health and well being of children and families.

When Congress created the child survival legislation, it recognized the relationship between educating women on safe motherhood and child survival. So educating women about the importance of good nutrition, getting immunized, spacing their pregnancies has been part of USAID child survival work.

Safe motherhood education makes up approximately 5 percent of child survival counseling funds. These funds are not used for contraceptives. Planning pregnancies is one of the most powerful and effective child survival tools in existence.

Postponing early, high-risk pregnancies, giving women's body a chance to recover from a previous pregnancy, and helping women to avoid unintended pregnancies and unsafe abortion can prevent at least one in four maternal deaths.

We hear again and again that women die from having children too young, having children too closely spaced together, and by having more children than their bodies can bear. Getting that message across to women is an integral part of child survival because healthier mothers will be better able to care for their children. And children born to mothers who wait 2 years before births have a much stronger chance of survival than those born to moms whose births fall less than 2 years apart.

Giving women this information can save children's lives, can save women's lives. We know from our own experience that this is true.

Just last month I joined with the gentlewoman from Missouri (Mrs. EMERSON) and a group of diverse Members, pro-choice, pro-life, Republican, Democrat, urban and rural, on a safe motherhood initiative in our own country.

We confront the same challenges in keeping women healthy that women face around the world, although not to the same degree.

Therefore, I urge my colleagues to oppose this misguided amendment.

We should be doing all we can to encourage and reinforce the messages of safe motherhood and child survival. The Pitts Amendment would split these efforts and undermine our struggles to help both mother and child.

I urge you to oppose this misguided amendment.

Mr. PITTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentlewoman from California (Ms. PELOSI) has $385 million to do that. We are not cutting family planning.

Mr. Chairman, I yield 1 minute to the gentleman from South Carolina (Mr. DEMINT).

Mr. DEMINT. Mr. Chairman, I rise in strong support of the child survival protection amendment.

After hearing the debate tonight, I wonder if maybe we should integrate the whole foreign operations appropriation bill into family planning.

I just have to say to my colleagues, we spend so much time on these appropriations bills identifying needs in foreign countries and we put them in the categories that are important to us as a Nation; and now we are saying this does not matter what category we put it in.

□ 2230

There are 1 million children that we know could be saved each year if the vitamins and nutrition and the medicine and the IVs would only be used for what we appropriate them for.

All we are asking is to do what we say we are going to do, to have some honesty in the appropriations. I urge my colleagues to vote for the gentleman from Pennsylvania's amendment.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. PITTS) has 2 minutes remaining, and the gentlewoman from California (Ms. PELOSI) has 1½ minutes remaining and the right to close.

Mr. PITTS. Mr. Chairman, I yield 30 seconds to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I thank the gentleman from Pennsylvania for offering this very important amendment which does direct the attention

at the needs of children, making sure that the born and the unborn children are given the proper attention and the sanctity of life is preserved.

I urge your support for the Pitts amendment. It is the right thing to do.

Mr. Chairman, I support the child survival protection amendment offered by Mr. PITTS. This amendment does not cost the taxpayers any more money. This amendment assures the funding that we are currently sending overseas is used to save children's lives rather than terminate them. Children in third world countries are dying of diseases such as polio and dysentery, diseases our children in the United States will never have to worry about due to the advancesments in the American health care. But in developing countries, where public health standards are far inferior to ours, over 12 million children under the age of 5 die of these easily preventable diseases and malnutrition year. We are currently sending $385 million overseas for population control. We need to ensure these funds are used for the purposes which they were intended, saving children from diseases and malnutrition. Child Survival Funding provides oral rehydration salts, immunization for childhood diseases, and vitamins and nutrition supplements. I ask my colleagues to support the Child Survival amendment, and stand firm for the lives of children around the world.

Mr. PITTS. Mr. Chairman, I yield the balance of my time to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Chairman, every day 33,000 children die from preventable causes. The gentleman from Alabama (Mr. CALLAHAN) has done hard work on this over the years. I have worked on this. The gentlewoman from New York (Mrs. LOWEY) just mentioned a moment ago, 15 years ago.

A little over 15 years ago, I joined with the gentleman from Ohio (Mr. HALL) and Gus Yatron not only in providing money for child survival, but in saving it. It was going to be zeroed out, and I offered the amendment to put it at $50 million that passed and went on to become law. But that is past.

We now know that there is so little money going to some of the most important aspects of child survival, and we need to make sure that there is a fire wall. Yes, money can be drawn down, the $385 million, and used in a way that works side by side with child survival money, but this very small amount of money—support for immunization, $25 million, that is all that is in this budget. Kids are dying from preventable diseases every day and we put a mere $25 million into that budget. That is outrageous. These kids are dying.

I would hope that we would at least make sure that from this scarce fund, these what we call direct impact programs, get this modest amount of money. Yes, it can work side by side with the family planning money, but let us not use or divert any additional moneys that could be used to immunize a kid from tetanus, from all of these preventable diseases, and also the oral rehydration salts that can save a child from diarrhea which is the leading killer of children around the world.

I think the gentleman from Pennsylvania has a very, very laudable amendment. It says there are different funds. Why should we put at risk this minimal amount of money, this modest amount of money used for these important goals? We have got the other money in the other spigot for family planning. I urge support for the Pitts amendment.

Ms. PELOSI. Mr. Chairman, completely agreeing with the gentleman from New Jersey that much more money needs to be in this bill, I am pleased to yield the balance of my time to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Chairman, I thank the gentlewoman from California for yielding me the time.

This is a sad moment. We are one of the most educated nations in the world. We spent decades teaching American women that spacing your children creates healthier babies and healthier mothers, enables you to nurture your children and support them economically. And now we are going to deny money to other countries where women and families are poorer so that they will be denied the opportunity to learn how to manage their fertility and space their children. It is an outrage, an outrage.

We all know the figures. Children who are born 10 months after the preceding sibling die far more often than children born 2 years apart. Why do we not want women in these other nations to have the knowledge to control their fertility and space their children? It has made stronger, healthier families in America, and it has made better, healthier children with greater opportunity.

I urge opposition to this amendment.

Mr. LEVIN. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON of Connecticut. I yield to the gentleman from Michigan.

Mr. LEVIN. The gentlewoman from Connecticut was so eloquent, I hesitate to say anything. We fought to integrate family planning and health programs with the support of a number of people in this place. Now what you are doing is standing up and saying tear them apart. The gentlewoman is 100 percent right. Let us defeat this amendment.

Mr. BARCIA. Mr. Chairman, I rise today in support of the amendment offered by the gentleman from Pennsylvania, which will ensure the health and security of children around the world. This amendment will make certain that money designated for child survival in foreign countries will be spent on programs that directly contribute to child survival—not population control. In this day of medical technology, millions of children in developing countries die each year from diseases that simple treatments can easily prevent. Our money should be spent on immunizations and medicine that will end these senseless deaths. This amendment protects children and spends our tax dollars responsibly. Mr. Speaker, I urge my colleagues to support the Pitts Amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. PITTS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PITTS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Pennsylvania (Mr. PITTS) will be postponed.

AMENDMENTS OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. The Clerk will designate and report the amendments.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. TRAFICANT:

At the end of the bill, insert after the last section (preceding the short title) the following new sections:

SEC.____. Of the funds appropriated in title II of this Act under the heading ''ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION'', not more than $172,000,000 shall be available for the Government of the Russian Federation.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT:

SEC. ____. None of the funds appropriated in titles I, II, or III of this Act may be made available to the government of any foreign country if the funds are to be used to purchase any equipment or product made in a country other than such foreign country or the United States of America.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio to consideration of the amendments en bloc?

There was no objection.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, we have worked very closely with the gentleman. We are going to agree with his amendments. But at this point we would like to limit the debate to the fewest number of minutes that we possibly can so we can hopefully finish this bill by 11:59 tonight.

Mr. TRAFICANT. Mr. Chairman, the first amendment sets a cap on aid to Russia for dismantling of their nuclear weapons at $172 million.

The second amendment says very simply, in the aid that we give to these foreign countries, if they cannot make the product or buy it in their own country, they shall buy it in America.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Ohio (Mr. TRAFICANT).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. ROHRABACHER

Mr. ROHRABACHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROHRABACHER:

Page 104, beginning on line 19, strike ''*Provided,*'' and all that follows through line 21 and insert a period.

Mr. ROHRABACHER. Mr. Chairman, I rise to amend section 573 of H.R. 2606 that would assure that all U.S. funds appropriated by this act for Cambodia, including humanitarian and education programs, are distributed through nongovernmental agencies.

The government of Cambodia, led by former Khmer Rouge field commander Hen Sen, a brigade commander under Pol Pot, who was up to his elbows in blood during the Pol Pot massacres, is notorious for corruption and mismanagement. In fact, the most highly acclaimed internationally funded aid program for land mine clearing, run by the Cambodian government, has just been exposed for rampant graft and corruption. Even after the corruption was exposed, no effort has been made to replace the government officials running that program.

Respected international human rights organizations, including Amnesty International, Human Rights Watch and others have issued a recent report citing continued rampant abuses by the Cambodian government. Unfortunately, the inclusion of Prince Ranariddh and his Funcinpec party in a coalition led by Hun Sen has not reduced this corruption. It is not the job of the United States Government to pay for government-run education systems in Cambodia when they are led by a government that is controlled by a member of Pol Pot's murderous band. However, we can support NGOs who do not take orders from the likes of Hun Sen and the likes of these gangsters.

In the authorization bill for this, we went out of our way to make sure that the money authorized for Cambodia, all of it, would not be put under the control of Hun Sen, this gangster. But for whatever reason it ended up, the language was changed here in the appropriations bill, so we are just asking to strike the language there so that no money is going to be going to that corrupt and vicious tyrant.

My amendment will not reduce the amount of U.S. funding for Cambodia. However, it will assure that U.S. tax dollars intended to assist the needy of Cambodia and to assist in education projects go to fund education projects by NGOs which will assure that the money is spent to assist the Cambodian people and not end up in some Swiss bank account.

This amendment sends a strong message to Hun Sen and Prince Ranariddh and a message that honest, efficient government is required in order to receive American aid. This amendment also sends a strong message to the people of Cambodia that the United States has not abandoned them or their courageous struggle for democracy and clean and honest government.

Mr. Chairman, I have been to Cambodia numerous times. I know the players there. I have met Mr. Hun Sen on many occasions as I have Prince Ranariddh and the other leaders in Cambodia. I am appalled that after the hard work that we did in the authorization committee, to ensure the language so that this field commander for Pol Pot who has murdered his way into power in Cambodia, that we assure that the money that we are going to give to Cambodia would not end up in his hands and now that language has been changed for whatever reason in a way that the money could end up, instead of in the hands of worthy organizations, nongovernmental organizations, charitable organizations committed to the people of Cambodia, instead of going to them, it may end up in the hands of this government that has proven itself corrupt over and over again, not to mention brutal and the rest.

The crimes of Hun Sen are unbelievable and the fact that, yes, he went through a recent election. As the gentleman from Nebraska (Mr. BEREUTER) and others in the Committee on International Relations can testify, it is beyond belief that we have permitted Hun Sen to manipulate the system such that he is still in power after all of these years. But the last thing we want to do, especially as the corruption level in Cambodia is so high, is to provide the money that should be going to the Cambodian people to this corrupt regime. I ask for support for my amendment.

Mr. HALL of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I visited Cambodia in April. I spent a lot of time not only in the capital but outside in the rural areas. I found that the legacy of illiteracy and malnutrition that Pol Pot has left the Cambodian people is still there, it is so much there that it is unbelievable, of the statistics, as you see and witness the people in the countryside.

In Cambodia's countryside, four out of five people cannot read or write. Just one in four children is in school. And hunger and malnutrition, caused in part because their uneducated parents cannot escape terrible poverty, is among the highest in the world.

This widespread lack of education ensures that Cambodians will not be able to make much of their lives. They will not be able to feed their families. They will not be able to take advantage of their country's position at the crossroads of a vibrant regional economy.

Cambodia has many problems. But when you see the situation of its people, it is hard to know where to start trying to help.

The scourge of AIDS is spreading like wildfire in Cambodia. Land mines have left Cambodia the place with more people killed and maimed per capita than anywhere else in the world. There are very few roads to get farmers' products to market. And, 20 years after the Khmer Rouge bloody rein ended, there has been no justice for its victims or their children.

□ 2245

The grandchildren of the victims of the Khmer Rouge are the best hope for Cambodia's future, and the best way to help Cambodia is with them, by assisting and educating them, by ensuring that they are protected from disease, by helping to feed the majority who are so malnourished that their bodies are stunted.

This bill does not earmark additional funding for Cambodia, although the drop from $37 million to $12 million in spending over the past 2 years may have warranted that. But this bill will enable our embassy to re-start programs like one undertaken by well-respected American charities. In April 1996, more than a year before the coup, the World Learning, the World Education, Save The Children and the International Rescue Committee began a project to train Cambodian primary school teachers. This is where the money goes. Does not go to the government, does not go through the government. This project received no funds from the Cambodian government, it did not rely on its ministries to implement the work. It benefited the children of Cambodia and the rural areas that are home to 87 percent of the Cambodian people. Unfortunately, this project was suspended.

Mr. Chairman, all that is required of us today is to affirm that humanitarian aid still means educating young children so that they can escape the poverty they were born into, and all that is called for is our acceptance that helping people help themselves is one of the best ways to invest our aid dollars.

That is all I have to say about this, Mr. Chairman. I rise certainly in opposition to this amendment. It is an unfair amendment. I venture to say that the gentleman has not gone into the countryside and seen that four out of five of the children are not educated, the schools have been closed, and one of the best things that we can do is provide humanitarian assistance.

Mr. ROHRABACHER. Mr. Chairman, will the gentleman yield?

Mr. HALL of Ohio. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Chairman, the gentleman does not know the extent of my travels in Cambodia, I will

just say that, and this gentleman has no problem with money going to those private organizations to accomplish the goals the gentleman was talking about. All we are talking about is language that is changed in this bill that will send that money to the Cambodian government to accomplish those ends, and we have no faith in the Cambodian government.

Mr. HALL of Ohio. Mr. Chairman, I would just say to the gentleman from California (Mr. ROHRABACHER) that the money will go to the private voluntary organizations, the organizations that are already there. It will be monitored by our embassy that is in Cambodia; I trust them. We do basic education in many countries of the world with regimes that we do not necessarily get along with. This is nothing new. The fact is that four out of the five children that the gentleman from California says that he saw in the rural areas, which I find hard to believe that he saw it, schools are closed, the Pol Pot legacy still lives on, and the gentleman wants to keep them this way, and that is what basic education is all about. It is a humanitarian resource that we are very good at, and the gentleman from California is not permitting it with this amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the last word and rise in support of the amendment offered by the gentleman from California (Mr. ROHRABACHER).

Mr. Chairman, I rise in strong support of the Rohrabacher amendment, and I am pleased to support it.

As my colleagues know, as I was listening to the gentleman from Ohio (Mr. HALL), he spoke movingly about the conditions in Cambodia, and I have no doubt that he and the gentleman from California have both seen the same deplorable conditions that exist there, but there seems to be something missing here. It seems we are talking beyond each other.

There is no intent of the gentleman from California, I am sure, there is no intent of this gentleman to stop any funds from going to assist the people in Cambodia. In fact, I think the three of us might agree we ought to be giving more resources to help the people in Cambodia.

What the gentleman from California is attempting to do is assure that no U.S. taxpayers funds goes to the government of Cambodia, and that is what this Congress did last year in the appropriation measure, because this gentleman offered the amendment. We eliminated the possibility of money going to the Cambodian government. We want it to go through those NGOs where my colleagues saw the good work being done, and there is nothing to keep AID or any other institution of American government from providing authorized funds which are appropriated to nongovernmental organizations for valid purposes in Cambodia. And in fact, the authorizing committee has taken this step as well.

Now I would like to say the gentleman from California (Mr. ROHRABACHER) is exactly right in the way he has characterized the outrageous people that run that government. We ought not be putting one cent of the taxpayers' money into that government. When we do, we send exactly the wrong message, that we tolerate the kind of murderous people that are running that country. That is something I tell my colleagues as the chairman of the Subcommittee on Asia and the Pacific this government ought not do, and that is the direction we have given to the Executive Branch.

Now let me give my colleagues one example of how the government of Cambodia is using some of the funds today. Let us talk about the Cambodian Mine Action Center. About one out of every 250 people in Cambodia have been injured or killed by mines, and it is a serious problem, there is no doubt about that.

Well, according to reports in the Australian, the newspaper, one of the most prestigious newspapers in Australia, according to the South China Morning Post, the most important newspaper in Hong Kong, the nepotism, the corruption that has existed in this mining program where the leaders of that government are directing funds to go to demine the land of their cronies, of their political people from the Pol Pot regime is outrageous. Of the $12 million that are spent so far, at least 1 million, 1.3 million, has been spent corruptly. In fact, the executive director of that agency admitted in a press release that at least a half a million dollars of it had been spent in that fashion.

And we have colleagues in the most prestigious academic institutions in this country with specialists on Cambodia which will verify that a minimum of one-tenth of the money on that government-run program to demine is being misused for the advantage of the cronies of the government.

Now that is the way the Cambodian government uses their money. That is the way they take the international funds. Fortunately, it is not involving U.S. funds because we have acted.

Now both of these newspapers have reported that we have held up $1 million. Our ambassador in Phnom Penh held up $1 million plus to keep it from going to this corrupt entity of the Cambodian government.

Mr. Chairman, my colleague's instincts were right last Congress, they are right in the authorizing committee. We stripped, eliminate, prohibit any funds from going to Cambodian government, and, if my colleagues will, send a lot more to help the people of Cambodia through NGOs.

Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I rise in support of the gentleman's comments. They are right on the point, and I also rise in support of the gentleman from California (Mr. ROHRABACHER) in trying to prevent any of the funds in this measure to go to the government of Cambodia, and I think, if the gentleman from Ohio (Mr. HALL) will reread the measure, he will note that the language permits funding in this measure to go to the government of Cambodia. We want it to go to the NGOs, we want to help the people in Cambodia, but we do not want it to get into the wrong hands.

Prime Minister Hun Sen is a dictator who was once an active member of the Khmer Rouge and it is alleged he stole the election in Cambodia. He is also alleged to have been linked to a recent assassination attempt against the democratic opposition leader Sam Rainsy. Eighteen people and an IRI worker were injured and killed in that recent attempt, and last year during the election 124 opposition election workers were murdered.

The CHAIRMAN. The time of the gentleman from Nebraska (Mr. BEREUTER) has expired.

(By unanimous consent, Mr. BEREUTER was allowed to proceed for 1 additional minute.)

Mr. BEREUTER. Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, Hun Sen's government cannot be trusted, we must not permit our money to be wasted. Current law permits the money to be given to the NGOs in Cambodia. Let us not change the law and allow the money to go into the wrong hands.

Mr. BEREUTER. Mr. Chairman, I thank the distinguished gentleman for his support for the Rohrabacher amendment. I urge my colleagues to support the Rohrabacher amendment to prohibit aid from going to the corrupt murderous government of Cambodia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROHRABACHER).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. ANDREWS: Page 116, after line 5, insert the following:

PROHIBITION ON FUNDS FOR NEW OPIC PROJECTS

SEC. 585. None of the funds made available by this Act may be used by the Overseas Private Investment Corporation, after the enactment of this Act, for the issuance of any new guarantee, insurance, reinsurance, or financing, or for initiating any other activity which the Corporation is otherwise authorized to undertake.

Mr. ANDREWS. Mr. Chairman, the purpose of this amendment is to put a stop to a program that I believe is corporate welfare, pure and simple. We have heard on this floor tonight some agonizing debates about spending small amounts of money for vaccinations, for child health, for family planning, and those are difficult questions for us to answer.

I would suspend if the Chair wishes me to suspend.

Mr. CALLAHAN. Mr. Chairman, I want to reserve a point of order.

The CHAIRMAN. The gentleman from New Jersey may proceed.

Mr. ANDREWS. Mr. Chairman, who among us has not had to face some agonizing and difficult questions as constituents come to us and talk about their lack of health insurance, or they talk about their lack of employment, or they talk about their lack of housing. I think those same constituents would be astonished, astonished to find that the full faith and credit of the United States Government, their tax money, stands behind private investments in foreign countries by the McDonalds Corporation, by Du Pont, by CitiCorp, by some of the largest and most powerful corporations in America.

The President of the United States, Mr. Chairman, said very articulately a few years ago that it was his goal to end welfare as we know it. Tonight in this amendment we have the chance to begin the process of ending corporate welfare as we know it.

Now there will be those who will object to this amendment and say we just cannot pull the plug on the OPIC program all at once, it would cause chaos, and that is not what this amendment does. This amendment says that no funds under this bill may be used to authorize new expenditures, new loan guarantees, new insurance policies. It says to OPIC that they must stop with the deals they have already done.

And let me make a procedural point. My colleagues very often hear that these appropriations bills are not the proper forum to decide policy questions, and I generally agree with that. Let me point out to my colleagues that OPIC was not reauthorized through the regular process, and I believe it is a prudent thing for us to do to stop the activities of this corporate welfare agency in its tracks and permit an authorizing bill to come to this floor so that those of us who believe that the OPIC program should be organized in a different way or done away with, as I believe, would have the opportunity to fully debate that question.

Mr. Chairman, this is an opportunity for us to say that the programs that have been done thus far should continue as they wind down, but that no new loans, no new guarantees, no new authority should be issued on behalf of the taxpayers of this country to the wealthiest and most powerful corporations in this country to invest overseas. There are far better uses of our tax dollars than for Uncle Sam to become a risky international venture capitalist.

Support of this amendment which I am proud to offer with my Republican colleague, the gentleman from South Carolina (Mr. SANFORD), my independent colleague, the gentleman from Vermont (Mr. SANDERS) and supported by fine Members like the gentleman from California (Mr. ROYCE) would accomplish what I have just suggested.

It would stop the programs of OPIC in their tracks. It would permit us to come forward and debate a reauthorization at the proper time, and it would save the taxpayers money. The Congressional Budget Office has estimated that cessation of OPIC's activities would save the Federal taxpayers $296 million over the course of the first 5 years.

Let us end corporate welfare as we know it. I urge my colleagues to support this amendment and put a stop to this corporate welfare.

□ 2300

Mr. CALLAHAN. Mr. Chairman, I continue to reserve my point of order.

The CHAIRMAN. The Chair would inform the gentleman that the gentleman attempted to reserve a point of order after the gentleman from New Jersey began to debate his amendment, which was not a timely reservation.

Mr. ROYCE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of this amendment. OPIC, as we have heard, offers insurance and credit services to American companies operating overseas, and for me, having our government provide these services is just not defensible. The U.S. has the most efficient financial markets in the world. The simple fact is that American businesses receiving OPIC services could receive these same services from the private financial markets. OPIC provides insurance; so does the American private sector. In fact, 2 years ago, a consortium of private insurers submitted to Congress a proposal to privatize 5 billion of OPIC's insurance options.

The U.S. private sector wants to offer American businesses the very same services that OPIC is providing. In other words, the U.S. private sector wants to put OPIC out of business. So why is Congress standing in the way?

We hear that OPIC offers American companies insurance backed with the full faith and credit of the United States Government. This supposedly tells foreign governments that Uncle Sam is serious about protecting OPIC-backed investments. Is that the signal we want to send, that the protection of some American businesses abroad, those formerly backed by OPIC, matter more than non-OPIC American investments. We should be in the business of protecting all American investments. OPIC backs investment funds; so does the American private sector. OPIC has a south Asia capital fund. Well, so does T. Rowe Price. It has a new Asia fund, and so do many other private companies. Just look at the financial pages of the newspaper. There are hundreds of capital funds devoted to the developing world. Mr. Chairman, 150 billion in private capital flows to emerging markets every year, so why in the world is OPIC playing in the capital fund field?

Mr. Chairman, this debate is really about whether we believe in the market, or whether we believe that American businesses should be guided by the government. OPIC claims that there is no way right now that the private sector on its own can go into many regions that the U.S. wants them to go into, and this means, of course, going where U.S. Government agencies want American companies to go. Are U.S. businesses really there to be directed to where Washington wants them to go? I do not think so.

I would also dispute the notion that the American private sector will not go anywhere in the world where it can do business profitably. A spokesman for a major American bank, in discussing its use of OPIC for the Caribbean and Central America recently stated, quote, the credit and insurance support provided by OPIC will allow us to better serve customers by noticeably increasing our already extensive lending activities in the targeted countries. Note those words. The bank is already in the Caribbean and Central American markets doing excessive lending and doing it without OPIC. OPIC may be a nicety, but it is certainly not a necessity.

Every year, we hear the argument that the U.S. needs OPIC because European countries and Japan provide their businesses with similar services. It is, I would remind my colleagues, U.S. policy to work against such trade-distorting policies.

We have come to understand that the world economy works better, that living standards rise, when governments are not in the business of subsidizing their national businesses. But each year, we continue supporting OPIC, renewing this cycle of inefficiency. American companies have private creditors and insurance providers to rely on. I bet they would serve OPIC clients better.

Let us support this amendment. Show some world leadership, scale back OPIC. The greatest economy in the history of the world I guarantee my colleagues will not miss a beat if we cut out this government program.

Mr. KUCINICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Andrews-Sanford-Sanders amendment

to the Foreign Operations Appropriations bill. OPIC subsidizes U.S. companies that invest in risky foreign markets and businesses by providing them direct and low-cost financing and insurance. While claiming to help America's small businesses invest in foreign markets, OPIC actually provides loans and risk insurance to some of the largest multinational corporations in the world. And while claiming to invest in sustainable development projects, OPIC has been involved in clear-cutting pristine forests in northwestern Russia, and a gold mine, a gold mine in a World Heritage site.

Through OPIC, U.S. taxpayers are exposed to environmentally, financially, and politically risky private sector investments, the implications of which, in many cases, are not even disclosed to the public.

The government should not be in the business of committing billions of taxpayer dollars to underwrite the investments of Fortune 500 companies. This is corporate welfare at its worst.

As has been said earlier, OPIC puts taxpayers at risk. It obligates the taxpayer to underwrite insurance for the possible loss of private investment by the richest companies in America. The Congressional Research Service estimates that the taxpayer is typically liable for 90 percent of the insured investment. Americans have already paid $80 billion to bail out the savings and loan industry; we should not ask them to pay if OPIC's projects go bad.

These multimillion dollar companies are fully capable of assuming the risk of investing in developing countries. They do not need government insurance of their foreign investments, but the substantial profits they gain from these investments, while American taxpayers are held financially responsible for any potential losses, looks pretty good on the bottom line.

OPIC is not necessary for investments in emerging and developing markets. In 1998, private capital flows to emerging markets topped $150 billion. U.S. capital outflows to Brazil in 1998 totaled $3.7 billion, yet OPIC offered $317 million worth of insurance to U.S. companies investing in Brazil over the same period.

It has been pointed out by the gentleman from South Carolina (Mr. SANFORD) and the gentleman from Oklahoma (Mr. COBURN), and I would like to state it again: OPIC does not operate at zero cost to the taxpayers. Although OPIC does not receive a direct appropriation, it pays for many of its operations with the interest earned on its U.S. Treasury bonds, bonds given to OPIC as seed money when it was established. In 1998, the agency reported $139 million in net income; yet, $193 million of its revenues consisted on interest from its U.S. Treasury bonds, another large government IOU.

Mr. Chairman, I urge my colleagues to support the Andrews-Sanford-Sanders amendment and prevent OPIC from initiating any new projects.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

PARLIAMENTARY INQUIRY

Mr. SANDERS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SANDERS. Mr. Chairman, what is the status of this amendment?

The CHAIRMAN. The amendment offered by the gentleman from New Jersey (Mr. ANDREWS) is currently pending and will be pending again when the Committee resumes its sitting.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. THORNBERRY, Chairman 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. 2606), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

□ 2310

LIMITING AMENDMENTS DURING FURTHER CONSIDERATION OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000, IN THE COMMITTEE OF THE WHOLE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that during the further consideration of H.R. 2606 in the Committee of the Whole, no amendments shall be in order except the following amendments, which may be offered only by the Member designated and shall be considered as read, shall not be subject to an amendment or to a demand for a division of the question in the House or in the Committee of the Whole, and shall be debatable for 10 minutes, except for the Burton amendment, which shall be debatable for 50 minutes, equally divided and controlled by the proponent and a Member opposed thereto:

1, an amendment offered by the gentleman from Indiana (Mr. BURTON) regarding a reduction in aid to India;

2, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) transferring $4 million from IMET to ERMA and ESF;

3, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for family planning and abortion;

4, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for Eximbank, OPIC and TDA;

5, an amendment offered by the gentleman from Florida (Mr. STEARNS) requiring a report on actions in Kosovo;

6, an amendment offered by the gentleman from Florida (Mr. HASTINGS) expressing the sense of Congress regarding flower imports from Colombia;

7, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) prohibiting military funds for Eritrea and Ethiopia;

8, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) expressing the sense of Congress regarding peace between Eritrea and Ethiopia;

9, an amendment offered by the gentleman from Ohio (Mr. KUCINICH) regarding OPIC;

10, an amendment offered by the gentleman from Colorado (Mr. TANCREDO) regarding Man in the Biosphere.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Alabama?

Ms. PELOSI. Mr. Speaker, reserving the right to object, under the reservation, may I make inquiry to the distinguished chairman about the nature of this resolution?

The SPEAKER pro tempore. Proceed.

Ms. PELOSI. Mr. Speaker, I would ask the gentleman, is it my understanding that the amendments that we would be taking up after the Andrews amendment are limited to the amendments that are on this piece of paper?

Mr. CALLAHAN. Mr. Speaker, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. That is correct, Mr. Speaker.

Ms. PELOSI. Therefore, say, for example, if the gentleman from Ohio (Mr. KUCINICH) had an amendment and he wanted that to be heard on Monday when we reconvene, he would have to be on this piece of paper, or can we make additional——

Mr. CALLAHAN. On the Kucinich amendment, that is included as item No. 9 in the resolution.

Ms. PELOSI. I thank the gentleman. I just wanted to make sure that the gentleman from Ohio (Mr. KUCINICH) did not have an additional amendment.

I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 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. 2606.

□ 2313

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. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, amendment No. 6 offered by the gentleman from New Jersey (Mr. ANDREWS) was pending.

Pursuant to the order of the House of today, no further amendments shall be in order except the following amendments, which may be offered only by the Member designated, be considered as read, shall not be subject to amendment, or to a demand for a division of the question in the House or in the Committee of the Whole, and shall be debatable for 10 minutes, except for the Burton amendment, which shall be debatable for 50 minutes, equally divided and controlled by the proponent and a Member opposed thereto:

No. 1, an amendment offered by the gentleman from Indiana (Mr. BURTON) regarding a reduction in aid to India;

No. 2, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) transferring $4 million from IMET to ERMA and ESF;

No. 3, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for family planning and abortion;

No. 4, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for Eximbank, OPIC, and TDA;

No. 5, an amendment offered by the gentleman from Florida (Mr. STEARNS) requiring a report on actions in Kosovo;

No. 6, an amendment by the gentleman from Florida (Mr. HASTINGS) expressing the sense of Congress regarding flower imports from Colombia;

No. 7, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) prohibiting military funds for Eritrea and Ethiopia;

No. 8, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) expressing the sense of Congress regarding peace between Eritrea and Ethiopia;

No. 9, an amendment offered by the gentleman from Ohio (Mr. KUCINICH) regarding OPIC;

No. 10, an amendment offered by the gentleman from Colorado (Mr. TANCREDO) regarding Man in the Biosphere.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that debate be limited on the pending amendment to 10 minutes, as all the rest of them.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Is the gentleman from Alabama requesting that all amendments to the pending amendment be included?

Mr. CALLAHAN. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. SANDERS. Reserving the right to object, Mr. Chairman, I was not quite clear, was the gentleman talking about a total of 10 minutes, 10 minutes on each side? What was the gentleman talking about for the Andrews amendment, how much time?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Alabama.

Mr. CALLAHAN. 10 minutes.

Mr. SANDERS. A total?

Mr. CALLAHAN. 10 additional.

Mr. SANDERS. Five and 5?

Mr. CALLAHAN. Yes.

Mr. SANDERS. Mr. Chairman, I object.

Mr. OBEY. Mr. Chairman, if the gentleman will yield, would the gentleman withdraw his objection?

Mr. SANDERS. I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. OBEY. Reserving the right to object, Mr. Chairman, let me ask the distinguished chairman of the subcommittee, we have been told that what has happened is there have been four or five speakers in a row on this, on one side. So we are getting objections, both from that side of the issue, as evidenced by the gentleman from Vermont (Mr. SANDERS), and we have objections on the other side of the issue.

Could I ask, would Members on both sides be satisfied if it were 20 minutes apiece?

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentlewoman from California.

Ms. PELOSI. No, 10 minutes each.

Mr. OBEY. Ten is fine with me, but I am told that we have objections if it is 10 minutes.

Mr. SANDERS. Mr. Chairman, continuing under the reservation of objection, if the gentlewoman will yield, if I could ask the chairman how many speakers does he have left?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I do not know. We did not anticipate this amendment would be introduced. We were informed by one of our colleagues, the gentleman from Texas, that he had an agreement with the sponsor of an amendment where it would not be introduced.

Ms. PELOSI. Mr. Chairman, would it be agreeable to all sides if we went 10 minutes on each side, finished it tonight, took the votes, went home and took the rest on Monday?

Mr. CALLAHAN. I want to amend my unanimous-consent request.

Mr. MENENDEZ. Reserving the right to object, Mr. Chairman, under my reservation, unfortunately, I happen to be the ranking member on the authorizing committee on this issue. None of the people who support OPIC have had an opportunity to speak. So depending upon how those 10 minutes are divided, otherwise, I would have to object.

If the 10 minutes are to be divided on behalf of those who have not had any opportunity to speak in favor of OPIC and against the amendment, we may be able to do that, but if the 10 minutes are to be divided between all the parties, I would have to object.

Mr. CALLAHAN. If the gentleman will yield further, Mr. Chairman, I would agree with the gentleman, that the proponents of the amendment have already spoken 20 minutes without any opposition having the opportunity to speak, and it is unfair to those of us who disagree with the gentleman's amendment not to have the same amount of time.

But I do not think the gentleman would agree to give me 30 minutes and take 10 himself. But I also make that request, if the gentleman thinks he would agree.

Mr. SANDERS. Mr. Chairman, I would respectfully object to that.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to limit debate to 30 minutes to each side of the issue.

Ms. PELOSI. If the gentleman will yield, is that tonight, on Monday?

Mr. SANDERS. Thirty minutes each side tonight?

Mr. CALLAHAN. Fifteen minutes on each side tonight.

The CHAIRMAN. The request of the gentleman from Alabama (Mr. CALLAHAN) is that each side have 15 additional minutes on the pending amendment and all amendments thereto.

Is there objection to the request of the gentleman from Alabama?

Mr. TRAFICANT. Reserving the right to object, Mr. Chairman, would it be out of order to ask unanimous consent, of course we cannot, there is one pending, but for us to go ahead and suspend this, have the 30 minutes debate, have the four votes first, and then conclude with the Andrews amendment?

Mr. CALLAHAN. First, the unanimous consent has to be agreed to by the Chair.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama, 15 minutes on each side?

Mr. MENENDEZ. Reserving the right to object, Mr. Chairman, let me understand the unanimous consent request again. It is to have 15 minutes on each side of the aisle?

Ms. PELOSI. Each side of the issue.

Mr. MENENDEZ. Each side of the issue?

The CHAIRMAN. The gentleman is correct.

Mr. TRAFICANT. Reserving the right to object, Mr. Chairman, and I will object, I ask unanimous consent that we suspend with the Andrews amendment, that we proceed with the votes, and then they have their 30 minutes to conclude the Andrews amendment, and that vote will be taken Monday.

□ 2320

It will give everybody an adequate amount of time. We will have the votes. Members want to leave here. Everybody who wants to speak will have an opportunity to speak, and that will be a pending vote coming Monday. All those other members that are pending can be handled Monday.

The CHAIRMAN. The pending request is the unanimous consent request offered by the gentleman from Alabama (Mr. CALLAHAN), limiting time on the pending Andrews amendment and amendments thereto to 15 minutes for each side.

Is there objection to the request of the gentleman from Alabama?

Mr. TRAFICANT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. TRAFICANT. I ask unanimous consent, Mr. Chairman, that the pending amendment by the gentleman from New Jersey (Mr. ANDREWS) be suspended and that the Committee proceed with the votes that have been scheduled.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, why does the gentleman from Ohio not first establish the amount of time of debate, and we will rise.

The CHAIRMAN. The Chair asks all Members to suspend.

The gentleman from New Jersey (Mr. ANDREWS) would have to, by unanimous consent, withdraw his amendment and get permission in the full House, where a special order has already been entered on permissible amendments, to reoffer his amendment for such a procedure to be permitted in the Committee of the Whole.

The pending amendment is the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

Ms. PELOSI. Mr. Chairman, in the interest of time, and under the way the 5-minute rule works, that is, people come and it is not divided on each side of the issue, which is the way the 5-minute rule works, the gentleman from Alabama (Mr. CALLAHAN) and I have worked very hard to try to bring something that was honed down, with minimal controversy, to the floor.

Clearly, the House must work its will, and it is doing so, largely with authorizing issues, I might add, I mean debates that have been carried over from the authorizing committee; and that is completely appropriate.

But recognizing all that we have been through today, I ask unanimous consent that each side of the amendment have 10 minutes, and then we take the vote and proceed with the other votes this evening.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

Mr. MENENDEZ. Mr. Chairman, I have to object.

The CHAIRMAN. Objection is heard

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent that the pending Andrews amendment be given an additional 30 minutes to be equally divided and that the debate take place after the House has completed its votes on the pending amendments; and any recorded vote, if called by the gentleman from New Jersey (Mr. ANDREWS), would be then, thus, held Monday as the first order of business.

The CHAIRMAN. The Chair would inform the gentleman from Ohio (Mr. TRAFICANT) that the Committee of the Whole does not have the authority that the gentleman is requesting.

Mr. CALLAHAN. Mr. Chairman, if we are still in the Committee of the Whole, I rise to speak in opposition to the Andrews amendment.

Mr. Chairman, the effect of the Andrews amendment, which we really did not anticipate would be introduced, especially at this late hour of the night, comes at a surprise because we were of the understanding that he was not going to introduce it.

So with the misinformation that I had regarding that what someone thought was a commitment, I speak against the Andrews amendment because, effectively, what he does, he shuts down the Overseas Private Investment Corporation.

The Andrews amendment would devastate the ability of our American companies from doing business in any foreign country. It would give such tremendous advantage to our foreign competitors, because every one of the G–7 Nations have, in effect, in their country an organization similar to this.

The sponsor of the amendment indicated that OPIC costs us money. In reality, Mr. Chairman, let me tell my colleagues that OPIC makes money. They intend to return nearly $200 million to the Treasury to help us continue to decrease our level of deficit spending. We should compliment organizations such as that.

It would hurt U.S. jobs, because when we have the inability to transfer our technology, to transfer our American interest to foreign countries, those jobs are going to go to other countries. So we are going to lose an estimated 70,000 U.S. jobs alone in the next 4 years.

It would hurt our export. It would hurt small businesses who contribute to the multifaceted involvement of our American firms doing business in foreign countries.

It hurts our competitiveness. It hurts everything that we stand for with respect to our ability to recognize that we are in a global economy, that if we are going to expand, if we are going to have exports, our American companies must have the same advantages, a level playing field, as does Japan, as does France, as does Germany, as does the Great Britain, and all of the countries that we are competing with for our businesses overseas.

For an example, if General Electric or Westinghouse, if we built a power plant that is not financed by, but guaranteed by OPIC, they do not put some type of Japanese generator there. They put an American generator there. As a result, jobs are created here in the United States of America.

This is not something that is new. It has come up in the past. I am sure it will come up in the future. But the sponsor of the bill, in my opinion, is making a very serious mistake in his amendment, which effectively shuts OPIC down entirely.

It tells the bank, OPIC bank, that they can continue to collect the monies that they are collecting now, but they cannot have any new deposits, they cannot have any new business at all coming in in the future.

So it is a very, very definite move, I think, in the wrong direction.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. THORNBERRY, Chairman 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. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

□ 2330

LIMITING DEBATE ON ANDREWS AMENDMENT DURING FURTHER CONSIDERATION IN THE COMMITTEE OF THE WHOLE OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that when we return for debate on this bill, that the amendment offered by the gentleman from New Jersey (Mr. Andrews) have a time limitation of 30 minutes, divided equally, 15 minutes for proponents and 15 minutes for opponents.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Alabama?

Mr. ANDREWS. Reserving the right to object, and I will not object, one of

the things I wanted to make clear is that the chairman, I am sure in good faith, made a representation earlier there had been an agreement by me not to offer this amendment. That is not accurate. I did not make any representation to anyone to that effect, and I wanted to clear that up for the record.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. MENENDEZ. Reserving the right to object, can the distinguished chairman advise me when this debate is going to commence on Monday?

Mr. CALLAHAN. Mr. Speaker, will the gentleman yield?

Mr. MENENDEZ. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I am informed that we will begin debate on this issue at 4 o'clock on Monday.

Mr. MENENDEZ. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. The Chair would inquire if the unanimous consent request assumes that the amendment will be reoffered at a subsequent time when the Committee resumes its sitting on a subsequent day?

Mr. CALLAHAN. I felt, Mr. Speaker, that the pending amendment would be the order of business at that time.

The SPEAKER pro tempore. At a subsequent time, not this evening; is that correct?

Mr. CALLAHAN. At a subsequent time, yes.

Ms. PELOSI. Mr. Speaker, reserving the right to object, and just in protecting the rights of the gentleman from New Jersey (Mr. ANDREWS), when we are talking about a subsequent time, so that he knows, will this debate on his amendment begin, the proceedings, at 4 o'clock on Monday; is that the correct understanding?

Mr. CALLAHAN. Mr. Speaker, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The purpose of my unanimous consent is to come back into session at 4 o'clock on Monday next, at which time, when the Committee of the Whole is reestablished, we would then be on the Andrews amendment. At that point there would be 30 minutes divided, 15 minutes on each side, when the Committee of the Whole was regrouped.

Ms. PELOSI. Mr. Speaker, I withdraw my reservation of objection.

Mr. ANDREWS. Mr. Speaker, reserving the right to object, may I ask the chairman how the time would be allocated; who would control the time?

Mr. CALLAHAN. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The Chair would have to answer that, but my understanding is that the sponsor of the amendment would have 15 minutes and someone else designated by the Chair would have 15 minutes to oppose the gentleman's amendment. I would assume that would be me.

Mr. ANDREWS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. The amendment is withdrawn without prejudice to it being reoffered whenever the Committee resumes its setting under a 30-minute time limit for debate, equally divided.

Without objection, the unanimous consent request is granted.

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 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. 2606.

□ 2334

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. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, pending was amendment No. 6 offered by the gentleman from New Jersey (Mr. ANDREWS), which has now been withdrawn by order of the House.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 263, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order:

The amendment offered by the gentleman from California (Mr. CAMPBELL), amendment No. 1 offered by the gentleman from Massachusetts (Mr. MOAKLEY), and Part B amendment No. 3 offered by the gentleman from Pennsylvania (Mr. PITTS).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT OFFERED BY MR. CAMPBELL

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from California (Mr. CAMPBELL) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 13, noes 414, not voting 6, as follows:

[Roll No. 351]

AYES—13

Boucher
Campbell
Conyers
Hostettler
McKinney
Paul
Payne
Rohrabacher
Sanford
Sensenbrenner
Taylor (MS)
Thompson (MS)
Watt (NC)

NOES—414

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
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
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
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
Kennedy
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
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
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
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
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 (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
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

Barton
Gutierrez
McDermott
Peterson (PA)
Shuster
Skelton

□ 2354

Ms. STABENOW, Mrs. CLAYTON, and Messrs. JACKSON of Illinois, SERRANO, BECERRA, SUNUNU, and RANGEL 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

The CHAIRMAN. Pursuant to House Resolution 263, 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. 1 OFFERED BY MR. MOAKLEY

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 1 offered by the gentleman from Massachusetts (Mr. MOAKLEY) 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. 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 230, noes 197, not voting 6, as follows:

[Roll No. 352]

AYES—230

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Biggert
Blagojevich
Blumenauer
Boehlert
Boehner
Bonior
Bono
Borski
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Camp
Campbell
Capps
Capuano
Cardin
Carson
Chabot
Clay
Clayton
Clement
Coble
Conyers
Costello
Coyne
Crowley
Cummings
Danner
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dixon
Doggett
Dooley
Doyle
Duncan
Ehlers
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Foley
Forbes
Ford
Frank (MA)
Franks (NJ)
Gejdenson
Gephardt
Gibbons
Gilchrest
Gonzalez
Goode
Gordon
Green (TX)
Greenwood
Gutknecht
Hall (OH)
Hastings (FL)
Hayworth
Hefley
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hulshof
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaHood
Lampson
Lantos
Largent
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McInnis
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Nadler
Neal
Nussle
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Petri
Phelps
Pomeroy
Porter
Price (NC)
Pryce (OH)
Quinn
Ramstad
Rangel
Regula
Rivers
Rodriguez
Roemer
Rothman
Rush
Sabo
Salmon
Sanchez
Sanders
Sanford
Sawyer
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Shays
Sherman
Slaughter
Smith (MI)
Smith (NJ)
Smith (WA)
Stabenow
Stark
Strickland
Stupak
Talent
Tancredo
Tauscher
Taylor (NC)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Walsh
Wamp
Waters
Watt (NC)
Waxman
Weiner
Weller
Wexler
Weygand
Woolsey
Wu
Wynn

NOES—197

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Bonilla
Boswell
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cannon
Castle
Chambliss
Chenoweth
Clyburn
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Davis (FL)
Davis (VA)
Deal
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dingell
Doolittle
Dreier
Dunn
Edwards
Ehrlich
Emerson
Everett
Fletcher
Fossella
Fowler
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaFalce
Latham
Lewis (CA)
Lewis (KY)
Linder
Lucas (OK)
Martinez
McCollum
McCrery
McHugh
McIntosh
McIntyre
McKeon
Mica
Miller, Gary
Mollohan
Murtha
Myrick
Napolitano
Nethercutt
Ney
Northup
Norwood
Ortiz
Ose
Oxley
Packard
Pease
Pickering
Pickett
Pitts
Pombo
Portman
Radanovich
Rahall
Reyes
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Roybal-Allard
Royce
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Smith (TX)
Snyder
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Sununu
Sweeney
Tanner
Tauzin
Taylor (MS)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Turner
Visclosky
Vitter
Walden
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOT VOTING—6

Barton
Gutierrez
McDermott
Peterson (PA)
Shuster
Skelton

□ 0003

Mr. HOYER changed his vote from ''aye'' to ''no.''

Mr. HILL of Indiana and Mrs. BONO changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 3 OFFERED BY MR. PITTS

The CHAIRMAN. The pending business is the demand for a recorded vote on Part B Amendment No. 3 offered by the gentleman from Pennsylvania (Mr. PITTS) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 237, not voting 9, as follows:

[Roll No. 353]

AYES—187

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Crane
Cunningham
Deal
DeLay
DeMint
Dickey
Doolittle
Dreier
Duncan
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Forbes
Fossella
Franks (NJ)
Gekas
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
Kildee
King (NY)
Kingston
Knollenberg
LaFalce
LaHood
Largent
Latham
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Quinn
Radanovich
Rahall
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shows
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Toomey
Traficant
Vitter
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOES—237

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cooksey
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dunn
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Foley
Fowler
Frank (MA)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Gordon
Granger
Green (TX)
Greenwood
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
Kuykendall
Lampson
Lantos
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McInnis
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Simpson
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Sweeney
Tanner
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Walden
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wilson
Wise
Woolsey
Wu
Wynn

NOT VOTING—9

Barton
Cubin
Ford
Gutierrez
McDermott
Peterson (PA)
Rush
Shuster
Skelton

□ 0011

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. WALSH. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. THORNBERRY, Chairman 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. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

AN HONEST DEMOCRAT IN THE SENATE

(Mr. LARGENT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include therein extraneous material.)

Mr. LARGENT. Mr. Speaker, I would like to read some quotes from one of our senator colleagues in the Senate, a Democrat from the State of Nebraska. He said this:

I recently voted with Republican colleagues for a sensible and realistic tax cut. We are projected to run a $2.9 trillion surplus over the next 10 years, and I strongly believe that we should return part of that money to hard-working Americans. This tax cut will provide Americans with broad-based tax relief and aim squarely at the middle class. To suggest that we cannot afford to cut income taxes when we are running a $3 trillion surplus is ludicrous.

This coming from a Democrat.

To say that tax cuts stand in the way of needed domestic spending, Medicare, and debt relief is also folly. What is standing in the way of debt reduction and a shrinking discretionary spending budget is a refusal to make structural reforms to our entitlement programs.

Mr. Speaker, this comes from a Democrat colleague in the Senate who happened to be one of the co-chairs of the Social Security Reform Committee, and I think when a Democrat is honest that we should tip our hat to him.

[From The Washington Post, July 27, 1999]

WHY I CROSSED PARTY LINES ON THE TAX CUT

(By Bob Kerrey)

As a member of the Senate Finance Committee, I recently crossed party lines to vote with my Republican colleagues for a sensible and realistic tax cut. We are projected to run a $2.9 trillion surplus over the next 10 years, and I strongly believe that we should return part of that money to hard-working Americans.

This tax cut will provide Americans with broad-based tax relief aimed squarely at the middle class. Not only will it encourage Americans to save more for their retirements, it will also encourage Americans to give more generously to charities.

I am proud to have participated in and voted for three budget acts—in 1990, 1993 and 1997—which have radically altered the fiscal condition of the federal government and the debate about how the public's hard-earned tax dollars should be spent. After the enactment of these three budget acts—particularly the 1993 and 1997 budget acts—and on account of impressive gains in private-sector productivity and growth, we were able to reverse the deficit trend.

Deficits have continued to shrink since 1994—and we were able to celebrate our first

unified budget surplus (counting Social Security surpluses) of $70 billion last year. The Congressional Budget Office (CBO) is now protecting surpluses of $2.9 trillion over the next 10 years.

Since 1983 working Americans have been forced to shoulder a disproportionate amount of deficit reduction by paying larger-than-necessary payroll (FICA) taxes. Now they are being asked to shoulder a disproportionate share of debt reduction. I strongly believe that a portion of these surpluses should be returned to the American people.

To put it in another context: If, over the next 10 years, Congress projected a balanced budget and I proposed a $3 trillion tax increase, people would call it ridiculous. To suggest we can't afford to cut income taxes when we are running a $3 trillion surplus is just as ludicrous.

To say that tax cuts stand in the way of needed domestic spending, Medicare and debt relief is also folly. What is standing in the way of debt reduction and a shrinking discretionary spending budget is our refusal to make structural reforms to our entitlement programs.

In 1970 entitlement spending accounted for only 35 percent of federal spending. By 2010, it will account for nearly 70 percent of federal spending. During the same period, discretionary spending will have fallen from 58 percent of spending to 27 percent. Absent structural reforms or massive tax increases. Social Security and Medicare will continue to eat up ever larger percentages of our budget—at the expense of important investments in our children and our future.

In the Finance Committee last week, I offered an amendment with Sens. John Breau (D–La.), Charles Grassley (R–Iowa), Charles Robb (D–Va.) and Fred Thompson (R–Tenn.) to cut the payroll tax, increase retirement savings and restore permanent solvency to the Social Security program.

This amendment would have provided a $928 billion payroll tax cut to the 80 percent of American families who pay more in payroll taxes than in income taxes. This tax cut would be directed into individual savings accounts for retirement security. Not only does this amendment provide all workers with a massive payroll tax cut, it also substantially expands the ownership of assets in this nation.

Ownership of wealth is essential for everyone to have a shot at the American dream. The payroll tax is the principal burden on savings and wealth creation for working families. Furthermore, this payroll tax cut would still have left room for Medicare reform, an income tax cut, debt reduction and other spending priorities.

While I did vote for the Senate finance committee tax bill, I believe that a $500 billion income tax cut is a compromise figure that will leave room to reform and modernize the Social Security and Medicare programs and to invest in important domestic priorities, such as education, defense, veterans and housing.

I agree a compromise is ultimately doable. That's why I intend to join Sens. Breaux, John Chafee (R–R.I.) and Jim Jeffords (R–Vt.) in proposing a $500 billion income tax cut alternative. While it can easily be argued that the GOP version is too high, it's also as clear the Democratic alternative is too low.

OMISSION FROM THE CONGRESSIONAL RECORD OF JULY 27, 1999, PAGE H6536, DURING CONSIDERATION OF H.R. 2605, ENERGY AND WATER APPROPRIATIONS ACT, 2000

The CHAIRMAN. If there is no further debate on the Visclosky motion to strike, it will remain in abeyance pending disposition of the Boehlert perfecting amendment, on which proceedings have been postponed.

The Clerk will read.

The Clerk read as follows:

FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to clean up contamination from sites throughout the United States resulting from work performed as part of the Nation's early atomic energy program, $150,000,000, to remain available until expended: *Provided,* That the United States Army Corps of Engineers under this program shall undertake the following functions and activities to be performed at eligible sites where remediation has not been completed: sampling and assessment of contaminated areas, characterization of site conditions, determination of the nature and extent of contamination, selection of the necessary and appropriate response actions as the lead Federal agency, cleanup and closeout of sites, and any other functions and activities determined by the Chief of Engineers as necessary for carrying out this program, including the acquisition of real estate interests where necessary, which may be transferred upon completion of remediation to the administrative jurisdiction of the Department of Energy: *Provided further,* That response actions by the United States Army Corps of Engineers under this program shall be subject to the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601 et seq.), and the National Oil and Hazardous Substances Pollution Contingency Plan, 40 CFR, Chapter 1, Part 300: *Provided further,* That these provisions do not alter, curtail or limit the authorities, functions or responsibilities of other agencies under CERCLA or, except as stated herein, under the Atomic Energy Act (42 U.S.C. 2011 et seq.): *Provided further,* That any sums recovered under CERCLA or other authority from a liable party, contractor, insurer, surety, or other person for any expenditures by the Army Corps of Engineers or the Department of Energy for response actions under the Formerly Utilized Sites Remedial Action Program shall be credited to this account and will be available until expended for response action costs for any eligible site: *Provided further,* That the Secretary of Energy may exercise the authority of 42 U.S.C. 2208 to make payments in lieu of taxes for Federally-owned property where Formerly Utilized Sites Remedial Action Program activities are conducted, regardless of which Federal agency has administrative jurisdiction over the property and notwithstanding references to ''the activities of the Commission'' in 42 U.S.C. 2208: *Provided further,* That the unexpended balances of prior appropriations provided for these activities in this Act or any previous Energy and Water Development Appropriations Act may be transferred to and merged with this appropriation account; and thereafter, may be accounted for as one fund for the same time period as originally enacted.

POINT OF ORDER

Mr. BOEHLERT. Mr. Chairman, on behalf of the gentleman from Pennsylvania (Mr. SHUSTER), I raise a point of order against the portion of the Formerly Utilized Sites Remedial Action Program beginning with the last comma on page 7, line 7 through page 9 line 2, on the grounds that it is legislation on an appropriations bill in violation of clause 2 of Rule XXI of the Rules of the House. This program has not been authorized for fiscal year 2000. In fact, it is likely that there has never been an authorization for this program.

The CHAIRMAN. Does the gentleman from California wish to be heard on the point of order?

Mr. PACKARD. Mr. Chairman, I concede the point of order.

The CHAIRMAN. Does the gentleman from Indiana wish to be heard on the point of order.

Mr. VISCLOSKY. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The portion of the paragraph identified by the point of order provides for extended availability of funds without a supporting authorization in law, and includes five legislative provisos.

As such, that portion of the paragraph constitutes legislation in violation of clause 2 of rule XXI.

The point of order is sustained. The specified portion of the paragraph is stricken.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SKELTON (at the request of Mr. GEPHARDT) for today and July 30 on account of official business.

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. HAYWORTH) to revise and extend their remarks and include extraneous material:)

Mr. GOSS, for 5 minutes, July 30.
Mrs. MORELLA, for 5 minutes, today.
Mr. ISAKSON, for 5 minutes, today.
Mr. SCHAFFER, for 5 minutes, today.
Mr. PAUL, for 5 minutes, August 2.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 305. An act to reform unfair and anticompetitive practices in the professional boxing industry; to the Committee on Commerce; in addition to the Committee on Education and the Workforce 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.

S. 918. An act to authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, and for other purposes; to the Committee on Small Business.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 66. An act to preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of the Interior to provide assistance.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 66. An act to preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of the Interior to provide assistance.

ADJOURNMENT

Mr. HAYWORTH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 14 minutes a.m.), the House adjourned until today, Friday, July 30, 1999, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3254. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Chicago Board of Trade Petition for Exemption From the Statutory Dual Trading Prohibition in the Ten-Year U.S. Treasury Note Futures Contract Traded on the Project A Electronic Trading System—received June 28, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3255. A letter from the Acquisition and Technology, Under Secretary of Defense, transmitting the Selected Acquisition Reports (SARS) for the quarter ending June 30, 1999, pursuant to 10 U.S.C. 2432; to the Committee on Armed Services.

3256. A letter from the Secretary, Department of the Navy, transmitting a schedule for implementing best commercial inventory practices for the acquisition and distribution of secondary supply items managed by the department; to the Committee on Armed Services.

3257. A letter from the Comptroller of the Currency, Administrator of National Banks, transmitting the four issues of the Quarterly Journal that comprise the 1998 annual report; to the Committee on Banking and Financial Services.

3258. A letter from the Federal Register Liaison Officer, Regulations and Legislation Division, Office of Thrift Supervision, Department of the Treasury, transmitting the Department's final rule—Branch Closings [Docket No. 99–33] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3259. A letter from the Assistant General Counsel for Regulations, Department of Education, transmitting the Department's final rule—Assistance to States for the Education of Children with Disabilities (RIN: 1820–AB40) received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3260. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting an Assessment; to the Committee on Commerce.

3261. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Lead; Requirements for Disclosure of Known Lead-Based Paint and/or Lead-Based Paint hazards in Housing, Technical Correction to Reflect OMB Approval of the Information Collection Requirements [OPPTS–62130B; FRL–6053–9] received June 30, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3262. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

3263. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a determination and justification regarding the United Nations Assistance Mission to East Timor; to the Committee on International Relations.

3264. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–94, ''Comprehensive Plan Technical Corrections and Response to NCPC Recommendations and Closing of a Public Alley in Square 1189, S.O. 98–150, Act of 1999'' received June 29, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3265. A letter from the Assistant Secretary, Policy, Management and Budget and Chief Financial Officer, Department of the Interior, transmitting the Annual Accountability Report for fiscal year 1998; to the Committee on Government Reform.

3266. A letter from the Chairperson, Cost Accounting Standards Board, Executive Office of the President, transmitting the eighth annual report of the Cost Accounting Standards Board; to the Committee on Government Reform.

3267. A letter from the Chairman, Federal Housing Finance Board, transmitting the 1998 management reports of the 12 Federal Home Loan Banks (FHLBanks) and the Financing Corporation (FICO), pursuant to 31 U.S.C. 9106; to the Committee on Government Reform.

3268. A letter from the Chairman, Federal Trade Commission, transmitting the 1998 Annual Report indicating compliance with the Government in the Sunshine Act, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

3269. A letter from the Office of the District of Columbia Auditor, transmitting a report entitled, ''Audit of Advisory Neighborhood Commission 6A for the Period 10/01/93 Through 06/30/98''; to the Committee on Government Reform.

3270. A letter from the Secretary of Labor, transmitting notification that the President has submitted a nomination for the position of Assistant Secretary of Labor for Policy; to the Committee on Government Reform.

3271. A letter from the Assistant Secretary for Legislative Affairs, the Department of State, transmitting Presidential Determination 99–26, stating that the further extension of the waiver authority granted by section 402 of the Trade Act of 1974, as amended, will substantially promote the objectives of section 402 of the Act, and continuation of the waiver applicable to the Republic of Belarus will substantially promote the objectives of section 402 of the Act; (H. Doc. No. 106–105); to the Committee on Ways and Means and ordered to be printed.

3272. A letter from the Secretary of Education, Secretary of Veterans Affairs, transmitting a report on the progress of developing and implementing procedures for cancellations and deferments of federal student loans for eligible disabled veterans; jointly to the Committees on Education and the Workforce and Veterans' Affairs.

3273. A letter from the Administrator, National Highway Traffic Safety Administration, Department of Transportation, transmitting a report entitled, ''Status of NHTSA Plan for Side Impact Regulation Harmonization and Upgrade''; jointly to the Committees on Commerce and Transportation and Infrastructure.

3274. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting Certification that shrimp harvested with technology that may adversely affect certain species of sea turtles may not be imported into the United States unless the President makes specific certifications to the Congress annually by May 1, pursuant to Public Law 101–162, section 609(b)(2) (103 Sat. 1038); jointly to the Committees on Resources and Appropriations.

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:

Mr. SMITH of Texas: Committee on the Judiciary. H.R. 456. A bill for the relief of the survivors of the 14 members of the Armed Forces and the one United States civilian Federal employee who were killed on April 14, 1994, when United States fighter aircraft mistakenly shot down 2 United States helicopters over Iraq; with amendments (Rept. 106–270). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2454. A bill to assure the long-term conservation of mid-continent light geese and the biological diversity of the ecosystem upon which many North American migratory birds depend, by directing the Secretary of the Interior to implement rules to reduce the overabundant population of mid-continent light geese; with an amendment (Rept. 106–271). Referred to the Committee of the Whole House on the State of the Union.

Mr. GOODLING: Committee on Education and the Workforce. H.R. 987. A bill to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard or guideline on ergonomics (Rept. 106–272). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 717. A bill to amend title 49, United States Code, to regulate overflights of national parks, and for other purposes (Rept. 106–273 Pt. 1). Referred to the Committee of the Whole House on the State of the Union.

Mr. DREIER: Committee on Rules. House Resolution 266. Resolution providing for consideration of a concurrent resolution waiving the requirement in section 132 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999 (Rept. 106–274). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X, Committee on Resources discharged from further consideration of H.R. 717.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X, the following action was taken by the Speaker:

H.R. 717. Referral to the Committee on Resources extended for a period ending not later than July 29, 1999.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. TAUZIN:

H.R. 2630. A bill to reauthorize the National Telecommunications and Information Administration, and for other purposes; to the Committee on Commerce.

By Mr. DAVIS of Virginia (for himself, Mr. HOYER, Mrs. MORELLA, Mr. MORAN of Virginia, Mr. GILMAN, Mr. CUMMINGS, Ms. NORTON, Mr. WYNN, Mr. ENGLISH, Mr. WOLF, and Mr. LANTOS):

H.R. 2631. A bill to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999, and for other purposes; to the Committee on Government Reform.

By Mr. RILEY:

H.R. 2632. A bill to designate certain Federal lands in the Talladega National Forest in the State of Alabama as the Dugger Mountain Wilderness; to the Committee on Resources, and in addition to the Committee on Agriculture, 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 Mr. HORN (for himself, Mrs. MORELLA, Mr. RAMSTAD, Mr. SHOWS, Mr. BARCIA, Mr. HOLDEN, Mrs. KELLY, Mr. INSLEE, Mr. VISCLOSKY, Mr. GREEN of Texas, Mr. KOLBE, Mr. LUTHER, Mr. ENGLISH, Mr. SMITH of Washington, Mr. STUPAK, Ms. DANNER, Mr. OSE, Mr. REYES, Ms. BERKLEY, and Mr. GARY MILLER of California):

H.R. 2633. A bill to amend title 18, United States Code, to prevent the misuse of genuine and counterfeit police badges by those seeking to commit a crime, and for other purposes; to the Committee on the Judiciary.

By Mr. BLILEY (for himself, Mr. GREEN of Texas, Mr. OXLEY, Mr. BOUCHER, Mr. COX, Mr. GREENWOOD, and Mr. COBLE):

H.R. 2634. A bill to amend the Controlled Substances Act with respect to registration requirements for practitioners who dispense narcotic drugs in schedule IV or V for maintenance treatment or detoxification treatment; to the Committee on Commerce, and in addition to the Committee on the Judiciary, 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 Mr. DEFAZIO (for himself, Mr. BURTON of Indiana, Mr. SANDERS, Mr. HINCHEY, Mr. HAYWORTH, Mr. OWENS, Mr. CAMPBELL, Mr. ROHRABACHER, Mr. ANDREWS, Mr. DREIER, Mr. WYNN, Mr. PAUL, Mr. LIPINSKI, Mrs. MYRICK, Mr. FILNER, Mr. STUMP, Mr. RAHALL, Ms. WOOLSEY, Mr. ACKERMAN, Mr. DUNCAN, Mr. COSTELLO, Mr. OBERSTAR, Mr. FARR of California, and Mr. TAYLOR of North Carolina):

H.R. 2635. A bill to allow patients access to drugs and medical devices recommended and provided by health care practitioners that are not approved by the Food and Drug Administration, and for other purposes; to the Committee on Commerce.

By Mr. GEKAS (for himself, Mr. HAYWORTH, Mr. BACHUS, Mr. BALLENGER, Mr. BARCIA, Mr. BURTON of Indiana, Mr. CALLAHAN, Mr. CALVERT, Mr. CHABOT, Mr. COLLINS, Mr. DELAY, Mr. DEMINT, Mr. DICKEY, Mr. EHRLICH, Mrs. EMERSON, Mr. EVERETT, Mr. GOODLATTE, Mr. GUTKNECHT, Mr. HERGER, Mr. HOSTETTLER, Mr. ISAKSON, Mr. LARGENT, Mr. LEWIS of California, Mr. MANZULLO, Mr. METCALF, Mr. MICA, Mrs. NORTHUP, Mr. PITTS, Mr. ROGAN, Mr. SALMON, Mr. SAXTON, Mr. SCARBOROUGH, Mr. SCHAFFER, Mr. SHADEGG, Mr. SMITH of Texas, Mr. STUMP, Mr. SUNUNU, Mr. TALENT, Mr. TERRY, Mr. WATTS of Oklahoma, Mr. COBLE, Mr. LAHOOD, Mr. FOSSELLA, Mr. DEAL of Georgia, Mr. TANCREDO, Mr. HANSEN, Mr. ARMEY, Mr. BAKER, Mr. LEWIS of Kentucky, Mr. ROYCE, Mr. SOUDER, Mr. SWEENEY, Mr. REYNOLDS, Mr. MCCOLLUM, Mr. STEARNS, Mr. CUNNINGHAM, Mr. SAM JOHNSON of Texas, Mr. DOOLITTLE, Mrs. KELLY, Mr. LINDER, Mr. BRYANT, Mr. KINGSTON, Mr. GIBBONS, Mr. JONES of North Carolina, Mrs. MYRICK, Ms. DUNN, Mr. TIAHRT, Mr. BONILLA, Mr. TAYLOR of North Carolina, Mr. HILLEARY, Mrs. BONO, Mr. GARY MILLER of California, Mr. ENGLISH, Mrs. CUBIN, Mr. SESSIONS, Mr. ADERHOLT, Mr. WATKINS, and Mr. FLETCHER):

H.R. 2636. A bill to amend title 5, United States Code, to provide for Congressional review of rules establishing or increasing taxes; to the Committee on the Judiciary, and in addition to the Committees on Ways and Means, and Rules, 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 Mr. BLUMENAUER (for himself and Mr. DEFAZIO):

H.R. 2637. A bill to protect consumer and community choice in access to Internet providers, and for other purposes; to the Committee on Commerce.

By Mr. BLUNT (for himself, Ms. DANNER, Mr. SKELTON, Mrs. EMERSON, Mr. TALENT, Ms. MCCARTHY of Missouri, and Mr. HULSHOF):

H.R. 2638. A bill to amend the Indian Gaming Regulatory Act to prohibit the Secretary of the Interior from taking land into trust for Indian tribes for gaming purposes under certain conditions, and for other purposes; to the Committee on Resources.

By Mr. BONILLA (for himself, Mr. BOYD, Mr. WICKER, Mr. SUNUNU, Mr. HAYWORTH, Mr. PITTS, Mrs. NORTHUP, Mr. CUNNINGHAM, Mr. SESSIONS, Mr. HOBSON, Mr. TIAHRT, Mr. COOKSEY, Mr. MCINNIS, Mr. KNOLLENBERG, Mr. FOLEY, Mr. NORWOOD, Mrs. CUBIN, Mr. PETERSON of Pennsylvania, Mr. HEFLEY, Mr. CALVERT, Mr. HOEKSTRA, Ms. PRYCE of Ohio, Mr. SCHAFFER, Mr. HASTINGS of Washington, Mr. LINDER, Mr. STENHOLM, Mr. BLUNT, Mr. BOEHNER, Mr. GOODE, Mr. CHAMBLISS, Mr. SKEEN, and Mr. PAUL):

H.R. 2639. A bill to establish peer review for the review of standards promulgated under the Occupational Safety and Health Act of 1970; to the Committee on Education and the Workforce.

By Mr. CAMP:

H.R. 2640. A bill to amend the Internal Revenue Code of 1986 to provide that long-term vehicle storage by tax-exempt organizations which conduct county and similar fairs shall not be treated as an unrelated trade or business; to the Committee on Ways and Means.

By Mrs. CUBIN (for herself and Mr. LARGENT):

H.R. 2641. A bill to make technical corrections to title X of the Energy Policy Act of 1992; to the Committee on Commerce.

By Mr. FRANKS of New Jersey:

H.R. 2642. A bill to amend the Immigration and Nationality Act to provide that aliens who commit acts of torture abroad are inadmissible and removable and to establish within the Criminal Division of the Department of Justice an Office of Special Investigations having responsibilities under that Act with respect to all alien participants in acts of genocide and torture abroad; to the Committee on the Judiciary.

By Mr. HASTINGS of Washington:

H.R. 2643. A bill to amend the Native American Graves Protection and Repatriation Act to provide for appropriate study and repatriation of remains for which a cultural affiliation is not readily ascertainable; to the Committee on Resources.

By Mr. HINCHEY (for himself, Mr. KLECZKA, and Mr. GEORGE MILLER of California):

H.R. 2644. A bill to prohibit Federal, State, and local agencies and private entities from transferring, selling, or disclosing personal data with respect to an individual to other agencies or entities without the express consent of the individual except in limited circumstances, and to require such agencies and entities to provide individuals with personal data maintained with respect to such indviduals; to the Committee on Government Reform.

By Mr. KUCINICH (for himself, Mr. GUTIERREZ, Ms. SCHAKOWSKY, and Ms. BALDWIN):

H.R. 2645. A bill to provide for the restructuring of the electric power industry; to the Committee on Commerce.

By Mrs. MCCARTHY of New York:

H.R. 2646. A bill to amend the Internal Revenue Code of 1986 to provide common sense tax relief for families; to the Committee on Ways and Means.

By Mr. SHADEGG:

H.R. 2647. A bill to amend the Act entitled ''An Act relating to the water rights of the

Ak-Chin Indian Community''to clarify certain provisions concerning the leasing of such water rights, and for other purposes; to the Committee on Resources.

By Mr. SHAW:

H.R. 2648. A bill to amend the Tariff Act of 1930 to clarify the rules for treatment of international travel merchandise and bonded warehouses and staging areas; to the Committee on Ways and Means.

By Mr. SHAYS:

H.R. 2649. A bill to reduce Federal spending in several programs; to the Committee on Agriculture, and in addition to the Committees on Transportation and Infrastructure, Resources, Science, Commerce, and International Relations, 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 Mr. STARK:

H.R. 2650. A bill to amend title XVIII of the Social Security Act to improve and streamline the physician self-referral law; to the Committee on Commerce, and in addition to the Committee on Ways and Means, 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 Mr. THOMAS (for himself, Mr. BAIRD, Mr. CRANE, Mrs. JOHNSON of Connecticut, Mr. MCCRERY, Mr. ENGLISH, Mr. CAMP, and Mr. RAMSTAD):

H.R. 2651. A bill to amend title XVIII of the Social Security Act with respect to the restrictions on physician self-referral; to the Committee on Commerce, and in addition to the Committee on Ways and Means, 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 Mr. TIERNEY:

H.R. 2652. A bill to increase monitoring of the use of offsets in international defense trade; to the Committee on International Relations, and in addition to the Committee on Ways and Means, 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 Mr. MICA (for himself, Mr. GILMAN, Mr. STUPAK, Mr. KUCINICH, Mr. KNOLLENBERG, and Mr. SMITH of New Jersey):

H. Con. Res. 165. Concurrent resolution expressing United States policy toward the Slovak Republic; to the Committee on International Relations.

By Mr. BROWN of Ohio (for himself, Mr. CHABOT, Mr. DEUTSCH, Mr. ANDREWS, Mr. TANCREDO, Mr. SWEENEY, and Mr. COOK):

H. Con. Res. 166. Concurrent resolution expressing the sense of the Congress that the United States should adopt a ''One China, One Taiwan Policy'' which reflects the present day reality that Taiwan and China are two separate nations; to the Committee on International Relations.

By Ms. NORTON (for herself, Mr. FRANKS of New Jersey, and Mr. WISE):

H. Con. Res. 167. Concurrent resolution authorizing the Architect of the Capitol to permit temporary construction and other work on the Capitol Grounds that may be necessary for construction of a building on Constitution Avenue Northwest, between 2nd Street Northwest and Louisiana Avenue Northwest; to the Committee on Transportation and Infrastructure.

By Mr. LANTOS (for himself, Mr. GILMAN, Mr. GEJDENSON, Mr. BEREUTER, Mr. ACKERMAN, Mr. BERMAN, Mr. CROWLEY, Mr. DELAHUNT, Mr. FALEOMAVAEGA, Mr. HASTINGS of Florida, Mr. MCGOVERN, Mr. SAWYER, and Mr. WEXLER):

H. Res. 265. A resolution expressing the sense of the House of Representatives that the President should actively encourage holders of Jordanian debt to provide debt relief in order to strengthen the economy of Jordan; to the Committee on International Relations.

By Mrs. MORELLA (for herself and Ms. EDDIE BERNICE JOHNSON of Texas):

H. Res. 267. A resolution expressing the sense of the House of Representatives with regard to Shuttle Mission STS–93, commanded by Colonel Eileen COLLINS, the first female space shuttle commander; to the Committee on Science.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. WU introduced a bill (H.R. 2653) to exempt certain entries of titanium disks from anti-dumping duties retroactively applied by the United States Customs Service; which was referred to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 19: Mrs. BIGGERT and Mrs. LOWEY.
H.R. 36: Mr. WEXLER and Mr. MARKEY.
H.R. 44: Mr. KLINK and Mr. BASS.
H.R. 65: Mr. KLINK.
H.R. 135: Mr. KLINK.
H.R. 170: Mr. GORDON, Mr. DAVIS of Florida, Mr. MCNULTY, and Mr. SMITH of Washington.
H.R. 175: Mr. MORAN of Virginia and Mr. UDALL of New Mexico.
H.R. 269: Mr. HINCHEY.
H.R. 274: Mrs. JONES of Ohio.
H.R. 303: Mr. NEAL of Massachusetts, Mr. MEEHAN, Mr. KLINK, and Mr. LATOURETTE.
H.R. 306: Mr. BRADY of Pennsylvania, Ms. MCKINNEY, and Mr. HOLT.
H.R. 323: Mrs. BIGGERT.
H.R. 332: Mr. MILLER of Florida.
H.R. 338: Mr. EVANS.
H.R. 346: Mr. SIMPSON.
H.R. 354: Mr. MCINNIS.
H.R. 360: Ms. LEE.
H.R. 405: Mr. HULSHOF, Mr. SKELTON, Mr. MCNULTY, and Mr. PALLONE.
H.R. 431: Mr. MILLER of Florida.
H.R. 486: Mr. REGULA, Mrs. WILSON, and Mr. SAWYER.
H.R. 488: Mr. RANGEL and Mr. ROTHMAN.
H.R. 561: Mrs. ROUKEMA.
H.R. 611: Mr. PHELPS.
H.R. 623: Mr. BURR of North Carolina.
H.R. 637: Mr. KILDEE.
H.R. 664: Mr. CROWLEY.
H.R. 708: Mr. KLINK.
H.R. 721: Mr. CLYBURN, Mr. EVANS, and Mr. THUNE.
H.R. 736: Mr. MILLER of Florida.
H.R. 750: Mr. WALDEN of Oregon and Mr. LANTOS.
H.R. 773: Mr. BOEHLERT.
H.R. 780: Mr. FROST.
H.R. 784: Mr. KLINK and Mr. MOAKLEY.
H.R. 798: Mr. BARRETT of Wisconsin.
H.R. 804: Ms. RIVERS.
H.R. 810: Mr. COSTELLO.
H.R. 815: Mr. TIAHRT.
H.R. 835: Ms. SLAUGHTER.
H.R. 842: Mr. DOOLITTLE.
H.R. 844: Mr. LARSON.
H.R. 845: Mr. SNYDER.
H.R. 859: Mr. MCINNIS.
H.R. 860: Mr. GOODE.
H.R. 868: Ms. PRYCE of Ohio.
H.R. 878: Mr. MILLER of Florida.
H.R. 925: Ms. RIVERS, Mr. ROTHMAN, Mr. ACKERMAN, and Mr. GEJDENSON.
H.R. 952: Mrs. JOHNSON of Connecticut and Mr. SHAYS.
H.R. 984: Mr. FATTAH.
H.R. 1003: Mr. PITTS and Mr. TAYLOR of Mississippi.
H.R. 1041: Mr. MILLER of Florida and Mr. MCINNIS.
H.R. 1055: Mr. SWEENEY.
H.R. 1071: Mr. KLINK.
H.R. 1079: Ms. HOOLEY of Oregon, Mr. RAHALL, Mr. LAHOOD, Mr. PETERSON of Minnesota, and Mr. FILNER.
H.R. 1080: Mr. MCGOVERN.
H.R. 1083: Mr. ALLEN.
H.R. 1111: Mr. KIND.
H.R. 1140: Mr. STARK, Mr. GEORGE MILLER of California, and Mr. FARR of California.
H.R. 1168: Mrs. THURMAN.
H.R. 1172: Mr. WAXMAN, Mr. NUSSLE, Mr. MARTINEZ, Mr. WOLF, Mr. MOORE, Mr. NADLER, Mr. LAMPSON, Mr. MORAN of Virginia, Mr. WHITFIELD, Ms. MCKINNEY, Mr. BARRETT of Wisconsin, Mr. MCDERMOTT, Mr. LATOURETTE, Mr. CLEMENT, Ms. MCCARTHY of Missouri, Mr. TALENT, and Mr. NEY.
H.R. 1180: Mr. WEXLER, Mr. MEEKS of New York, Mr. CLYBURN, and Mrs. TAUSCHER.
H.R. 1190: Mr. DAVIS of Virginia.
H.R. 1194: Mr. EVANS, Mr. TANCREDO, and Ms. MCKINNEY.
H.R. 1219: Mr. KLINK.
H.R. 1221: Mr. STUPAK.
H.R. 1222: Mr. STUPAK.
H.R. 1238: Mrs. LOWEY and Mr. MARKEY.
H.R. 1244: Mr. TALENT, Mr. PEASE, and Mr. GARY MILLER of California.
H.R. 1260: Mr. PICKERING and Mr. MCGOVERN.
H.R. 1271: Mr. BAIRD and Mr. GEORGE MILLER of California.
H.R. 1272: Mr. HAYES.
H.R. 1275: Mrs. NORTHUP, Mr. CALVERT, Mr. EVANS, Mr. GEORGE MILLER of California, Mr. SHAW, Mrs. TAUSCHER, Mr. NEAL of Massachusetts, Mr. DEUTSCH, and Mr. ALLEN.
H.R. 1278: Mr. EVANS and Mr. HILL of Indiana.
H.R. 1283: Mrs. NORTHUP, Mrs. BONO, and Mr. HERGER.
H.R. 1286: Mr. KLINK.
H.R. 1303: Mr. DAVIS of Illinois and Mr. PAUL.
H.R. 1337: Mr. BOEHLERT, Ms. MCKINNEY, and Mr. MCINNIS.
H.R. 1334: Mr. HULSHOF, Mr. LEWIS of Kentucky, and Mr. MINGE.
H.R. 1356: Mr. FALEOMAVAEGA.
H.R. 1358: Mr. MALONEY of Connecticut.
H.R. 1363: Mr. PETRI.
H.R. 1366: Mr. SIMPSON.
H.R. 1433: Mr. HASTINGS of Washington.
H.R. 1454: Mr. WU.
H.R. 1456: Mr. FATTAH, Mr. WISE, and Ms. BERKLEY.
H.R. 1476: Mr. KLINK.
H.R. 1497: Mr. CAPUANO.
H.R. 1505: Mr. CAPUANO and Mr. LIPINSKI.
H.R. 1518: Mr. CONYERS and Mr. GONZALEZ.
H.R. 1525: Mr. KLINK.
H.R. 1598: Mr. EHRLICH, Mr. ADERHOLT, and Mr. RILEY.

H.R. 1603: Mr. KLINK.
H.R. 1620: Mr. UPTON.
H.R. 1621: Mr. SENSENBRENNER.
H.R. 1622: Mr. ALLEN and Mr. ROTHMAN.
H.R. 1649: Mr. SHAYS.
H.R. 1660: Mr. GEORGE MILLER of California, Mrs. MEEK of Florida, Mr. SERRANO, Mr. MORAN of Virginia, Mr. VISCLOSKY, Mr. HALL of Ohio, Mr. WISE, Mr. EDWARDS, Mr. HOLDEN, and Mr. STUPAK.
H.R. 1671: Mr. MALONEY of Connecticut.
H.R. 1697: Mr. ROMERO-BARCELO and Mr. PAUL.
H.R. 1706: Mr. HASTINGS of Washington.
H.R. 1707: Mr. BARCIA.
H.R. 1746: Mr. LEWIS of Kentucky.
H.R. 1747: Mr. BATEMAN, Mr. SCARBOROUGH, Mr. DICKEY, Mr. LINDER, Mr. LARGENT, Mr. GREEN of Wisconsin, Mr. DEMINT, Mr. TOOMEY, Mr. SAM JOHNSON of Texas, Mr. DEAL of Georgia, Mr. WELDON of Florida, Mrs. CHENOWETH, and Mr. MILLER of Florida.
H.R. 1760: Mr. DIAZ-BALART, Mrs. BIGGERT, Mr. KING, Mr. BAIRD, Mr. SWEENEY, and Mr. HOLDEN.
H.R. 1764: Mr. KLINK.
H.R. 1777: Mr. OLVER.
H.R. 1788: Mr. LATOURETTE, Mr. MALONEY of Connecticut, Ms. Woolsey, Mr. BEREUTER, Mr. SWEENEY, and Mr. GILMAN.
H.R. 1791: Mr. METCALF, Mr. KOLBE, and Mr. COOK.
H.R. 1838: Mr. RADANOVICH and Mr. BARR of Georgia.
H.R. 1841: Mrs. NAPOLITANO, Mr. ORTIZ, Mr. MENENDEZ, Mr. BECERRA, Mr. RODRIGUEZ, and Mr. CUMMINGS.
H.R. 1885: Mr. BROWN of Ohio, Mr. HILLIARD, and Mr. SANDLIN.
H.R. 1887: Mr. HYDE, Mr. COOK, Mr. ROTHMAN, and Mr. FRANKS of New Jersey.
H.R. 1890: Mr. DEFAZIO.
H.R. 1899: Mrs. KELLY, Mr. KUCINICH, Mr. HILLIARD, Mr. BILBRAY, Mrs. CHRISTENSEN, and Mr. FILNER.
H.R. 1907: Mr. CASTLE and Mr. MASCARA.
H.R. 1918: Mr. MILLER of Florida.
H.R. 1926: Mr. SOUDER, Mr. MALONEY of Connecticut, Mr. RAHALL, Mr. BROWN of Ohio, Mr. BLILEY, Mr. VENTO, and Mr. DICKEY.
H.R. 1932: Mr. COOKSEY, Mrs. CHRISTENSEN, Mr. HOEFFEL, Mr. GARY MILLER of California, and Mr. HANSEN.
H.R. 1933: Mr. COMBEST.
H.R. 1935: Mr. LOBIONDO and Mr. FRANK of Massachusetts.
H.R. 1958: Mr. KLINK.
H.R. 1967: Ms. MCCARTHY of Missouri.
H.R. 1977: Mrs. MCCARTHY of New York.
H.R. 1987: Mr. SOUDER, Mr. UPTON, Mr. MCKEON, Mr. BARRETT of Nebraska, Ms. PRYCE of Ohio, and Mr. FLETCHER.
H.R. 1993: Mr. KLINK.
H.R. 1997: Mrs. JOHNSON of Connecticut, Mr. WISE, Mr. EVERETT, Mr. ANDREWS, and Mr. TRAFICANT.
H.R. 1998: Mrs. MORELLA.
H.R. 2000: Mr. CRAMER, Mrs. THURMAN, Mr. KING, Mrs. MINK of Hawaii, Mr. LEWIS of Georgia, Mr. MOORE, and Mr. WOLF.
H.R. 2010: Mr. BARRETT of Wisconsin.
H.R. 2028: Mr. BARCIA.
H.R. 2030: Mr. COOK, Mr. HAYWORTH, and Mr. BARTON of Texas.
H.R. 2106: Mr. MANZULLO.
H.R. 2124: Mr. HAYES.
H.R. 2136: Mr. MCCRERY.
H.R. 2170: Mr. STRICKLAND, Mr. SPRATT, Mr. DUNCAN, Mr. COSTELLO, Mr. RODRIGUEZ, Mrs. BONO, Mr. SCOTT, Mrs. CHRISTENSEN, Ms. SANCHEZ, Mr. SPENCE, Mr. SHOWS, Mr. NEAL of Massachusetts, and Mr. SABO.
H.R. 2202: Mr. WEYGAND and Mr. BLAGOJEVICH.
H.R. 2221: Mr. SAM JOHNSON of Texas and Mr. COMBEST.
H.R. 2236: Mr. MCNULTY.
H.R. 2240: Mr. KIND, Mr. BOUCHER, Mr. MASCARA, Mr. OLVER, Mr. MALONEY of Connecticut, and Mr. LEWIS of Georgia.
H.R. 2241: Mr. HULSHOF, Mr. SHAW, Mr. MCNULTY, Mr. HILLIARD, Mrs. EMERSON, Mrs. CHRISTENSEN, and Mr. DICKS.
H.R. 2244: Mr. STUMP.
H.R. 2245: Mr. GOODE, Ms. DANNER, and Mrs. MYRICK.
H.R. 2246: Mr. WHITFIELD.
H.R. 2247: Ms. PRYCE of Ohio.
H.R. 2260: Mr. COOK and Mr. CALLAHAN.
H.R. 2265: Mr. LAFALCE, Mr. CLYBURN, and Mr. HOLDEN.
H.R. 2288: Mr. WEXLER.
H.R. 2300: Mr. LARGENT and Mr. TIAHRT.
H.R. 2303: Mr. WALDEN of Oregon, Mr. GILCHREST, Mr. KUYKENDALL, Mr. COOK, Mr. WISE, Ms. CARSON, Mr. GILMAN, Mr. CONDIT, Mr. LUCAS of Kentucky, Mr. MANZULLO, Mr. RADANOVICH, and Mr. ENGEL.
H.R. 2319: Mrs. FOWLER, Mr. WATTS of Oklahoma, Ms. KAPTUR, and Mr. GIBBONS.
H.R. 2337: Mr. MORAN of Kansas and Mr. BARCIA.
H.R. 2356: Mr. FOLEY, Mr. CANADY of Florida, Mrs. EMERSON, Mr. SHAYS, Mr. HAYWORTH, Mrs. NORTHRUP, Mr. WHITFIELD, Mr. BURR of North Carolina, and Mr. FRANKS of New Jersey.
H.R. 2364: Mr. ISTOOK.
H.R. 2367: Mr. WOLF.
H.R. 2373: Mr. MANZULLO.
H.R. 2384: Mr. REYES.
H.R. 2420: Mr. LEWIS of Kentucky, Mr. DIAZ-BALART, Mr. WEXLER, Mrs. MEEK of Florida, and Mr. GILCHREST.
H.R. 2436: Mr. DICKEY, Mrs. MYRICK, Mr. GUTKNECHT, Mr. LEWIS of Kentucky, and Mr. GOODLATTE.
H.R. 2439: Mr. BALDACCI.
H.R. 2444: Mr. DINGELL.
H.R. 2446: Mrs. MCCARTHY of New York, Mr. PAYNE, Mr. VENTO, Mr. WEINER, Mr. ETHERIDGE, Mr. KUCINICH, Mr. FILNER, Mr. BLAGOJEVICH, Mr. MARKEY, and Mr. OWENS.
H.R. 2457: Mr. BRADY of Pennsylvania, Mr. DOYLE, Mr. PORTER, Mr. PALLONE, and Mr. HOLT.
H.R. 2463: Mr. PICKERING, Mr. RAHALL, and Mr. BALDACCI.
H.R. 2491: Mr. RANGEL, Mr. JONES of North Carolina, Ms. ROYBAL-ALLARD, and Mr. GOODE.
H.R. 2493: Mr. BONIOR, Mrs. MORELLA, Mr. GUTIERREZ, Mrs. THURMAN, Mrs. MINK of Hawaii, and Mr. BARRETT of Wisconsin.
H.R. 2498: Mr. SHOWS, Mr. WU, Ms. RIVERS, Mr. HANSEN, Mr. QUINN, Ms. ESHOO, Mr. ENGLISH, and Mr. WELDON of Pennsylvania.
H.R. 2503: Mr. ALLEN, Mr. WEINER, and Mr. LANTOS.
H.R. 2512: Mr. BECERRA.
H.R. 2528: Mr. COX, Mr. HAYWORTH, Mr. HORN, Mr. HUTCHINSON, Mr. SAM JOHNSON of Texas, Mrs. NORTHUP, Mr. NORWOOD, Mr. REYNOLDS, Ms. ROS-LEHTINEN, Mr. SHADEGG, Mr. SHIMKUS, Mr. SKELTON, Mr. SPENCE, and Mr. WICKER.
H.R. 2534: Mr. WELDON of Pennsylvania, Ms. LEE, Mr. HOLT, Mr. WEINER, Mr. SHAYS, Mr. JACKSON of Illinois, Mr. BAIRD, and Mr. MEEHAN.
H.R. 2543: Mr. FILNER, Mr. SAXTON, Mr. TAYLOR of North Carolina, Mr. WHITFIELD, Mr. BARTON of Texas, and Mr. HAYES.
H.R. 2548: Mr. RAHALL.
H.R. 2560: Mrs. MYRICK.
H.R. 2584: Mr. HORN, Mr. BILBRAY, and Ms. ROS-LEHTINEN.
H.R. 2586: Mrs. MEEK of Florida, Mr. FROST, and Mr. GUTIERREZ.
H.R. 2592: Mr. OBERSTAR.
H.R. 2593: Mr. LEWIS of Georgia.
H.R. 2595: Mr. KILDEE and Mrs. THURMAN.
H.R. 2612: Mr. KLINK and Mr. DUNCAN.
H.R. 2618: Mr. EVANS, Mrs. EMERSON, and Mrs. MCCARTHY of New York.
H.J. Res. 41: Mrs. CAPPS, Mr. HOLT, Mr. KILDEE, Mr. UDALL of Colorado, and Mr. UDALL of New Mexico.
H.J. Res. 48: Mr. SHAYS and Mr. WEYGAND.
H.J. Res. 55: Mr. MORAN of Kansas.
H. Con. Res. 34: Mr. BAIRD and Mr. COYNE.
H. Con. Res. 78: Mr. ENGEL.
H. Con. Res. 80: Mr. LAMPSON, Mr. TAYLOR of North Carolina, Ms. WOOLSEY, Mr. LATOURETTE, Mr. PHELPS, Mr. PASTOR, Mr. KLECZKA, Ms. KILPATRICK, Mr. MEEHAN, Mr. OBERSTAR, Mr. BILBRAY, Mr. ABERCROMBIE, Mr. KUCINICH, Mr. MARKEY, Mr. MASCARA, Mr. LEVIN, Mr. ROYCE, Mr. FRANK of Massachusetts, Mr. LAFALCE, Mr. WEYGAND, and Ms. ESHOO.
H. Con. Res. 100: Mr. LAMPSON, Mr. TAYLOR of North Carolina, Ms. WOOLSEY, Mr. KLECZKA, Ms. NORTON, Mr. PHELPS, Mr. PASTOR, Mr. ENGLISH, Mrs. JOHNSON of Connecticut, Mr. OBERSTAR, Mr. OLVER, Mr. ABERCROMBIE, Mr. LATOURETTE, Mr. MARKEY, Mr. LEVIN, and Mr. MASCARA.
H. Con. Res. 111: Mrs. LOWEY.
H. Con. Res. 134: Mr. MURTHA, Mr. KLINK, Mr. PETERSON of Minnesota, Ms. RIVERS, Mrs. MEEK of Florida, Mr. RAHALL, Mr. COOK, Mr. HASTINGS of Florida, Mr. CUMMINGS, Mr. KINGSTON, and Mr. MCHUGH.
H. Con. Res. 139: Mr. WYNN, Mr. CUNNINGHAM, Mr. NEAL of Massachusetts, Ms. LEE, Mr. SKELTON, and Mr. MATSUI.
H. Con. Res. 147: Mr. SWEENEY, Mr. RUSH, and Mr. HINCHEY.
H. Con. Res. 152: Mr. WYNN, Mr. RUSH, Mr. ABERCROMBIE, Mr. BOUCHER, Ms. MCCARTHY of Missouri, and Mr. BORSKI.
H. Con. Res. 159: Mr. TAYLOR of North Carolina, Ms. WOOLSEY, Mr. PHELPS, Mr. PASTOR, Mr. BILBRAY, Mr. PAYNE, Mr. ABERCROMBIE, and Ms. RIVERS.
H. Res. 16: Mr. DUNCAN.
H. Res. 205: Mr. WHITFIELD and Mr. GOODLATTE.
H. Res. 251: Mr. HALL of Ohio, Ms. ESHOO, Mr. WYNN, Mr. RUSH, and Mr. WEXLER.
H. Res. 264: Mr. MINGE, Mr. COOKSEY, Mr. CUMMINGS, Mr. MCINNIS, and Mr. KASICH.

PETITIONS, ETC.

Under clause 3 of rule XII,

40. The SPEAKER presented a petition of the Common Council of the City of Buffalo, relative to Resolution No. 202 petitioning the Congress to support H.R. 1833 and S. 219 and the addition of 125 US Customs cargo inspectors, 40 US special agents, and 10 US intelligence agents and $26,582,000 for equipment ill tile bill currently being discussed in the conference committee; to the Committee on Ways and Means.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. ____

OFFERED BY MR. KUCINICH

(Commerce, Justice, State, and Judiciary Appropriations, 2000)

AMENDMENT NO. 1 At the end of the bill, insert after the last section (preceding the short title) the following:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801. None of the funds made available in this Act may be used for the filing of a complaint, or any motion seeking declaratory or injunctive relief pursuant thereto, in any legal action brought under section 102(b)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3312(b)(2)) or section 102(b)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3512(b)(2)).

H.R. 2587

OFFERED BY: MR. ISTOOK

AMENDMENT NO. 4: Page 65, insert after line 24 the following:

SEX OFFENDER REGISTRATION

SEC. 167. (a) PERMITTING COURT SERVICES AND OFFENDER SUPERVISION AGENCY TO CARRY OUT SEX OFFENDER REGISTRATION.—Section 11233(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24–1233(c)) is amended by adding at the end the following new paragraph:

''(5) SEX OFFENDER REGISTRATION.—The Agency shall carry out sex offender registration functions in the District of Columbia, and shall have the authority to exercise all powers and functions relating to sex offender registration that are granted to the Agency under any District of Columbia law.''.

(b) AUTHORITY DURING TRANSITION TO FULL OPERATION OF AGENCY.—

(1) AUTHORITY OF PRETRIAL SERVICES, PAROLE, ADULT PROBATION AND OFFENDER SUPERVISION TRUSTEE.—Notwithstanding section 11232(b)(1) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24–1232(b)(1)), the Pretrial Services, Parole, Adult Probation and Offender Supervision Trustee appointed under section 11232(a) of such Act (hereafter referred to as the ''Trustee'') shall, in accordance with section 11232 of such Act, exercise the powers and functions of the Court Services and Offender Supervision Agency for the District of Columbia (hereafter referred to as the ''Agency'') relating to sex offender registration (as granted to the Agency under any District of Columbia law) only upon the Trustee's certification that the Trustee is able to assume such powers and functions.

(2) AUTHORITY OF METROPOLITAN POLICE DEPARTMENT.—During the period that begins on the date of the enactment of the Sex Offender Registration Emergency Act of 1999 and ends on the date the Trustee makes the certification described in paragraph (1), the Metropolitan Police Department of the District of Columbia shall have the authority to carry out any powers and functions relating to sex offender registration that are granted to the Agency or to the Trustee under any District of Columbia law.

H.R. 2606

OFFERED BY: MR. ANDREWS

AMENDMENT NO. 12: Page 116, after line 5, insert the following:

PROHIBITION ON FUNDS FOR NEW OPIC PROJECTS

SEC. 585. None of the funds appropriated in this Act may be used by the Overseas Private Investment Corporation except to fulfill obligations, guarantees, and agreements existing before the enactment of this Act.

H.R. 2606

OFFERED BY: MR. BROWN OF OHIO

AMENDMENT NO. 13: Page 7, line 10, after the dollar amount, insert the following: ''(increased by $5,000,000)''.

Page 27, line 6, after the first dollar amount, insert the following: ''(reduced by $5,000,000)''.

H.R. 2606

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 14: Page 116, after line 5, insert the following:

SEC. ____. None of the funds appropriated or otherwise made available in this Act in title II under the heading ''DEVELOPMENT ASSISTANCE'' may be made available to the Government of India.

H.R. 2606

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 15. Page 116, after line 5, insert the following:

SEC. ____. Of the funds appropriated or otherwise made available in this Act in title II under the heading ''DEVELOPMENT ASSISTANCE'', not more than $33,500,000 may be made available to the Government of India.

H.R. 2606

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 16. Page 116, after line 5, insert the following:

SEC. ____. Funds appropriated or otherwise made available in this Act in title II under the heading ''DEVELOPMENT ASSISTANCE'' for India may only be made available through nongovernmental organizations.

H.R. 2606

OFFERED BY: MR. CAMPBELL

AMENDMENT NO. 17. Page 15, line 7, after the dollar amount insert ''(reduced by $30,000,000)''.

Page 15, line 11, after the dollar amount insert ''(reduced by $20,000,000)''.

H.R. 2606

OFFERED BY: MR. CAMPBELL

AMENDMENT NO. 18. Page 32, line 5, after the dollar amount insert ''(reduced by $8,000,000)''.

Page 33, line 16, after the dollar amount insert ''(increased by $8,000,000)''.

H.R. 2606

OFFERED BY: MR. CAMPBELL

AMENDMENT NO. 19. Page 33, line 16, after the dollar amount insert ''(increased by $8,000,000)''.

H.R. 2606

OFFERED BY: MR. GILMAN

AMENDMENT NO. 20. Page 32, line 5, after the dollar amount, insert the following: ''(reduced by $8,000,000)''.

H.R. 2606

OFFERED BY: MR. PAYNE

AMENDMENT NO. 21. Page 116, after line 5, insert the following:

ASSISTANCE FOR SUDAN

SEC. ____. (a) INTERNATIONAL DISASTER ASSISTANCE.—(1) Notwithstanding any other provision of law, of the funds appropriated by this Act in title II under the heading ''INTERNATIONAL DISASTER ASSISTANCE'', not more than $4,000,000 should be made available for rehabilitation and economic recovery in opposition-controlled areas of Sudan. Such amounts should be used for civil society, primary education, agriculture, and other locally-determined priorities.

(2) Amounts made available in accordance with this subsection should be provided by the Administrator of the United States Agency for International Development, in consultation with the Secretary of Agriculture.

(b) DEVELOPMENT ASSISTANCE.—Of the funds appropriated by this Act in title II under the heading ''DEVELOPMENT ASSISTANCE (INCLUDING TRANSFER OF FUNDS)'', the President, acting through the Administrator of the United States Agency for International Development, shall increase substantially the amount of development assistance for capacity building, democracy promotion, civil administration, judiciary, and infrastructure support in opposition controlled areas of Sudan.

(c) HUMANITARIAN ASSISTANCE.—(1) Notwithstanding any other provision of law, the President shall provide humanitarian assistance, including food, directly to National Democratic Alliance (NDA) participants in Sudan and to nongovernmental organizations.

(2) Delivery mechanisms used to provide assistance under this paragraph shall be separate from humanitarian assistance operations to civilian populations either through Operation Lifeline Sudan in opposition-controlled areas of southern Sudan or through non-Operation Lifeline Sudan channels.

(d) REPORT.—Not later than May 1, 2000, the President shall prepare and transmit to the Congress a report on the progress made in carrying out this section.